



BBR HOLDINGS (S) LTD



Strength



Stability



Sustainability

BBR HOLDINGS (S) LTD • Strength, Stability, Sustainability



BBR HOLDINGS (S) LTD
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ANNUAL REPORT 2012

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 dynamic management team.

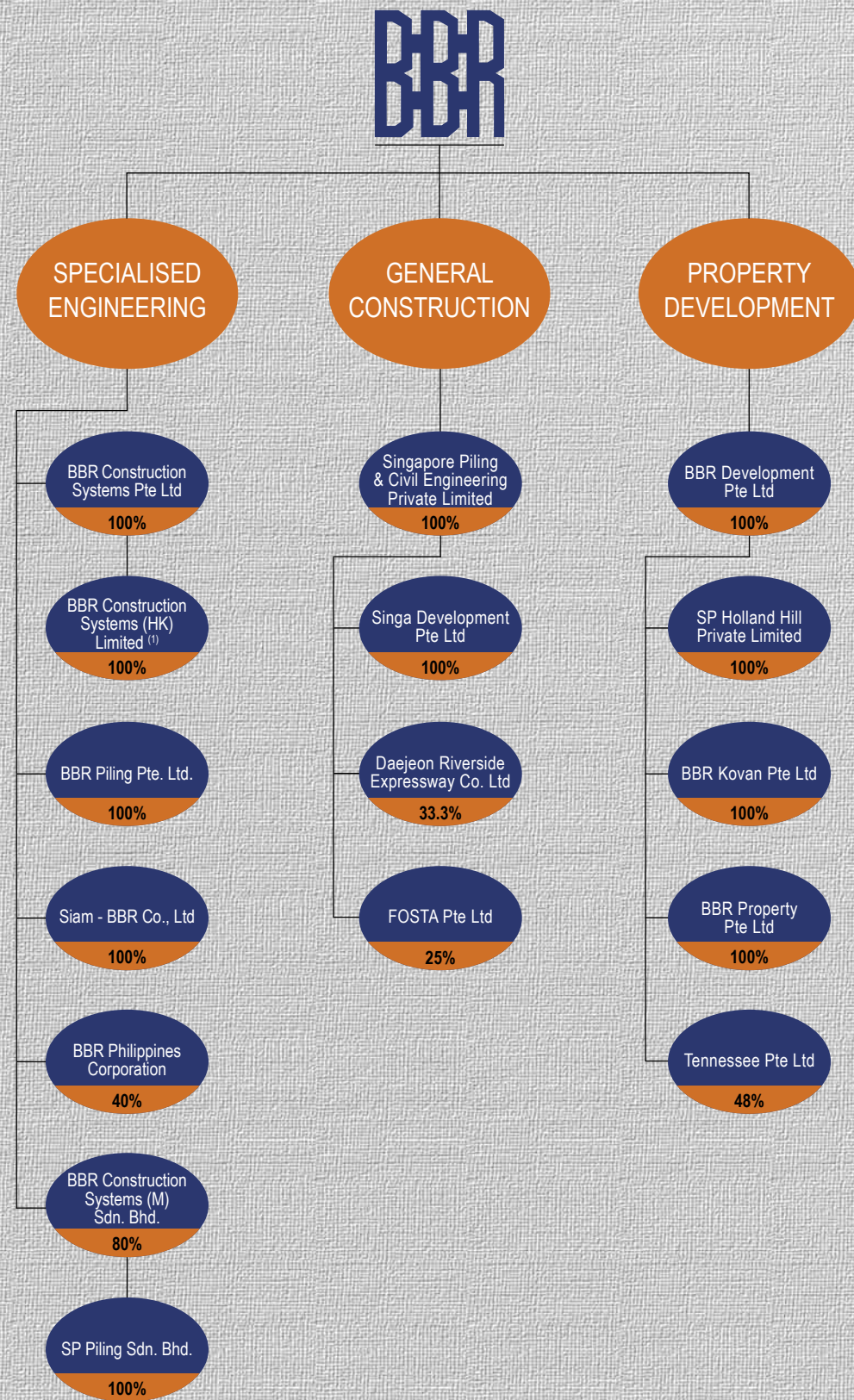
To continue to exploit opportunities in new markets so as to further expand our geographical presence, and also intensify efforts to bid for both building and infrastructure projects in the region.



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CORPORATE STRUCTURE



(1) Incorporated in Hong Kong SAR on 15 March 2013

CORPORATE PROFILE

OUR COMPANY

BBR Holdings (S) Ltd (BBR) is one of Singapore's leading construction groups with more than 20 years of industry experience and businesses spanning across General Construction, Specialised Engineering and Property Development.

The BBR Group currently has business presence in key markets such as Singapore, Malaysia, Philippines and Thailand. Its General Construction activities are mainly undertaken through its wholly-owned subsidiary, Singapore Piling & Civil Engineering Private Limited (Singapore Piling), a company it acquired in 2001. Singapore Piling has a 40-year history and has been registered with the Building and Construction Authority of Singapore under the "A1" classification since 1984.

BBR's Specialised Engineering arm is part of the BBR Network that spans 50 countries. Specialised activities are mainly carried out by its subsidiaries, BBR Construction Systems Pte Ltd and BBR Piling Pte Ltd in Singapore, and BBR Construction Systems (M) Sdn Bhd in Malaysia.

For its Property Development business, the Group is involved in three condominium projects from 2006: Lush on Holland Hill, a freehold development completed in 2012 with 56 spacious units in two 12-storey blocks; Bliss @Kovan, another freehold site to be developed into a five-storey condominium with superior design elements consisting of 140 units; and 8 Nassim Hill, an upmarket development comprising 16 super luxury triplex units with basement carparks completed in 2010.

The Group was listed on the Singapore Exchange Sesdaq in 1997 and was subsequently upgraded to the Mainboard in September 2006.

OUR HISTORY

Incorporated in 1993 in partnership with the Switzerland-based BBR Network, BBR Holdings (S) Ltd 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 and its wholly owned subsidiary company, Singa Development Pte Ltd, were integrated into the BBR Group. Singapore Piling 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 A2 and C3 classification for CW01 and CW02, respectively. Since 1984, A1 is the highest classification of registration under the Building and Construction Authority that enables the company to tender for public sector contracts of unlimited value.

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

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.

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 Services are:

General Construction

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

Specialised Engineering

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

Property Development

- Boutique developer focusing on developing residential properties



CHAIRMAN'S MESSAGE



PROF. YONG KWET YEW

Independent Non-Executive Director and Chairman of the Board

Dear Shareholders,

BBR Holdings (S) Ltd (BBR) is one of Singapore's leading construction groups with more than 20 years of industry experience and businesses spanning across General Construction, Specialised Engineering and Property Development.

Today, the Group has a presence in Singapore, Malaysia, Philippines and Thailand. In early 2013, the Group has taken a step in Hong Kong by setting up BBR Construction Systems (HK) Limited to spearhead specialised engineering projects as we believe there is good potential to be tapped in the country. It is an interesting opportunity to expand our markets and to grow our business.

We continue to focus on our mission – firstly, to position our company effectively by strengthening our capabilities in order to compete in the domestic building, civil engineering and property markets. Secondly, 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 dynamic management team. Thirdly, 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.

As the Group continues to pitch for government tenders and private sector projects, we believe that BBR will be able to sustain a stable financial performance in the years ahead. Currently, our order book stands strong at a record \$1.12 billion with projects lasting up to 2016. These comprise mainly civil engineering and building contracts predominantly in Singapore and Malaysia.

The Group has also been recognised for its efforts in the construction industry winning three new awards in 2012 and two awards in early 2013. These are the Construction Environmental Award – Certificate of Merit from the Land Transport Authority for Contract ER361 (Widening of Keppel Viaduct), Housing and Development Board Quality Partners Award for building improvement works to void deck columns using polymer fibre wrapping, and Singapore 1000 Company – Emerging 2012 Award from DP Information Group – all in 2012. In early 2013, Singapore Piling & Civil Engineering Private Limited again won the Singapore 1000 Company – Emerging 2013 Award and the Group was awarded Quality Mark "Star" for good workmanship for Lush on Holland Hill by the Building and Construction Authority.

We believe that with a healthy order book, a proven track record and expertise, and a strong commitment to service quality, the Group will be able to demonstrate its strength, stability and sustainability effectively in a highly competitive market in Singapore and the region.

PERFORMANCE REVIEW

During the year, the Group posted revenue of \$274.2 million for the full year ended 31 December 2012, which is 33.7 per cent lower than 2011's revenue.

The lower revenue in 2012 was mainly due to decreased revenue from the property development and general construction segments. As the construction of several new civil and building projects, including development for Bliss @Kovan had just commenced, their revenue contributions were not yet significant. In contrast, the previous year's strong revenue was mainly due to general construction projects including the property development project at Lush on Holland Hill, which were then in active stages of construction.

The specialised engineering segment's revenue enjoyed a growth of 7.4 per cent compared to the previous year. This growth came mainly from projects secured and executed by the Group's Malaysian subsidiary.



Fusionopolis 5



HDB Dew Spring, Yishun

Singapore and Malaysia continued to be the main revenue contributors. Revenue from Singapore contributed 87.1 per cent of total revenue at \$238.9 million, while revenue from Malaysia contributed the remainder at 12.9 per cent at \$35.3 million.

The Group's net profit after tax attributable to parent was \$13.0 million, compared to \$20.1 million previously. Gross profit was lower at \$35.4 million compared to \$41.7 million a year ago. However, despite the lower revenues and gross profit, the

Group's gross profit margin of 12.9 per cent was an improvement over the 10.1 per cent it registered in the previous corresponding period. This was mostly attributable to differences in the project mix.

Basic earnings per share was 4.24 cents for the 12 months ended 31 December 2012, based on the weighted average number of 305,710,374 ordinary shares in issue, compared to 6.57 cents a year ago.

► CHAIRMAN'S MESSAGE

FINANCIAL POSITION

The Group believes that its solid business model and sound fundamentals have enabled BBR to build on its strengths and stay focused in its business. Its financial position continues to be strong, backed by \$107.5 million of net assets as at 31 December 2012. This translates to a 10.6 per cent increase in net asset value per share to 35.10 cents compared to 31.73 cents recorded at 31 December 2011.

Investment in associates increased to \$16.5 million from \$15.0 million a year ago, mainly attributable to the Group's share of profit from sale of a unit at 8 Nassim Hill via its associate company, Tennessee Pte Ltd. The value of development properties decreased to \$62.0 million compared to \$138.2 million a year ago due to the completion of construction for Lush on Holland Hill. Development properties currently comprised land acquisition and other related costs, interest and construction expenses for Bliss @Kovan, which were offset partly by progress collections.

Cash and cash balances including pledged deposits, totalled \$51.3 million compared to \$53.6 million a year ago. We have significantly decreased our debt levels in 2012. During the year, the Group progressively settled term loans of \$50.6 million from sales proceeds of sold units at Lush on Holland Hill and Bliss @Kovan projects and substantially reduced non-current loans and borrowings from \$105.5 million to \$55.7 million, as well as interest charges respectively.

DIVIDEND PAYOUT

The Board of Directors has proposed a special (one-tier tax-exempt) dividend of 0.4 cent per share, over and above the ordinary first and final (one-tier tax-exempt) dividend of 0.8 cent per share. This represents an implied dividend yield of 4.9 per cent based on the closing share price of 24.5 cents as at 31 December 2012. This works out to a dividend payout ratio of 28.3 per cent.

INDUSTRY OUTLOOK

On 22 February 2013, the Ministry of Trade & Industry announced that the Singapore economy grew by 1.5 per cent on a year-on-year basis in the fourth quarter of 2012, an improvement from the flat growth in the preceding quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy grew by 3.3 per cent, a reversal from the contraction of 4.6 per cent in the third quarter. The construction sector grew by 5.8 per cent on a year-on-year basis, moderating from the 6.7 per cent growth in the preceding quarter. On a quarter-on-quarter basis, the sector contracted by an annualised rate of 3.9 per cent, mainly due to the decline in private sector building activities.

There is still a strong domestic construction demand. In January 2013, the Ministry of National Development said that 200,000 new homes are expected to hit the Singapore market by 2016. These new homes will comprise an additional 80,000 private properties; 10,000 executive condominiums; and 110,000 Housing and Development Board flats.



Lush on Holland Hill



Widening of Keppel Viaduct

Although moderate growth is estimated for the Singapore economy and the construction sector, the outlook for the construction industry is expected to be challenging in the next 12 months with increasing competition and increases in labour and material costs. Construction gross margins are expected to be lean and shortage of skilled and unskilled workers may affect the future progress of projects.

The Group will continue to focus on its core business by leveraging on its strong track record and competency in building construction and civil engineering to secure more public sector projects, and explore ways of enhancing cost effectiveness and optimise its efficiency in the management of potential and ongoing projects. It continues to monitor the property market and conduct feasibility studies to undertake new property development projects if the opportunities arise.



SICC Main Clubhouse

A NOTE OF THANKS

On behalf of the Board, I would like to take this opportunity to express my deepest appreciation for the invaluable support and kind cooperation of our shareholders, clients, business partners, subcontractors and suppliers. We are grateful for your continued partnership and confidence in us through the years.

Our heartfelt thanks also go to the management team and staff for their dedication and hard work. I believe we will continue to sustain and grow our business due to your commitment and loyalty to the company.

Last but not least, I would like to thank my fellow Board members for their guidance and wise counsel.

Although there are still headwinds in the global and local economies which will impact the Group's business, I believe that with your support, we can stay strong, stable and sustainable in the years 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

During the year, BBR Holdings (S) Ltd (BBR) has been focusing on building its strengths, maintaining stable revenues and tendering for various projects to enable sustainability in its business.

The past year has been a tough one for BBR as the global uncertainties in the economic situation remains unresolved and the recent additional Singapore government's cooling measures to curb rising property prices makes their impact on the construction and property scene. These factors had an effect on the global and local business environment.

Despite these challenges, the Group's financial performance has remained satisfactory and within expectations. It will continue to stay focused on its strengths as one of Singapore's leading construction groups with businesses spanning across General Construction, Specialised Engineering and Property Development.



Construction of 25,000 Tonne Cement Silo

We have been actively bidding for projects in both the public and private sectors, successfully clinching multiple projects aggregating approximately \$488 million in 2012. We are pleased that currently, we have achieved a record order book of approximately \$1.12 billion worth of projects going on until 2016 – the highest the Group has ever achieved since BBR commenced operations in 1994. The majority of the projects are mainly civil engineering and building contracts in Singapore and Malaysia.

The Group leverages on its expertise in high specification construction methods, Swiss parentage, strong track record, established reputation and dynamic management team. These

strengths have enabled BBR to attain stable revenues and a sustainable slew of projects from both the public and private sectors through the years.

GENERAL CONSTRUCTION

The Group's general construction business involves design-and-build, general building construction, and civil structural engineering. Both its two wholly-owned subsidiaries, Singapore Piling & Civil Engineering Private Limited and Singa Development Pte Ltd are acknowledged for their expertise, experience and quality standards, which have contributed significantly towards our success in securing projects.

Among the Group's three business segments, general construction continued to be the main revenue generator with \$131.5 million, providing 47.9 per cent of total revenue. In the previous financial year, general construction contributed \$243.2 million and 58.8 per cent of total revenue. Profit before tax from this business decreased to \$2.1 million during the year from \$6.6 million in the previous financial year. This was due mainly to lower revenue as well as lower profit margins from ongoing projects secured at very competitive margins, coupled with rising cost of construction components, such as concrete and steel, and workers' levies.



HDB Dew Spring, Yishun

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.



HDB Housing Development at Kallang Whampoa

One of our strengths is that we are able to provide our clients with innovative structural engineering solutions as we have access to the latest engineering and construction technology and engineering methods, as well as techniques developed locally for the regional markets through the Swiss-based BBR Network.

The BBR 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, the specialised engineering segment is involved in numerous post-tensioning projects and won many batches of improvement works to strengthen void deck columns of residential buildings using polymer fibre wrapping from the Housing and Development Board. In Malaysia, BBR is currently working on two contracts totalling RM76.45 million to construct and complete the facilities works for the Kelana Jaya LRT Line Extension Project, Package A and B, in Kuala Lumpur, which are expected to be completed in third quarter 2013.

The Group is also venturing into Hong Kong and in early 2013 has incorporated a 100 per cent owned subsidiary to tap into the potential market for specialised engineering.

▶ CEO'S BUSINESS REVIEW

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

Revenue from specialised engineering amounted to \$84.7 million and contributed 30.9 per cent of the Group's revenue for 2012. Revenue is up 7.4 per cent compared to \$78.9 million in the previous financial year and segment profit before tax also increased to \$11.2 million from \$8.6 million a year ago due to improved margins and increase in turnover. The growth in turnover came mainly from projects won and executed by the Group's Malaysian subsidiary.



Bored Pile Casing Extraction



Post-tensioning Work



Bored Piling Work at National Art Gallery

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, the property development has provided a stable revenue stream for the Group.

BBR Development Pte Ltd holds 100 per cent equity in three property development entities - SP Holland Hill Private Limited, BBR Kovan Pte Ltd and BBR Property Pte Ltd. It also holds 48 per cent equity in an associated company, Tennessee Pte Ltd, which was formed through a joint venture with Shing Kwan (Pte) Ltd in 2006.

For its property development business, the Group is involved in three condominium projects – 8 Nassim Hill, Lush on Holland Hill and Bliss @Kovan. 8 Nassim Hill is an upmarket freehold development comprising 16 super luxury triplex units with basement car parks. Completed in 2010, it is a property developed by its associate, Tennessee Pte Ltd.



Bliss @Kovan

Lush on Holland Hill is a freehold development with 56 spacious units in two 12-storey blocks. It is fully sold and has obtained the temporary occupation permit and certificate of statutory completion in 2012. Construction at Bliss @Kovan, another freehold site has commenced and is 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 the end of 2015.



8 Nassim Hill

Property development contributed \$58.0 million, or 21.2 per cent to the total revenue earned. Profit before tax from this business decreased to \$6.1 million compared to \$9.1 million in the previous financial year. Contribution from property development decreased this financial year due mainly to the completion of construction for Lush on Holland Hill while construction of Bliss @Kovan have just commenced and revenue contribution was not yet significant. Lush on Holland Hill was in its active stage of construction a year ago.

Due to the cooling measures by the Singapore government to curb the property market in an effort to calm rising property prices, the property market is softening especially for high-end residential properties. 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

▶ AWARDS AND ACCOLADES

Best Buildable Design

- 2006** Best Buildable Design Award from the Building and Construction Authority (BCA) for Yu Neng Primary School
- 2001** Best Buildable Design Award from the BCA for North Spring Primary School and Poi Ching School

Safety

- 2006** Safety Management Silver Award from Concord Associates for Deep Tunnel Sewerage System Changi Water Reclamation Plant Contract C4A Project
- 1999** Safety Performance Merit Award from the Ministry of Manpower for Temasek Secondary School
- 1998** Safety Performance Merit Award from the Ministry of Manpower for Raffles Girls' Primary School
- 1996** Safety Management Bronze Award from Concord Associates for Central Ministries Building

Architectural Heritage

- 2009** Architectural Heritage Award from the Urban Redevelopment Authority (URA) for 9 King George's Avenue (Peoples' Association Headquarters)
- 2003** Architectural Heritage Award from the URA for Asian Civilisation Museum, Empress Place
- 2001** Architectural Heritage Award from the URA for the Restoration to 101 Penang Road (House of Tan Yeok Nee)
- 1998** Architectural Heritage Award from the URA for the Restoration to Asian Civilisation Museum
- 1995** Architectural Heritage Award from the URA for the Restoration of River House at Clarke Quay



Green Mark

- 2011** Green Mark GoldPlus from the BCA for Bliss @Kovan
- 2010** Green Mark Certified from the BCA for Lush on Holland Hill
- 2009** Green Mark GoldPlus from the BCA for Icon@IBP
- 2008** Green Mark Gold from the BCA for 8 Nassim Hill
- 2007** Green Mark GoldPlus from the BCA for Peoples' Association Headquarters

Construction Excellence

- 1997** Award for Construction Excellence from the Construction Industry Development Board (CIDB) for SAFTI Military Institute Phase III
- 1994** Award for Construction Excellence from the CIDB for Reconstruction of Sir Arthur's Bridge

Construction Environment

- 2012** Construction Environmental Award - Certificate of Merit from the Land Transport Authority for Contract ER361 (Widening of Keppel Viaduct)

Quality

- 2013** Building and Construction Authority Quality Mark (QM) "Star" Award for good workmanship for Lush on Holland Hill
- 2012** Housing and Development Board Quality Partners Award for building improvement works to void deck columns using polymer fibre wrapping

Company Ranking

- 2013** Singapore 1000 Company – Emerging 2013 Award from DP Information Group
- 2012** Singapore 1000 Company – Emerging 2012 Award from DP Information Group

PROJECTS GALLERY

GENERAL CONSTRUCTION – ONGOING

NATIONAL ART GALLERY, SINGAPORE

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.



KEPPEL VIADUCT, SINGAPORE

This is a contract worth \$79.8 million from the Land Transport Authority (LTA) 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.



COMMON SERVICES TUNNEL PHASE 3B IN MARINA BAY, SINGAPORE

This is a second contract worth \$139.8 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 construction 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. This project has been completed in the first quarter of 2012.

17 BLOCKS OF 13-STOREY HDB FLATS IN PASIR RIS, SINGAPORE

The \$179 million contract was the second contract awarded in recent years from the Housing and Development Board (HDB) 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 carpark, supermarket, 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 by June 2014.



▶ PROJECTS GALLERY

GENERAL CONSTRUCTION – ONGOING

TAI SENG FACILITY BUILDING FOR DOWNTOWN LINE PROJECT, SINGAPORE

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 LTA, and involves the design and construction of the TSF Building in connection with the Downtown Line Project. Work on this project has been ongoing 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.



BLISS @ KOVAN, SINGAPORE

This 98,063 square feet freehold land at 2A/B/C/D Simon Lane is being developed into a five-storey low-rise condominium project comprising 140 homes of one- to three-bedroom units, and penthouses. 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 project is award-winning LOOK Architects, who clinched the President's Design Award Singapore 2009 – Designer of the Year.



Temporary Occupation Permit is expected to be obtained by 31 December 2015. The development project was launched in September 2011 and to date, approximately 91 per cent have been sold.



▶ PROJECTS GALLERY

GENERAL CONSTRUCTION – NEW PROJECTS SECURED FROM 2012

MIXED-USE DEVELOPMENT AT FUSIONOPOLIS PLACE, SINGAPORE

This is a contract worth \$153.1 million from Ascendas Fusion 5 Pte Ltd to design and construct a mixed-use development at Fusionopolis Place in Buona Vista area. The project involves the design and construction of a 17-storey business park, a two-storey retail block, a four office-storey office block and one basement carpark at Fusionopolis Place. This project is expected to be completed in third quarter of 2014.

BBR secured its first contract worth \$95.3 million from the Ascendas Group in 2008 to design and build an iconic office tower block at the International Business Park in Jurong East. The project was completed in early 2010.



CONSTRUCTION OF DULWICH COLLEGE AT BUKIT BATOK WEST AVENUE 8, SINGAPORE

Construction of the college includes the building of three-storey, five-storey and single-storey blocks with two basements and a two-storey administration block. The work commenced in February 2013 and is scheduled to complete by May 2014. To be built on a five-hectare site in Bukit Batok West Avenue 8, the project will include building classrooms and facilities for children in early/foundation years and junior school, a gymnasium and a swimming pool.



THREE BLOCKS OF 26, 28 AND 30-STORY HDB FLATS AT KALLANG WHAMPOA, SINGAPORE



This is the third contract from HDB worth \$108 million for building and contingency works for 808 HDB flats at Kallang Whampoa Contract 23B and is scheduled to be completed by end 2015. The scope of works includes the construction of three blocks, a multi-storey carpark with a roof garden, resident committee centre, minimarket, precinct pavilion, an education centre, link bridges and other related civil engineering works.

▶ PROJECTS GALLERY

GENERAL CONSTRUCTION – NEW PROJECTS SECURED FROM 2012

FIVE BLOCKS OF 15-STOREY HDB FLATS AT SENGKANG NEIGHBOURHOOD 2, SINGAPORE

Another contract awarded by HDB for \$74.9 million for building and contingency works for 474 HDB flats at Sengkang Neighbourhood 2 Contract 43B and is scheduled to be completed by April 2015. The scope of works includes the construction of five blocks, a childcare centre, a multi-storey carpark with a roof garden, driveway and service roads.



SINGAPORE UNIVERSITY OF TECHNOLOGY AND DESIGN AT CHANGI, SINGAPORE



The project is divided into two phases: A and B. Work on this project had commenced in June 2012 with Phase A scheduled for completion in third quarter 2013, and phase B in mid 2014.



The \$102.7 million contract was awarded by Singapore University of Technology and Design to build Phase 1 construction of housing and sports facilities for its campus at Somapah Road and Changi South Avenue 1. This contract involves the construction of three 11-storey hostel blocks, two 11-storey faculty blocks, a sports complex, and a multi-purpose hall with basement car park and support area. Other works include boring and piling foundation works; design and installation of earth retaining systems; construction of link ways, bridges, canopies, rain screens, roads, drainage works, bio-ponds, landscaping works; and mechanical and electrical service trenches.

▶ PROJECTS GALLERY

SPECIALISED ENGINEERING

KELANA JAYA LRT LINE EXTENSION PROJECT, MALAYSIA

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. Projects for Package A and Package B are expected to be completed by third quarter 2013.



▶ CORPORATE EVENTS GALLERY

MANAGEMENT RETREAT – TEAM PRODUCTIVITY



BBR GROUP LEARNING JOURNEY – MALAYSIA



BBR GROUP SAFETY DAY



CELEBRATING THE COMPLETION OF LUSH ON HOLLAND HILL



STAFF OVERSEAS INCENTIVE TRIP



OTHER SOCIAL EVENTS



BBQ at project site



SCAL Cricket Cup Challenge 2012

▶ FINANCIAL HIGHLIGHTS

5-Year Financial Summary		FY2008	FY2009	FY2010	FY2011	FY2012
Revenue	\$'000	253,899	205,390	205,771	413,323	274,235
Gross Profit	\$'000	15,525	20,608	31,554	41,674	35,406
Profit Before Tax	\$'000	3,868	15,694	22,154	23,060	14,536
Profit After Tax (PAT)	\$'000	3,741	13,663	20,013	20,367	13,407
Profit Attributable To Equity Holders						
Of The Company	\$'000	3,652	13,352	19,564	20,120	12,963
Earnings Per Share (note 1)	Cents	1.18	4.35	6.36	6.57	4.24
Dividend Per Share	Cents	–	0.6	0.6	0.8	1.2
Dividend Payout	%	–	13.9%	9.4%	12.2%	28.3%
Net Asset Value (NAV)	\$'000	48,130	61,737	79,559	97,012	107,545
NAV Per Share (note 1)	Cents	15.62	20.03	25.90	31.73	35.10
Net Debt To Equity (note 2)	%	85.1%	13.9%	12.5%	58.0%	10.7%
Return On Equity (note 3)	%	7.7%	21.9%	24.8%	20.7%	12.3%
Return On Total Assets (note 4)	%	1.8%	6.5%	8.0%	6.8%	5.2%

Revenue By Business Segment (\$'000)

General Construction	212,594	166,225	144,140	243,168	131,481
Specialised Engineering	41,305	39,146	61,603	78,871	84,699
Property Development	–	–	–	91,256	58,027

Revenue By Geographical Segment (\$'000)

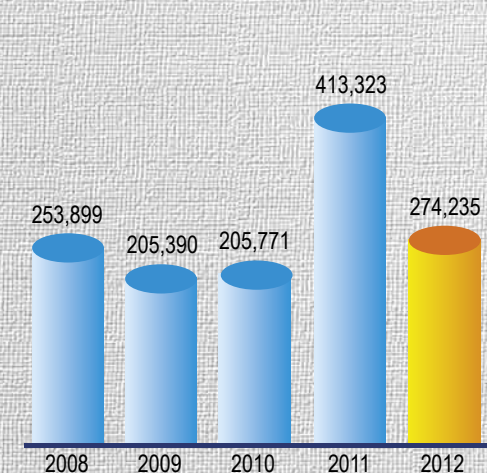
Singapore	228,534	188,070	180,734	386,336	238,893
Malaysia	19,882	15,637	25,037	26,987	35,342
Thailand	1,220	–	–	–	–
Sri Lanka	4,263	1,683	–	–	–

Notes:

- 1 Computation based on theoretical post-consolidated number of shares (FY2008 and FY2009) and exclude treasury shares
- 2 Net Debt to Equity = Current and non-current loans and borrowings less cash and cash equivalents divided by shareholders' equity
- 3 Return on Equity = PAT dividend by shareholders' equity
- 4 Return on Total Assets = PAT divided by total assets

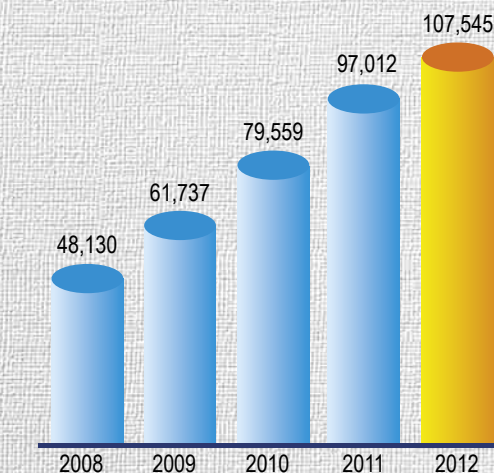
Revenue

\$'000



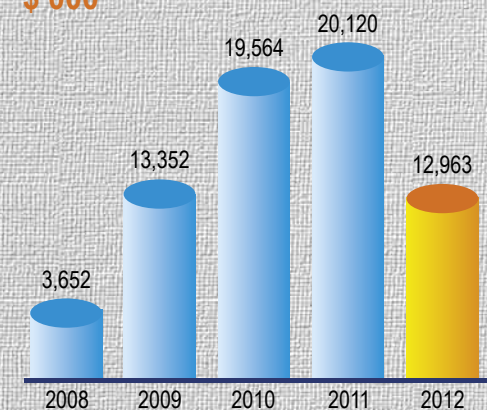
Net Asset Value

\$'000



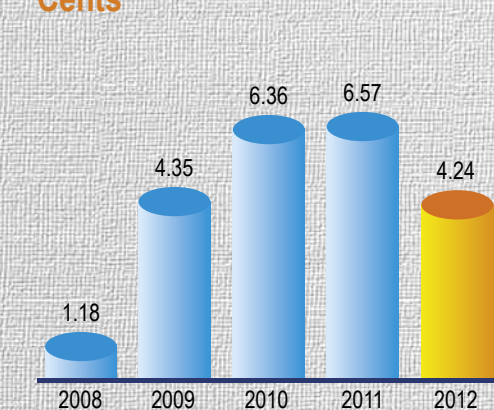
Profit Attributable To Equity Holders Of The Company

\$'000



Earnings Per Share

Cents



▶ BOARD OF DIRECTORS

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 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 in more than 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 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.

MR TAN KHENG HWEЕ 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).

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 is the Chairman of Tectus S.A., BBR Holding Ltd., Proceq S.A. and FFC Fincoord Finance Coordinators Ltd., and a Board member of other Tectus Group's associated companies.

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.

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.

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.

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 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 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.

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 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 was previously the Chairman of the CFO Committee of ICPAS and was a committee member of the Professional Accountants in Business Committee of the International Federation of Accountants.

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



Prof Yong Kwet Yew

Mr Tan Kheng Hwee Andrew

Mr Bruno Sergio Valsangiacomo

Mr Peter Michael Ekberg

Mr Marcel Poser

Ms Luk Ka Lai (Mrs Carrie Cheong)

Mr Soh Gim Teik

▶ KEY EXECUTIVES

MR JOHN MO KUAN SHENG

Director, BBR Construction Systems Pte Ltd

Mr John Mo Kuan Sheng is the Director of BBR Construction Systems Pte Ltd since 1999. He is in charge of day-to-day operations, marketing and business development for the Specialised Engineering business. 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.

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 36 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 a Bachelor of Engineering from the University of Singapore.

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 and Singa Development Pte Ltd in 2009. He is in charge of the Group's Building Division. He has been with Singapore Piling & Civil Engineering Private Limited for more than 30 years in various capacities.

He holds a Bachelor of Applied Science in Construction Management from the Royal Melbourne Institute of Technology and a Diploma in Building from the Singapore Polytechnic.

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 the 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.

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.

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 of 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.

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 from the National University of Singapore and is a Certified Public Accountant with the ICPAS.



Mr John Mo Kuan Sheng

Mr Choo Siew Meng

Mr Thomas Chiew Hock Meng

Mr Chan Tuck Meng

Mr Voon Yok Lin

Mr Paul Cheong Kin Foo

Ms Maria Low Siew Joo

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Mr Tan Kheng Hwee Andrew
Executive Director and Chief Executive Officer
B.E. (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
M.Sc. Eng./Dipl.Ing.SIA

Ms Luk Ka Lai Carrie
Independent Director
MBA, FCCA, 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
(since financial year ended 31 December 2011)

BANKERS

Oversea-Chinese Banking Corporation Limited
DBS Bank Ltd
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
Ambank Bhd
Amlslamic Bank Bhd

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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 2012.

DIRECTORS

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

Prof. 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)

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	16,850,474	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				
Tan Kheng Hwee Andrew	250,000	200,000	–	–

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2013.

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:

- the motivation of each participant to optimise his performance standards and efficiency and to maintain a high level of contribution to the Group;
- the retention of key executives and directors of the Group whose contributions are important to the long-term growth and profitability of the Group;
- to instil loyalty to, and a stronger identification by employees with the long term prosperity of the Group;
- 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
- 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 Prof. 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.

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 31.12.12	Aggregate granted since commencement of Plan to 31.12.12	Released in financial year ended 31.12.12	Aggregate released since commencement of Plan to 31.12.12	Aggregate outstanding as at 31.12.12
Director of the Company					
– Tan Kheng Hwee Andrew	200,000	450,000	250,000	250,000	200,000
Key management and executives of the Group	1,080,000	2,000,000	920,000	920,000	1,080,000
As at 31 December 2012	1,280,000	2,450,000	1,170,000	1,170,000	1,280,000

▶ Directors' Report

THE BBR SHARE PLAN (CONT'D)

The outstanding performance shares granted as at 31 December 2012 will be released via two equal tranches in 2013 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, if any.

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.

AUDITOR

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

On behalf of the board of directors,

Tan Kheng Hwee Andrew
Executive Director and Chief Executive Officer

Luk Ka Lai Carrie
Non-Executive Director

22 March 2013

▶ 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 2012 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

22 March 2013

► Independent Auditor's 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 35 to 89, which comprise the statements of financial position of the Group and the Company as at 31 December 2012, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 2012 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.

Ernst & Young LLP
Public Accountants and Certified Public Accountants
Singapore
22 March 2013

► Consolidated Statement of Comprehensive Income

for the financial year ended 31 December 2012

	Note	2012 \$'000	2011 \$'000
Revenue	4	274,235	413,323
Cost of sales		(238,829)	(371,649)
Gross profit		35,406	41,674
Other operating income	5	1,878	2,285
Other (expense)/income		(119)	505
Administrative costs		(8,907)	(7,565)
Other operating costs		(13,686)	(14,023)
Finance costs	6	(519)	(1,684)
Share of results of a joint venture		(1,000)	–
Share of results of associates		1,483	1,868
Profit before taxation	7	14,536	23,060
Income tax expense	8	(1,129)	(2,693)
Profit for the year		13,407	20,367
Other comprehensive income:			
Foreign currency translation loss		(192)	(673)
Other comprehensive income for the year		(192)	(673)
Total comprehensive income for the year		13,215	19,694
Profit attributable to:			
Equity holders of the Company		12,963	20,120
Non-controlling interests		444	247
		13,407	20,367
Total comprehensive income attributable to:			
Equity holders of the Company		12,826	19,475
Non-controlling interests		389	219
		13,215	19,694
Earnings per share	9		
Basic earnings per share		4.24 cents	6.57 cents
Fully diluted earnings per share		4.22 cents	6.54 cents

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

Statement of Financial Position

as at 31 December 2012

	Note	Group		Company	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Non-current assets					
Property, plant and equipment	10	22,764	21,254	331	32
Intangible assets	11	119	119	–	–
Investments in subsidiaries	12	–	–	50,622	39,383
Investments in associates	13	16,463	14,978	92	92
Investment in a joint venture	14	–	1,000	–	–
Other investment	15	–	–	–	–
Deferred tax assets	16	486	486	–	–
Trade receivables	17	7,867	7,207	–	–
Current assets					
Amounts due from subsidiaries	18	–	–	22,973	21,045
Development properties	19	61,960	138,225	–	–
Gross amount due from customers for contract work-in-progress	20	32,720	10,952	–	–
Inventories	21	2,283	2,839	–	–
Trade receivables	17	56,692	47,397	–	–
Other receivables	22	2,743	1,560	54	28
Pledged deposits	23	3,442	1,709	–	–
Cash and cash equivalents	23	47,835	51,882	587	453
		207,675	254,564	23,614	21,526
Current liabilities					
Amounts due to subsidiaries	18	–	–	10,405	10,373
Gross amount due to customers for contract work-in-progress	20	17,667	24,728	–	–
Trade and other payables	24	54,713	51,379	153	153
Other liabilities	25	4,167	4,128	1,451	455
Derivatives	26	–	420	–	–
Loans and borrowings	27	3,867	3,420	–	–
Income tax payables		2,935	1,654	40	26
		83,349	85,729	12,049	11,007
Net current assets		124,326	168,835	11,565	10,519
Non-current liabilities					
Trade payables	24	4,872	6,378	–	–
Deferred tax liabilities	16	2,221	3,664	–	–
Loans and borrowings	27	55,696	105,523	–	–
Net assets		109,236	98,314	62,610	50,026
Equity attributable to equity holders of the Company					
Share capital	28	43,967	43,967	43,967	43,967
Treasury shares	29	(416)	(601)	(416)	(601)
Share plan reserve	30	135	166	135	166
Foreign currency translation reserve		(513)	(376)	–	–
Retained earnings		64,372	53,856	18,924	6,494
		107,545	97,012	62,610	50,026
Non-controlling interests		1,691	1,302	–	–
Total equity		109,236	98,314	62,610	50,026

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 2012

Group	Attributable to equity holders of the Parent						
	Share capital (Note 28) \$'000	Treasury shares (Note 29) \$'000	Share plan reserve (Note 30) \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 January 2012	43,967	(601)	166	(376)	53,856	1,302	98,314
Total comprehensive income							
Profit for the year	–	–	–	–	12,963	444	13,407
Other comprehensive income for the year	–	–	–	(137)	–	(55)	(192)
Total comprehensive income for the year	–	–	–	(137)	12,963	389	13,215
Contributions by and distributions to owners							
Share based compensation expense	–	–	279	–	–	–	279
Purchase of treasury shares	–	(125)	–	–	–	–	(125)
Treasury shares reissued pursuant to employee share plan	–	310	(310)	–	–	–	–
Dividends paid on ordinary shares (Note 31)	–	–	–	–	(2,447)	–	(2,447)
Total transactions with owners in their capacity as owner	–	185	(31)	–	(2,447)	–	(2,293)
Balance at 31 December 2012	43,967	(416)	135	(513)	64,372	1,691	109,236
Balance at 1 January 2011	43,967	(252)	–	269	35,575	1,083	80,642
Total comprehensive income							
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
Contributions by and distributions to owners							
Share based compensation expense	–	–	166	–	–	–	166
Purchase of treasury shares	–	(349)	–	–	–	–	(349)
Dividends paid on ordinary shares (Note 31)	–	–	–	–	(1,839)	–	(1,839)
Total transactions with owners in their capacity as owner	–	(349)	166	–	(1,839)	–	(2,022)
Balance at 31 December 2011	43,967	(601)	166	(376)	53,856	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 2012

Company	Attributable to equity holders of the Company				Total equity \$'000
	Share capital (Note 28) \$'000	Treasury shares (Note 29) \$'000	Share plan reserve (Note 30) \$'000	Retained earnings/ (accumulated losses) \$'000	
Balance at 1 January 2012	43,967	(601)	166	6,494	50,026
Profit for the year	–	–	–	14,877	14,877
Total comprehensive income for the year	–	–	–	14,877	14,877
<u>Contributions by and distributions to owners</u>					
Share based compensation expense	–	–	279	–	279
Purchase of treasury shares	–	(125)	–	–	(125)
Treasury shares reissued pursuant to employee share plan	–	310	(310)	–	–
Dividends paid on ordinary shares (Note 31)	–	–	–	(2,447)	(2,447)
Total transactions with owners in their capacity as owner	–	185	(31)	(2,447)	(2,293)
Balance at 31 December 2012	43,967	(416)	135	18,924	62,610
Balance at 1 January 2011	43,967	(252)	–	7,307	51,022
Profit for the year	–	–	–	1,026	1,026
Total comprehensive income for the year	–	–	–	1,026	1,026
<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 31)	–	–	–	(1,839)	(1,839)
Total transactions with owners in their capacity as owner	–	(349)	166	(1,839)	(2,022)
Balance at 31 December 2011	43,967	(601)	166	6,494	50,026

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 2012

	2012 \$'000	2011 \$'000
Cash flows from operating activities		
Profit before taxation	14,536	23,060
Adjustments for:		
Depreciation of property, plant and equipment	3,968	3,874
Interest expense	939	3,498
(Write-back of allowance)/allowance for doubtful receivables (net)	(100)	597
Share based compensation expense	279	166
Write off of trade receivables	–	5
Share of results of associates	(1,483)	(1,868)
Share of results of a joint venture	1,000	–
Fair value gain on derivatives	(420)	(1,814)
Foreign currency translation gain	–	(1,080)
Loss/(gain) on disposal of property, plant and equipment	18	(270)
Interest income	(218)	(183)
Operating profit before working capital changes	18,519	25,985
Decrease/(increase) in development properties	76,926	(60,456)
Increase in amount due from customers for work-in-progress (net)	(28,829)	(15,185)
(Increase)/decrease in trade receivables	(9,855)	2,245
(Increase)/decrease in other receivables	(1,183)	9,816
Decrease in inventories	556	534
Increase/(decrease) in trade and other payables	1,828	(5,891)
Increase/(decrease) in other liabilities	39	(96)
Cash from/(used in) operations	58,001	(43,048)
Interest paid	(1,600)	(4,357)
Interest received	218	183
Income tax paid	(1,291)	(1,279)
Net cash from/(used in) operating activities	55,328	(48,501)
Cash flows from investing activities		
Purchase of property, plant and equipment (Note 23)	(1,513)	(4,569)
Proceeds from disposal of property, plant and equipment	312	1,946
Dividends received from an associate	–	9,600
Investment in a joint venture	–	(1,000)
Net cash (used in)/from investing activities	(1,201)	5,977
Cash flows from financing activities		
(Repayment of)/proceeds from bank borrowings, secured	(81)	821
Dividends paid on ordinary shares	(2,447)	(1,839)
Purchase of treasury shares	(125)	(349)
Proceeds from long term borrowings	–	68,800
Repayment of long term borrowings	(50,615)	(15,675)
Repayment of finance leases	(3,008)	(3,321)
(Increase)/decrease in pledged deposits	(1,733)	657
Net cash (used in)/from financing activities	(58,009)	49,094
Net (decrease)/increase in cash and cash equivalents	(3,882)	6,570
Net effect of exchange rate changes in consolidating subsidiaries	(165)	448
Cash and cash equivalents at beginning of the year	51,882	44,864
Cash and cash equivalents at end of the year (Note 23)	47,835	51,882

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

Notes to the Financial Statements

– 31 December 2012

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
	2012 %	2011 %		2012 \$'000	2011 \$'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 and investment holding
BBR Construction Systems (M) Sdn. Bhd. ⁽²⁾	80	80	Malaysia	793	793	Structural engineering and design and build services and investment holding
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>	
Associate held by the Company						
BBR Philippines Corporation ⁽³⁾	40	40	Philippines	92	92	Structural engineering

1. CORPORATE INFORMATION (CONT'D)

Name of company	Proportion of ownership interest		Country of incorporation	Cost of investment		Principal activities
	2012 %	2011 %		2012 \$'000	2011 \$'000	
Subsidiary held by Singapore Piling & Civil Engineering Private Limited						
Singa Development Pte Ltd ⁽¹⁾	100	100	Singapore	3,600	3,600	Building contractors, project and contract managers for all kinds of building and civil engineering works
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
Subsidiary held by BBR Construction Systems (M) Sdn. Bhd.						
SP Piling Sdn. Bhd. ⁽²⁾	100	100	Malaysia	15	15	Dormant
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⁾	100	100	Singapore	+	+	Dormant
BBR Kovan Pte Ltd ⁽¹⁾	100	100	Singapore	1,000	1,000	Property development
Associate held by BBR Development Pte. Ltd.						
Tennessee Pte Ltd ⁽¹⁾	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 Audit Wise Co., Ltd.

(5) Audited by Singapore Assurance PAC.

+ Cost of investment is \$2.

Notes to the Financial Statements

– 31 December 2012

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 2012. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 1 : <i>Presentation of Items of Other Comprehensive Income</i>	1 July 2012
Revised FRS 19 : <i>Employee Benefits</i>	1 January 2013
FRS 113 : <i>Fair Value Measurements</i>	1 January 2013
Amendments to FRS 107 : <i>Disclosure – Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Improvements to FRSs 2012	
– Amendment to FRS 1 : <i>Presentation of Financial Statements</i>	1 January 2013
– Amendment to FRS 16 : <i>Property, Plant and Equipment</i>	1 January 2013
– Amendment to FRS 32 : <i>Financial Instruments: Presentation</i>	1 January 2013
INT FRS 120 : <i>Stripping Costs in Production Phase of a Surface Mine</i>	1 January 2013
Revised FRS 27 : <i>Separate Financial Statements</i>	1 January 2014
Revised FRS 28 : <i>Investments in Associates and Joint Ventures</i>	1 January 2014
FRS 110 : <i>Consolidated Financial Statements</i>	1 January 2014
FRS 111 : <i>Joint Arrangements</i>	1 January 2014
FRS 112 : <i>Disclosure of Interests in Other Entities</i>	1 January 2014
Amendments to FRS 32 : <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014

Except for the Amendments to FRS 1, FRS 111, Revised FRS 28 and FRS 112, 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 application. The nature of the impending changes in accounting policy on adoption of the Amendments to FRS 1, FRS 111, Revised FRS 28 and FRS 112 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 the statement of comprehensive income 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures are effective for financial periods beginning on or after 1 January 2014.

FRS 111 classifies joint arrangements either as joint operations or joint ventures. Joint operation is a joint arrangement whereby the parties have rights to the assets and obligations for the liabilities whereas joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

FRS 111 requires the determination of joint arrangement's classification to be based on the parties' rights and obligations under the arrangement, with the existence of a separate legal vehicle no longer being the key factor. FRS 111 disallows proportionate consolidation and requires joint ventures to be accounted for using the equity method. The revised FRS 28 was amended to describe the application of equity method to investments in joint ventures in addition to associates.

The Group currently applies equity accounting for its joint venture. Upon adoption of FRS 111, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 Disclosure of Interests in Other Entities is effective for financial periods beginning on or after 1 January 2014.

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 interests 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 in 2014.

2.4 Foreign currency

The Group's consolidated financial statements are presented in SGD, 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 2012

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 the statement of comprehensive income;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to the statement of comprehensive income 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.

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 the statement of comprehensive income 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 the statement of comprehensive income.

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 2012

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 investments in associates are 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.

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 a 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 the statement of comprehensive income.

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.

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 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.

Notes to the Financial Statements

– 31 December 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Property, plant and equipment (cont'd)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Impairment of non-financial assets (cont'd)

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.

(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.

Notes to the Financial Statements

– 31 December 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial assets (cont'd)

(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 fixed deposits; and
- Trade and other receivables, including amounts due from 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Development properties, completed properties held for sale and revenue recognition (cont'd)

Non-refundable commissions paid/payable to sales or marketing agents on the sale of development properties and advertisement costs 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 the statement of comprehensive income 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 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.

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.

Notes to the Financial Statements

– 31 December 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Impairment of financial assets (cont'd)

(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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

Notes to the Financial Statements

– 31 December 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Employee benefits (cont'd)

(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.

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 basis 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 tax 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.27 Taxation (cont'd)

(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 interest in a joint venture, 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.

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 tax 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 tax authority is included as part of receivables or payables in the statement of financial position.

Notes to the Financial Statements

– 31 December 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

(b) Sale of development properties under construction

Where development property is under construction and agreement has been reached to sell such property before construction is completed, the Directors consider whether the contract comprises:

- A contract to construct a property; or
- A contract for the sale of property

(i) Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage of completion method as construction progresses.

(ii) Where the contract is judged to be for the sale of a property, revenue is recognised when the significant risks and rewards of ownership of the property have been transferred to the buyer (i.e. revenue is recognised using the completed contract method).

- If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses.
- INT FRS 115 includes an accompanying note on application of INT FRS 115 in Singapore which requires the percentage of completion method of revenue recognition to be applied to sale of private residential properties in Singapore prior to completion of the properties that are regulated under the Singapore Housing Developers (Control and Licensing) Act (Chapter 130) and uses the standard form of sale and purchase agreements (SPAs) prescribed in the Housing Developers Rules. The accompanying note to INT FRS 115 does not address the accounting treatment for other SPAs, including SPAs with a Deferred Payment Scheme feature in Singapore.

In the above situations (i) and (ii), the percentage of work completed is measured by reference to professional surveys of work performed.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.28 Revenue (cont'd)

(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 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.30 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.31 Related parties

A related party is defined as follows:

- (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 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.31 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).

2.32 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.

2.33 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.

2.34 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 receivable 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 the statement of comprehensive income 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.35 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to statement of comprehensive income over the expected useful life of the relevant asset by equal annual instalments.

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 2012 were \$2,935,000 (2011: \$1,654,000), \$486,000 (2011: \$486,000) and \$2,221,000 (2011: \$3,664,000), 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% (2011: 1%) variance in the Group's profit for the year.

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– 31 December 2012

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 2012, the Group has provided for \$2,338,000 (2011: \$2,109,000) of foreseeable losses in respect of certain work-in-progress for projects.

4. REVENUE

	Group	
	2012 \$'000	2011 \$'000
Construction revenue	215,621	321,885
Sale of development properties	58,027	91,256
Sale of goods	559	154
Management fee from an associate	28	28
	<u>274,235</u>	<u>413,323</u>

5. OTHER OPERATING INCOME

	Group	
	2012 \$'000	2011 \$'000
Rental income of premises	893	680
Training and testing fees	370	102
Interest income from deposits	218	183
Management service fees	111	–
Gain on disposal of property, plant and equipment	–	270
Forfeiture income	18	105
Rental income of equipment	14	781
Others	254	164
	<u>1,878</u>	<u>2,285</u>

6. FINANCE COSTS

	Group	
	2012 \$'000	2011 \$'000
Interest expense on :		
Bank loans and bank overdrafts	777	1,156
Finance leases	162	178
Interest rate swap	–	2,164
Fair value gain on derivatives	(420)	(1,814)
	<u>519</u>	<u>1,684</u>

7. PROFIT BEFORE TAXATION

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

	Group	
	2012 \$'000	2011 \$'000
Audit fees to :		
Auditors of the Company	183	182
Other auditors	18	13
Depreciation of property, plant and equipment	3,968	3,874
Inventories recognised as expenses in cost of sales (Note 21)	71,043	67,446
Foreign exchange loss/(gain) (net)	119	(505)
Grant income from government authorities	(424)	(40)
Loss on disposal of property, plant and equipment	18	–
(Write-back of allowance)/allowance for doubtful receivables (net)	(100)	597
Share based compensation expense	279	166
Write off of trade receivables (Note 17)	–	5
Rental of :		
Premises	1,892	2,100
Equipment	101	68

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8. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 December are as follows:

	Group	
	2012 \$'000	2011 \$'000
Statement of comprehensive income		
Current income tax :		
– Singapore	2,244	325
– Foreign	809	742
Overprovision in respect of previous years	(481)	(272)
	2,572	795
Deferred income tax :		
Origination and reversal of temporary differences (Note 16)	(1,443)	1,898
Income tax expense recognised in the statement of comprehensive income	1,129	2,693

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 are as follows :

	Group	
	2012 \$'000	2011 \$'000
Profit before taxation	14,536	23,060
Tax at the domestic rates applicable to profits in the countries where the Group operates	2,701	4,045
Adjustments :		
Income not subject to tax	(63)	(209)
Overprovision of income tax in respect of previous years	(481)	(272)
Benefits from previously unrecognised tax losses	(988)	(733)
Utilisation of investment and enhanced allowances	(151)	(295)
Non-deductible expenses	387	197
Effect of partial tax exemption and tax relief	(120)	(80)
Deferred tax assets not recognised	45	185
Share of results of associates	(252)	(318)
Others	51	173
Income tax expense recognised in the statement of comprehensive income	1,129	2,693

8. INCOME TAX EXPENSE (CONT'D)

During the financial year, in relation to the Singapore group relief system, the Group utilised tax losses of \$3,941,000 (2011: \$3,726,000) 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 (2011: \$486,000) arising from unutilised tax losses amounting to \$2,859,000 (2011: \$2,859,000) as disclosed in Note 16. The Group has unutilised tax losses of approximately \$19,821,000 (2011: \$25,369,000) 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.

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 :

	2012 \$'000	2011 \$'000
Profit attributable to ordinary equity holders of the Company used in computation of basic and diluted earnings per share	12,963	20,120
	No. of Shares	No. of Shares
Weighted average number of ordinary shares for basic earnings per share computation *	305,710,374	306,305,886
Effect of dilution:		
– Performance shares (Note 30)	1,280,000	1,170,000
Weighted average number of ordinary shares for diluted earnings per share computation *	306,990,374	307,475,886

* 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.

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10. PROPERTY, PLANT AND EQUIPMENT

Group	At valuation	At cost				Total \$'000
	Leasehold building \$'000	Plant and equipment \$'000	Leasehold properties \$'000	Motor vehicles \$'000	Other assets \$'000	
Cost or valuation						
At 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 and 1 January 2012	–	32,024	2,200	3,369	1,353	38,946
Additions	–	4,962	–	764	111	5,837
Disposals	–	(1,141)	–	(15)	(36)	(1,192)
Written-off	–	(70)	–	(185)	(17)	(272)
Net exchange differences	–	(103)	–	(57)	(28)	(188)
At 31 December 2012	–	35,672	2,200	3,876	1,383	43,131
Accumulated depreciation						
At 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 and 1 January 2012	–	14,229	220	2,379	864	17,692
Depreciation charge for the year	–	3,156	264	396	152	3,968
Disposals	–	(811)	–	(15)	(36)	(862)
Written-off	–	(70)	–	(185)	(17)	(272)
Net exchange differences	–	(98)	–	(40)	(21)	(159)
At 31 December 2012	–	16,406	484	2,535	942	20,367
Net carrying amount						
At 31 December 2011	–	17,795	1,980	990	489	21,254
At 31 December 2012	–	19,266	1,716	1,341	441	22,764

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Motor vehicles \$'000	Other Assets \$'000	Total \$'000
Cost			
At 1 January 2011, 31 December 2011 and 1 January 2012	185	28	213
Additions	348	–	348
Disposals	(185)	–	(185)
At 31 December 2012	348	28	376
Accumulated depreciation			
At 1 January 2011	117	27	144
Depreciation charge for the year	37	–	37
At 31 December 2011 and 1 January 2012	154	27	181
Depreciation charge for the year	48	1	49
Disposals	(185)	–	(185)
At 31 December 2012	17	28	45
Net carrying amount			
At 31 December 2011	31	1	32
At 31 December 2012	331	–	331

Other assets

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

Assets held under finance leases

The Group acquired property, plant and equipment with an aggregate fair value of \$4,934,000 (2011: \$4,488,000) by means of finance leases. The carrying amounts of property, plant and equipment held under finance leases for the Group as at 31 December 2012 were \$10,179,000 (2011: \$9,227,000).

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

11. INTANGIBLE ASSETS

	Group	
	2012 \$'000	2011 \$'000
Goodwill	119	119

Goodwill acquired through business combinations has been allocated to the Group's cash-generating unit identified, General construction, which is also the Group's reportable operating segment, 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 6.60% (2011: 6.03%) for value-in-use calculations, which is also the Group's weighted average cost of capital.

Notes to the Financial Statements

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12. INVESTMENTS IN SUBSIDIARIES

	Company	
	2012 \$'000	2011 \$'000
Unquoted shares, at cost	78,856	78,856
Additional investment *	109	109
Impairment losses	(28,343)	(39,582)
Carrying amount	50,622	39,383

* This arises from performance shares of the Company granted in 2011 under the BBR Share Plan to the employees of the subsidiary companies, for which the share based compensation expense had not been charged to the respective subsidiaries. With effect from 2012, the Company will charge share based compensation expense to respective subsidiaries.

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	
	2012 \$'000	2011 \$'000
Balance at 1 January	39,582	39,692
Write-back to statement of comprehensive income	(11,239)	(110)
Balance at 31 December	28,343	39,582

An impairment loss of \$11,239,000 (2011: \$110,000) was written back to the statement of comprehensive income, subsequent to an assessment performed on recoverable amount of the investments in subsidiaries at the end of the financial year.

13. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Unquoted shares, at cost	697	697	92	92
Share of post-acquisition reserves	15,766	23,883	–	–
Dividends received from an associate	–	(9,600)	–	–
Net exchange differences	–	(2)	–	–
Carrying amount	16,463	14,978	92	92

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

13. INVESTMENTS IN ASSOCIATES (CONT'D)

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

	Group	
	2012 \$'000	2011 \$'000
Assets and liabilities:		
Non-current assets	2,804	2,554
Current assets	42,341	48,880
Total assets	45,145	51,434
Non-current liabilities	(1,215)	(1,264)
Current liabilities	(8,864)	(18,758)
Total liabilities	(10,079)	(20,022)
Results:		
Revenue	19,498	18,550
Profit for the year	3,715	3,421

14. INVESTMENT IN A JOINT VENTURE

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Unquoted shares, at cost	1,000	1,000	–	–
Share of post-acquisition reserve	(1,000)	–	–	–
Carrying amount	–	1,000	–	–

In 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.

The summarised financial information of the joint venture not adjusted for the proportion of participation held by the Group is as follows:

	Group	
	2012 \$'000	2011 \$'000
Assets and liabilities:		
Current assets	37,317	14,371
Current liabilities	(27,304)	(10,362)
Results:		
Revenue	75,415	35,975
(Loss)/profit for the year	(3,997)	9

Notes to the Financial Statements

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15. OTHER INVESTMENT

	Group	
	2012 \$'000	2011 \$'000
Non-current :		
Unquoted equity shares, at cost	2,981	2,981
Impairment in value of unquoted equity shares	(2,981)	(2,981)
	<u>–</u>	<u>–</u>

Unquoted equity shares relates to a 33.3% (2011: 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 between 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.

16. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2012 \$'000	2011 \$'000
Deferred tax assets :		
Balance at 1 January	486	761
Charged to statement of comprehensive income (Note 8)	–	(275)
Balance at 31 December	<u>486</u>	<u>486</u>
Deferred tax liabilities :		
Balance at 1 January	(3,664)	(2,041)
Credit/(charged) to statement of comprehensive income (Note 8)	1,443	(1,623)
Balance at 31 December	<u>(2,221)</u>	<u>(3,664)</u>
Net deferred tax liabilities	<u>(1,735)</u>	<u>(3,178)</u>
Deferred tax as at 31 December related to the following :		
Deferred tax assets :		
Unutilised tax losses	486	486
Gross deferred tax assets	<u>486</u>	<u>486</u>
Deferred tax liabilities :		
Differences in depreciation for tax purposes	(2,008)	(1,802)
Income taxed on completion basis for development properties	(197)	(1,828)
Others	(16)	(34)
Gross deferred tax liabilities	<u>(2,221)</u>	<u>(3,664)</u>
Net deferred tax liabilities	<u>(1,735)</u>	<u>(3,178)</u>

17. TRADE RECEIVABLES

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Non-current :				
Retention receivables	7,867	7,207	–	–
Current :				
Contract receivables	51,796	39,145	–	–
Less : Allowance for doubtful receivables	(1,430)	(1,475)	–	–
	<u>50,366</u>	<u>37,670</u>	<u>–</u>	<u>–</u>
Retention receivables	6,846	10,355	–	–
Less : Allowance for doubtful receivables	(520)	(628)	–	–
	<u>6,326</u>	<u>9,727</u>	<u>–</u>	<u>–</u>
Total current receivables	<u>56,692</u>	<u>47,397</u>	<u>–</u>	<u>–</u>
Total trade receivables	<u>64,559</u>	<u>54,604</u>	<u>–</u>	<u>–</u>
Add :				
– Amounts due from subsidiaries (Note 18)	–	–	22,973	21,045
– Other receivables (Note 22)	2,743	1,560	54	28
– Pledged deposits (Note 23)	3,442	1,709	–	–
– Cash and cash equivalents (Note 23)	47,835	51,882	587	453
Total loans and receivables	<u>118,579</u>	<u>109,755</u>	<u>23,614</u>	<u>21,526</u>
Write-off of trade receivables directly to statement of comprehensive income (Note 7)	–	5	–	–

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' (2011: 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

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17. TRADE RECEIVABLES (CONT'D)

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to \$4,391,000 (2011: \$9,361,000) 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	
	2012	2011
	\$'000	\$'000
Trade receivables past due :		
Lesser than 30 days	844	3,966
30 to 60 days	415	828
61 to 90 days	344	2,569
91 to 120 days	624	1,670
More than 120 days	2,164	328
	<u>4,391</u>	<u>9,361</u>

Trade receivables that are impaired

Trade receivables – nominal amounts	1,950	2,103
Less : Allowance for doubtful receivables	(1,950)	(2,103)
	<u>–</u>	<u>–</u>

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.

Allowance for doubtful receivables

Movements in allowance for doubtful receivables are as follows :

	Group	
	2012	2011
	\$'000	\$'000
<i>Contract receivables</i>		
Balance at 1 January	1,475	593
Charged to statement of comprehensive income	1,128	1,023
Write-back to statement of comprehensive income	(1,120)	(129)
Net exchange differences	(53)	(12)
Balance at 31 December	<u>1,430</u>	<u>1,475</u>
<i>Retention receivables</i>		
Balance at 1 January	628	935
Charged to statement of comprehensive income	142	86
Write-back to statement of comprehensive income	(250)	(383)
Net exchange differences	–	(10)
Balance at 31 December	<u>520</u>	<u>628</u>
Total allowance for doubtful receivables	<u>1,950</u>	<u>2,103</u>

18. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2012	2011
	\$'000	\$'000
Amounts due from subsidiaries	23,019	21,091
Less : Allowance for doubtful receivables	(46)	(46)
	<u>22,973</u>	<u>21,045</u>
Amounts due to subsidiaries	<u>(10,405)</u>	<u>(10,373)</u>

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	
	2012	2011
	\$'000	\$'000
Balance at 1 January	46	782
Write-back to statement of comprehensive income	–	(736)
Balance at 31 December	<u>46</u>	<u>46</u>

19. DEVELOPMENT PROPERTIES

	Group	
	2012	2011
	\$'000	\$'000
Land and related costs	87,155	158,736
Construction costs	2,144	20,112
Interest costs	400	5,250
Stamp duties	2,685	4,726
Others	3,228	7,794
	<u>95,612</u>	<u>196,618</u>
Add : Attributable profits	–	10,754
Less : Progress billings	(33,652)	(69,147)
	<u>61,960</u>	<u>138,225</u>
(i) Interest capitalised during the financial year at an average rate of 1.70% (2011: 1.79%) paid/payable to financial institutions	661	754

(ii) Land with carrying amount of \$86,000,000 (2011: \$156,600,000) is pledged to the bank in respect of the Group's long term borrowings (Note 27).

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19. DEVELOPMENT PROPERTIES (CONT'D)

Details of development properties :

Description and location	% owned	Site area (sq.m)	Gross floor area (sq.m)	Stage of completion as at 31 December 2012 (expected year of completion)
<i>Bliss @Kovan</i> A 5-storey condominium development on Nos. 2A/B/C/D Simon Lane, Singapore	100%	9,110	14,030	5% (2015)

20. GROSS AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK-IN-PROGRESS

	Group	
	2012 \$'000	2011 \$'000
Contract costs to date	375,346	576,509
Recognised profits	20,938	41,017
Less : Provision for foreseeable losses	(2,338)	(2,109)
Aggregate amount of costs incurred and recognised profits less recognised losses to date	393,946	615,417
Less : Progress billings	(378,893)	(629,193)
	15,053	(13,776)
Presented as :		
Gross amount due from customers for contract work-in-progress	32,720	10,952
Gross amount due to customers for contract work-in-progress	(17,667)	(24,728)
	15,053	(13,776)
Advances received from customers (included in trade payables)	4,819	5,754
Retention sums on construction contract (included in trade receivables)	14,193	16,934
<i>Provision for foreseeable losses</i>		
Movement in provision for foreseeable losses are as follows:		
Balance at 1 January	2,109	2,030
Charged to statement of comprehensive income	229	79
Balance at 31 December	2,338	2,109

21. INVENTORIES

	Group	
	2012 \$'000	2011 \$'000
Statement of financial position : Construction materials, at cost	2,283	2,839
Statement of comprehensive income : Construction materials recognised as expenses in cost of sales (Note 7)	71,043	67,446

22. OTHER RECEIVABLES

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Other deposits	1,190	779	–	–
Amount due from a joint venture	721	383	–	–
Other receivables	404	98	–	–
Other recoverables	259	169	–	7
Amounts due from associates	130	69	54	21
Staff loans	39	62	–	–
	2,743	1,560	54	28

Amounts due from associates/joint venture

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

23. CASH AND CASH EQUIVALENTS/PLEDGED DEPOSITS

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Cash at bank and in hand	14,771	22,079	587	453
Fixed deposits	36,506	31,512	–	–
	51,277	53,591	587	453

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% (2011: 0.1% to 3.2%) per annum during the year.

As at 31 December 2012, cash and fixed deposits of the Group of \$285,000 (2011: \$1,335,000) are denominated in United States Dollar.

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

	Group	
	2012 \$'000	2011 \$'000
Cash and fixed deposits	51,277	53,591
Less : Pledged deposits	(3,442)	(1,709)
Cash and cash equivalents	47,835	51,882

Pledged fixed deposits include \$2,442,000 (2011: \$709,000) placed as security for banking facilities granted to a subsidiary by banks (Note 27) and \$1,000,000 (2011: \$1,000,000) for the issue of a performance bond by a bank.

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23. CASH AND CASH EQUIVALENTS/PLEDGED DEPOSITS (CONT'D)

Note to the consolidated statement of cash flows

	Group	
	2012 \$'000	2011 \$'000
Purchase of property, plant and equipment (Note 10)	5,837	6,642
Adjustment : Finance leases	(4,324)	(2,073)
Cash payments to acquire property, plant and equipment	1,513	4,569

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Non-current :				
Trade payables	4,872	6,378	–	–
Current :				
Trade payables	47,945	46,919	–	–
Other payables	6,768	4,460	153	153
	54,713	51,379	153	153
Total trade and other payables	59,585	57,757	153	153
Add :				
– Amounts due to subsidiaries (Note 18)	–	–	10,405	10,373
– Other liabilities (Note 25)	4,167	4,128	1,451	455
– Loans and borrowings (Note 27)	59,563	108,943	–	–
	123,315	170,828	12,009	10,981
Less :				
– Finance leases (Note 27)	(6,424)	(5,108)	–	–
– Accrued staff costs (Note 25)	(2,599)	(2,557)	(1,099)	(132)
Total financial liabilities carried at amortised cost	114,292	163,163	10,910	10,849

Trade payables

Trade payables are non-interest bearing and are generally on 30 to 90 days' (2011: 30 to 90 days') terms.

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

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
United States Dollar	707	83	–	–
Malaysian Ringgit	56	34	–	–
Hong Kong Dollar	32	98	–	–
Australian Dollar	18	–	–	–

25. OTHER LIABILITIES

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Accrued operating expenses	690	460	352	323
Accrued staff costs	2,599	2,557	1,099	132
Deposits	526	502	–	–
Workers' retention	352	359	–	–
Amount due to an associate	–	250	–	–
	4,167	4,128	1,451	455

In 2011, amount due to an associate was unsecured, non-interest bearing, repayable on demand and was fully settled during the year.

26. DERIVATIVES

	2012		2011	
	Contract/ Notional amount \$'000	Liabilities \$'000	Contract/ Notional amount \$'000	Liabilities \$'000
Current :				
Interest rate swap contract	–	–	65,000	420

In 2009, the Group entered into an interest rate swap amounting to \$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. and paid a floating interest rate of 4% – (1.5 x 3 months SOR %) p.a. every quarter. The interest rate swap matured and was settled in March 2012.

27. LOANS AND BORROWINGS

	Group	
	2012 \$'000	2011 \$'000
Non-current :		
Finance leases	3,296	2,508
Long term borrowings (secured)	52,400	103,015
	55,696	105,523
Current :		
Finance leases	3,128	2,600
Bankers' acceptances (secured)	739	820
	3,867	3,420
Total loans and borrowings	59,563	108,943

The Group has undrawn loans and guarantee facilities of \$51,449,000 (2011: \$27,756,000) 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.

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27. LOANS AND BORROWINGS (CONT'D)

Finance leases

The Group has finance leases for certain items of plant and equipment and motor vehicles.

Finance leases are secured by charges over plant and equipment and motor vehicles (Note 10). In addition, finance leases of \$3,505,000 (2011: \$3,064,000) are secured by a corporate guarantee from the Company. The average discount rate implicit in the leases is 2.4% to 7.0% (2011: 2.4% to 7.6%) per annum.

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

	2012		2011	
	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
Group				
Not later than one year	3,300	3,128	2,722	2,600
Later than one year but not later than five years	3,436	3,296	2,582	2,508
Total minimum lease payments	6,736	6,424	5,304	5,108
Less : Amounts representing finance charges	(312)	–	(196)	–
Present value of minimum lease payments	6,424	6,424	5,108	5,108

Long term borrowings

	Group	
	2012	2011
	\$'000	\$'000
Term loan 1	–	34,215
Term loan 2	52,400	68,800
	52,400	103,015

Term loan 1

Term loan 1 was a Singapore dollar denominated loan of up to \$63,540,000 (2011: \$63,540,000) secured in 2007 to finance the purchase of land in respect of a development property of the Group. The loan was fully repaid during the financial year.

The average interest rate was 1.64% (2011: 1.72%) per annum and was secured by land with a carrying amount of \$70,600,000 (2011: \$70,600,000) 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 1.74% (2011: 1.86%) per annum and is secured by land with a carrying amount of \$86,000,000 (2011: \$86,000,000) (Note 19) and a corporate guarantee from the Company.

27. LOANS AND BORROWINGS (CONT'D)

Bankers' acceptances

An amount of \$739,000 (2011: 820,000), which is denominated in Malaysian Ringgit, with effective interest rates ranging from 4.3% to 4.5% (2011: 4.3% to 4.6%) per annum, was secured by a charge on the fixed deposits of a subsidiary amounting to \$2,442,000 (2011: \$709,000) (Note 23) and a corporate guarantee from the Company.

28. SHARE CAPITAL

	Group and Company			
	2012	2011		
	No. of shares	No. of shares	No. of shares	\$'000
	'000	'000	'000	'000
Issued and fully paid :				
Balance at 1 January and 31 December	308,210	43,967	308,210	43,967

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.

29. TREASURY SHARES

	Group and Company			
	2012	2011		
	No. of shares	No. of shares	No. of shares	\$'000
	'000	'000	'000	'000
Balance at 1 January	(2,438)	(601)	(1,000)	(252)
Acquired during the financial year	(544)	(125)	(1,438)	(349)
Reissued pursuant to employee share plan	1,170	310	–	–
Balance at 31 December	(1,812)	(416)	(2,438)	(601)

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

The Company acquired 544,000 (2011: 1,438,000) 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 \$125,000 (2011: \$349,000) and this was presented as a component within shareholders' equity.

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30. SHARE PLAN RESERVE

	Group and Company			
	2012		2011	
	No. of shares '000	\$'000	No. of shares '000	\$'000
Balance at 1 January	1,170	166	–	–
Performance shares granted	1,280	279	1,170	166
Reissued pursuant to employee share plan	(1,170)	(310)	–	–
Balance at 31 December	1,280	135	1,170	166

In 2012, 1,280,000 (2011: 1,170,000) performance shares were granted to eligible employees. The performance shares granted will be released via two tranches in 2013 – subject to the completion of service and the achievement of prescribed performance targets.

31. DIVIDENDS

	Group and Company	
	2012 \$'000	2011 \$'000
Declared and paid during the financial year :		
First and final (tax exempt one-tier) dividend for 2011 of 0.8 cents (2010: 0.6 cents) per ordinary share	2,447	1,839
Proposed but not recognised as a liability as at 31 December :		
First and final (tax exempt one-tier) dividend for 2012 of 0.8 cents (2011: 0.8 cents) per ordinary share	2,451	2,447
Special (tax exempt one-tier) dividend for 2012 of 0.4 cents (2011: Nil) per ordinary share	1,226	–
	3,677	2,447

Proposed dividend per ordinary share for 2012 is based on 306,398,418 (2011: 305,772,418) shares (excluding treasury shares) as disclosed in Note 28 and Note 29.

32. 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	
	2012 \$'000	2011 \$'000
Capital commitments in respect of : Property, plant and equipment	695	–

32. 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 \$893,000 (2011: \$680,000).

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

	Group	
	2012 \$'000	2011 \$'000
Not later than one year	1,040	535
Later than one year but not later than five years	1,043	766
	2,083	1,301

(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 \$1,892,000 (2011: \$2,100,000).

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

	Group	
	2012 \$'000	2011 \$'000
Not later than one year	2,117	2,964
Later than one year but not later than five years	2,151	4,233
	4,268	7,197

(d) Contingent liabilities

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Corporate guarantees given to banks for credit facilities granted	4,463	9,022	4,245	3,884

The Company provided corporate guarantees to banks as securities for credit facilities granted to subsidiaries. The subsidiaries have utilised the credit facilities of \$4,245,000 (2011: \$3,884,000) as of 31 December 2012.

The Group provided the following corporate guarantees:

- KRW 1,626,666,666 (2011: KRW 1,626,666,666) equivalent to S\$1,871,000 (2011: S\$1,822,000) as security for bank loan granted to a Korean incorporated company that is due to mature in May 2014 (Note 15); and
- \$2,592,000 (2011: \$7,200,000) as security for bank loan granted to an associate.

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33. EMPLOYEE BENEFITS

	Group	
	2012 \$'000	2011 \$'000
Employee benefits expense (including executive directors)		
– Salaries and bonuses	30,527	26,572
– Central Provident Fund	3,747	2,712
– Share-based compensation	279	166
– Others	1,075	731
	<u>35,628</u>	<u>30,181</u>

Employee benefits expenses capitalised during the year under contract work-in-progress and development properties amounted to \$24,269,000 (2011: \$21,087,000) and \$Nil (2011: \$13,000) respectively.

34. DIRECTORS' REMUNERATION

The number of directors in remuneration bands are as follows:

	Company	
	2012	2011
\$500,000 and above	1	1
\$250,000 to \$499,999	–	–
Below \$250,000	6	6
	<u>7</u>	<u>7</u>

35. 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	
	2012 \$'000	2011 \$'000
Construction contract revenue from a joint venture	(5,527)	(7,136)
Engineering services income from a joint venture	(355)	(366)
Project management fees income from a related party	(111)	–
Licence fees income from an associate	(40)	(45)
Rental income from associate and joint venture	(35)	(18)
Management fees income from an associate	(28)	(28)
Dividends received from an associate	–	(9,600)
Engineering services fees to an associate	409	300
License fees to a related party	181	193
Professional fees to a firm in which a director has an interest	60	60

35. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Compensation of key management personnel

	Group	
	2012 \$'000	2011 \$'000
Short-term employee benefits	4,213	3,685
Central Provident Fund	61	72
Share-based compensation	257	138
	<u>4,531</u>	<u>3,895</u>
Comprise amounts paid/payable to :		
– Directors of the Company	2,721	2,365
– Other key management personnel	1,810	1,530
	<u>4,531</u>	<u>3,895</u>

36. 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 fixed 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			
	2012 \$'000	%	2011 \$'000	%
By country :				
Singapore	49,042	75.96	37,114	67.97
Malaysia	15,517	24.04	17,490	32.03
	<u>64,559</u>	<u>100.00</u>	<u>54,604</u>	<u>100.00</u>

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

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 fixed 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 17 Trade receivables.

(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.

	Within 1 year \$'000	2 - 5 years \$'000	Total \$'000
2012			
Financial assets :			
Trade receivables	56,692	7,867	64,559
Other receivables	2,743	–	2,743
Pledged deposits	3,442	–	3,442
Cash and cash equivalents	47,835	–	47,835
Total undiscounted financial assets	110,712	7,867	118,579
Financial liabilities :			
Trade and other payables	54,713	4,872	59,585
Other liabilities	4,167	–	4,167
Finance leases	3,300	3,436	6,736
Long term borrowings	844	53,033	53,877
Total undiscounted financial liabilities	63,024	61,341	124,365
Total net undiscounted financial assets/(liabilities)	47,688	(53,474)	(5,786)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

	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	–	1,560
Pledged deposits	1,709	–	1,709
Cash and cash equivalents	51,882	–	51,882
Total undiscounted financial assets	102,548	7,207	109,755
Financial liabilities :			
Trade and other payables	51,379	6,378	57,757
Other liabilities	4,128	–	4,128
Finance leases	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	(107,057)	(64,993)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group'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. Surplus funds are placed with reputable banks.

Sensitivity analysis for interest rate risk

At the statement of financial position date, if interest rates had been 10% (2011: 10%) lower/higher with all other variables held constant, the Group's profit before taxation would have been \$118,000 (2011: \$208,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

(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 fixed deposits denominated in foreign currencies for working capital purposes. Such foreign currency balances for the Group and the Company are detailed in Note 23.

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	
	2012 \$'000	2011 \$'000
USD – strengthened 5% (2011: 5%)	–21	+63
USD – weakened 5% (2011: 5%)	+21	–63

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37. 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 2012 and 31 December 2011. There is no externally imposed capital requirement imposed by a regulator or a prudential supervisor.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, and other liabilities less cash and fixed deposits. Capital includes equity attributable to the equity holders of the parent.

	Group	
	2012 \$'000	2011 \$'000
Trade and other payables (Note 24)	59,585	57,757
Other liabilities (Note 25)	4,167	4,128
Loans and borrowings (Note 27)	59,563	108,943
Less : Cash and fixed deposits (Note 23)	(51,277)	(53,591)
<i>Net debt</i>	72,038	117,237
Equity attributable to the equity holders of the parent	107,545	97,012
<i>Total capital</i>	107,545	97,012
Capital and net debt	179,583	214,249
Gearing ratio	40%	55%

38. 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 15).

Financial instruments that are carried at fair value

Derivatives (Note 26)

In 2011, 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.

Non-current trade receivables and trade payables (Note 17 and 24)

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 2012.

38. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

Financial instruments whose carrying amounts approximate fair value

Current trade and other receivables and payables (excluding accrued staff costs) (Note 17, 22, 24 and 25), cash and fixed deposits (Note 23) 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 27)

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 2012.

39. SEGMENT INFORMATION

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.

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.

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39. SEGMENT INFORMATION (CONT'D)

(a) *Analysis by business segment*

	Specialised engineering \$'000	General construction \$'000	Property development \$'000	Total \$'000
2012				
Revenue				
External revenue	84,699	131,481	58,027	274,207
Inter-segment revenue	11,927	25,899	–	37,826
Total revenue	96,626	157,380	58,027	312,033
Results :				
Interest income	60	102	54	216
Interest expense	150	77	712	939
Depreciation of property, plant and equipment	2,840	1,080	–	3,920
Share of results of associates	332	(2)	1,153	1,483
Share of results of a joint venture	–	(1,000)	–	(1,000)
Other non-cash items :				
(Write-back of allowance)/allowance for doubtful receivables (net)	(158)	58	–	(100)
Fair value gain on derivatives	–	–	(420)	(420)
Share based compensation expense	86	100	6	192
Segment profit before taxation	11,184	2,112	6,114	19,410
Income tax expense/(credit)	2,091	(638)	(384)	1,069
Assets				
Investments in associates	853	–	15,610	16,463
Additions to property, plant and equipment	3,748	1,741	–	5,489
Segment assets	58,206	95,334	100,860	254,400
Segment liabilities	33,981	54,319	56,194	144,494

39. SEGMENT INFORMATION (CONT'D)

(a) *Analysis by business segment (cont'd)*

	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 taxation	8,595	6,612	9,060	24,267
Income tax expense/(credit)	909	(45)	1,837	2,701
Assets				
Investments in associates	520	–	14,458	14,978
Investment in a joint venture	–	1,000	–	1,000
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

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39. SEGMENT INFORMATION (CONT'D)

(a) Analysis by business segment (cont'd)

Reconciliations of reported segment revenue, profit before taxation, assets, liabilities and other material items

	2012 \$'000	2011 \$'000
Revenue		
Total revenues for reportable segments	312,033	469,538
Management fee from an associate	28	28
Elimination of intersegment revenue	(37,826)	(56,243)
	274,235	413,323
Profit before taxation		
Total profit before taxation for reportable segments	19,410	24,267
Management fee from an associate	28	28
Unallocated amounts:		
Other corporate income	8	1,018
Other corporate expenses	(4,910)	(2,253)
	14,536	23,060
Assets		
Total assets for reportable segments	254,400	299,095
Other unallocated amounts	974	513
	255,374	299,608
Liabilities		
Total liabilities for reportable segments	144,494	200,662
Other unallocated amounts	1,644	632
	146,138	201,294

Other material items	2012			2011		
	Reportable segment totals \$'000	Adjustments \$'000	Entity totals \$'000	Reportable segment totals \$'000	Adjustments \$'000	Entity totals \$'000
Interest income	216	2	218	183	–	183
Depreciation of property, plant and equipment	3,920	48	3,968	3,837	37	3,874
Share based compensation expense	192	87	279	109	57	166
Additions to property, plant and equipment	5,489	348	5,837	6,642	–	6,642
Income tax expense	1,069	60	1,129	2,701	(8)	2,693

39. SEGMENT INFORMATION (CONT'D)

(b) Analysis by geographical segment

Countries	Revenue		Non-current assets	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Singapore	238,893	386,336	43,497	42,017
Malaysia	35,342	26,987	4,056	2,929
Others	–	–	146	98
	274,235	413,323	47,699	45,044

Information about a major customer

Revenue from one major customer amount to \$39,053,000 (2011: \$82,976,000) arising from the provision of building works and civil engineering services.

40. EVENT OCCURRING AFTER STATEMENT OF FINANCIAL POSITION DATE

On 15 March 2013, a subsidiary of the Company incorporated a wholly owned subsidiary, BBR Construction Systems (HK) Limited, in Hong Kong SAR to undertake general and specialist contracting works, structural engineering, design and building services. The cost of investment is HK\$10,000, comprising 10,000 ordinary shares of HK\$1.00 each.

41. COMPARATIVE FIGURES

The Group revisited classification of its non-current other receivable which was related to interest-free cash advance of \$1,000,000 provided by SPACE to a joint venture to finance preliminary project expense in 2011. As there is a contractual arrangement whereby the Group and TAK undertake restoration works that is subject to joint control, the amount of \$1,000,000 has been accounted for as equity interest of investment in a joint venture, resulting in a reclassification made to financial year 2011 financial statements to conform to financial year 2012 presentation (Note 14). The reclassification had no impact on profit for the year or equity. A summary of the reclassification is as follows:

	As previously reported 2011 \$'000	Reclassification 2011 \$'000	As restated 2011 \$'000
Statement of financial position			
Other receivable	1,000	(1,000)	–
Investment in a joint venture	–	1,000	1,000
Statement of cashflows			
Decrease in other receivables	8,816	1,000	9,816
Investment in a joint venture	–	(1,000)	(1,000)

42. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 22 March 2013.

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)
- 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.

The number of Board and other committee meetings held in financial year 2012 and the attendance of each Board member at those meetings were as follows:

	Board	AC	RC	NC
Number of meetings held	5	5	1	1
Name of Director				
Tan Kheng Hwee Andrew	5	N.A.	N.A.	N.A.
Bruno Sergio Valsangiacomo	4	N.A.	1	N.A.
Peter Michael Ekberg	5	N.A.	N.A.	N.A.
Prof. Yong Kwet Yew	5	5	1	1
Luk Ka Lai Carrie	5	5	N.A.	1
Soh Gim Teik	5	5	N.A.	1

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.

ACCESS TO INFORMATION, TRAINING AND DEVELOPMENT PROGRAMMES (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 and board committee 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.

Every Director will receive appropriate orientation training and in-depth briefings by senior management on the Group's structure, business units, operations and policies 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 via circulation of memoranda and, if necessary, briefing sessions, from time to time. Directors are also encouraged to attend training courses and conferences conducted by professional organisations or institutions to keep abreast of changing laws, regulations and financial reporting standards, 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.

The Chairman's role includes the following:

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

Five (5) meetings were held during the financial year 2012.

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 2012 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 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

INTERNAL CONTROL (CODE OF CORPORATE GOVERNANCE PRINCIPLE 12)

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 IA 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;
- The AC and the Board are satisfied that policies and procedures for key business processes had been established. These include ISO procedures, conflict of interest policy and a whistle blowing mechanism; and
- The CEO and CFO have given their assurance on the integrity of the financial statements of the Company and that the financial statements give a true and fair view of the state of affairs of the Group and the Company, and an effective risk management and internal control systems has been put in place.

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.

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 One e-Risk Services Pte Ltd.

The IA report primarily to the AC.

The IA 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.

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

One (1) NC meeting was held in year 2012 to advise, recommend the re-election of retiring directors. The duties and responsibilities of the NC include those described in the Code of Corporate Governance.

The Board and NC has reviewed the independence of Ms. Luk Ka Lai Carrie, Prof. Yong Kwet Yew and Mr. Soh Gim Teik and are satisfied that there are no relationships identified by the Code of Corporate Governance in the current and last financial year which would deem any of them not to be independent. The independent directors are also independent of the substantial shareholder of the Company.

The Board does not set a maximum limit on the number of listed companies' board representations for its Directors. Notwithstanding that some of the Board members have multiple board representations, the NC is satisfied that the Directors have shown commitment and devoted sufficient time to discharging their responsibilities adequately towards the Group.

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	27/04/2012
Mr. Soh Gim Teik	08/08/2008	27/04/2012
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. Peter Michael Ekberg
Mr. Tan Kheng Hwee Andrew

The NC has recommended Mr. Peter Michael Ekberg and Mr. Tan Kheng Hwee Andrew for re-election as Directors of the Company at the AGM. In making its recommendations, the NC evaluates their contributions and performance at the Board, participation and any special contributions.

If re-elected at the AGM, Mr. Peter Michael Ekberg, being a Non-executive Director, will remain as a Non-executive Director.

The appointment of Mr. Marcel Poser as the alternate director to Mr. Peter Michael Ekberg will continue upon the re-election of Mr. Peter Michael Ekberg as a Director of the Company.

If re-elected at the AGM, Mr. Tan Kheng Hwee Andrew, being an Executive Director, will remain as the Chief Executive Officer and a member of The BBR Share Plan Committee.

CORPORATE GOVERNANCE

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.

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 FY2012 are as follows:

Directors	Basic salary	Variable performance bonus	Benefits-in-kind and others	Director's fee	Performance shares	Total
	%	%	%	%	%	%
\$500,000 and above						
Mr. Tan Kheng Hwee Andrew	18	73	5	1	3	100
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/Mr. Marcel Poser ⁽¹⁾	–	–	–	100	–	100

Notes:

(1) Mr. Marcel Poser is the alternate director to Mr. Peter Michael Ekberg

The Directors' fees were approved at the AGM.

KEY EXECUTIVES

The Company does not have any employee who is a relative of a director or the Chief Executive Officer or substantial shareholder in the financial year 2012. Key executives' compensation consists of salary, bonus and performance share awards that are dependent on the performance of the Group and individual performance.

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

Remuneration Bands	2012	2011
\$250,000 to below \$500,000	4	3
Below \$250,000	1	2
Total	5	5

The Company is of the view that due to competitive reasons, the total remuneration and remuneration bands of key executives are not disclosed on a named basis.

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

Directors in the BBR Share Plan Committee abstain from discussions relating to their own performance and award of performance shares, respectively.

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 continue to place a strong emphasis on its investor relations efforts to engage and strengthen relationships with shareholders. It believes that regular, timely, effective and fair communication with shareholders is part of good corporate governance practices.

Our Directors and management are mindful of the obligation to provide shareholders with information on all major developments and other material information that affects the Group on a timely basis. The Company does not practice selective disclosure of material information.

Information is communicated to shareholders on a timely basis through:

- SGXNET announcements and press releases;
- Quarterly results and annual reports that are prepared and broadcast via SGXNET within the prescribed period; and
- the Company's website at <http://www.bbr.com.sg>

In 2012, the Group's corporate website was revamped to provide greater corporate transparency and access to BBR's principal activities and key financial information. Shareholders can access both general information as well as investor-related information on the Group.

CORPORATE GOVERNANCE

The Investor Relations team communicates with financial analysts to update them on the latest corporate development and at the same time, address their queries, if any. Together with the Chief Executive Officer and Chief Financial Officer, the Company regularly holds analysts' briefings on the Company's financial results after they have been announced on SGXNET. Interviews with the appropriate media are also organised from time to time.

The general meetings, AGMs and Extraordinary General Meetings are principal forums 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. Shareholders are informed of these meetings through notices published in the newspapers, SGXNET and annual reports or circulars sent to them. Shareholders are encouraged to participate in the meetings by raising relevant questions or to seek clarification on the motions to be debated and decided upon.

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 AGM, 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.

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 minimise 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 2012. 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 minimise 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 agreed contractual matters are incorporated in the contracts for completeness and accuracy after discussions. However, in the event that clarifications sought by the management is not complete by the deadline stipulated for 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 FY2012 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	
	2012 \$'000	2011 \$'000
Licence Fee		
BBR VT International Ltd (A related corporation of BBR Holding Ltd, Switzerland, a controlling shareholder of the Company)	181	193

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

▶ STATISTICS OF SHAREHOLDINGS

as at 18 March 2013

Number of ordinary shares in issue : 308,210,418
 Number of ordinary shares in issue with voting rights : 306,398,418
 Voting Rights : On a show of hands: 1 vote for each member
 On a poll: 1 vote for each ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	1,687	16.79	795,372	0.26
1,000 - 10,000	5,757	57.30	25,875,810	8.44
10,001 - 1,000,000	2,582	25.70	114,588,945	37.40
1,000,001 and above	21	0.21	165,138,291	53.90
Total	10,047	100.00	306,398,418	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	BBR Holding Ltd	85,632,978	27.95
2	Tan Kheng Hwee Andrew	16,850,474	5.50
3	DBS Nominees Pte Ltd	12,187,800	3.98
4	DB Nominees (S) Pte Ltd	11,467,000	3.74
5	Ong Kian Kok	6,600,000	2.15
6	Hong Leong Finance Nominees Pte Ltd	4,219,000	1.38
7	United Overseas Bank Nominees Pte Ltd	3,480,600	1.14
8	Koh Seow Ngang	3,392,000	1.11
9	Duncan Products Pte Ltd	2,700,073	0.88
10	HSBC (Singapore) Nominees Pte Ltd	2,540,796	0.83
11	OCBC Nominees Singapore Pte Ltd	2,298,200	0.75
12	Tiong Woon Crane & Transport (Pte) Ltd	1,696,788	0.55
13	OCBC Securities Private Ltd	1,691,200	0.55
14	TYT Builders Pte Ltd	1,560,182	0.51
15	Jonathan Chadwick	1,500,000	0.49
16	Phillip Securities Pte Ltd	1,492,800	0.49
17	Ryobi-Kiso (S) Pte Ltd	1,481,200	0.48
18	UOB Kay Hian Pte Ltd	1,154,200	0.38
19	Toh Ong Tiam	1,138,000	0.37
20	Khoo Kah Hoe	1,038,000	0.34
	Total	164,121,291	53.57

PUBLIC SHAREHOLDING

As at 18 March 2013, based on the registers of shareholders and to the best knowledge of the Company, approximately 66.19% 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.

TREASURY SHARES

As at 18 March 2013, 1,812,000 ordinary shares are held as treasury shares, representing 0.59% of the total number of issued shares excluding treasury shares.

SUBSTANTIAL SHAREHOLDERS AS AT 18 MARCH 2013

Name	Direct Interest	Number of shares held Deemed Interest	Total Interest
BBR Holding Ltd, Switzerland	85,632,978	–	85,632,978
Tectus S.A. ⁽¹⁾	–	85,632,978	85,632,978
Estate of Marco Brandestini (deceased) ⁽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⁾	16,850,474	228,400	17,078,874

Notes:

- (1) Tectus S.A. is deemed to have interests in the Company's shares held by BBR Holding Ltd, Switzerland by virtue of its holding in aggregate not less than 20% of the voting shares of BBR Holding Ltd, Switzerland.
- (2) Estate of Marco Brandestini (deceased) 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 its/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 Nineteenth 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, 26 April 2013 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 2012 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 2012. (2011: 0.8 cents) **(Resolution 2)**
3. To declare a special (tax exempt one-tier) dividend of 0.4 cents per ordinary share for the financial year ended 31 December 2012. (2011: Nil) **(Resolution 3)**
4. To re-elect the following Directors retiring pursuant to Article 117 of the Company's Articles of Association:-
 - 4.1 Mr. Peter Michael Ekberg
(Note: Mr. Peter Michael Ekberg is a Non-Executive Director. The appointment of Mr. Marcel Poser as the alternate director to Mr. Peter Michael Ekberg shall continue upon re-election of Mr. Peter Michael Ekberg as a Director of the Company) **(Resolution 4)**
 - 4.2 Mr. Tan Kheng Hwee Andrew
(Note: Mr. Tan Kheng Hwee Andrew is an Executive Director. He will upon re-election as a Director of the Company, remains as a member of The BBR Share Plan Committee.) **(Resolution 5)**
5. To approve the payment of \$280,000.00 as Directors' fees for the year ended 31 December 2012 (2011: \$230,000.00) **(Resolution 6)**
6. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**
7. To transact any other ordinary business that may be properly transacted at an Annual General Meeting

SPECIAL BUSINESS

8. 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 capitalisation 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

- (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 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 8)**
9. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

Authority to allot and 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 9)**

BY ORDER OF THE BOARD

Chiang Chai Foong
Company Secretary

Singapore, 11 April 2013

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes to the Notice of Annual General Meeting

- Ordinary Resolution 8 in item 8, 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.
- Ordinary Resolution 9 in item 9, if passed, will empower 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:

- 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.
- 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.
- 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 8 May 2013 to 9 May 2013, 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 and the special (tax exempt one-tier) dividend of 0.4 cents per share (the "Proposed Dividends").

Duly completed registrable transfers received by the Company's share registrar, Boardroom Corporate and Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, up to 5.00 pm on 7 May 2013 will be registered to determine members' entitlements to the Proposed Dividends.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 pm on 7 May 2013 will be entitled to the Proposed Dividends.

The Proposed Dividends, if approved at the Nineteenth Annual General Meeting to be held on 26 April 2013, will be paid on 20 May 2013.

BY ORDER OF THE BOARD

Chiang Chai Foong
Company Secretary

Singapore, 11 April 2013

PROXY FORM

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

IMPORTANT:

- 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.
- 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.

BBR HOLDINGS (S) LTD

Registration No.: 199304349M

(Incorporated in Singapore)

*I/We _____

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

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

*and/or

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

as *my/our proxy/proxies to vote for *me/us on *my/our behalf at the Nineteenth Annual General Meeting ("AGM") of the Company to be held at 50 Changi South Street 1, BBR Building, Singapore 486126 on Friday, 26 April 2013 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 hand		To be used in the event of a poll	
		For ⁽¹⁾	Against ⁽¹⁾	No. of votes	
				For ⁽²⁾	Against ⁽²⁾
	Ordinary Business				
1.	Directors' and Auditors' Reports, and Audited Financial Statements ended 31 December 2012				
2.	Approval of First and Final Dividend – 0.8 cents per share				
3.	Approval of Special Dividend – 0.4 cents per share				
4.	Re-election of Director – Mr. Peter Michael Ekberg				
5.	Re-election of Director – Mr. Tan Kheng Hwee Andrew				
6.	Approval of Directors' Fees – S\$280,000.00				
7.	Re-appointment of Auditors and authority to fix their remuneration				
	Special Business				
8.	General Share Issue Mandate				
9.	Authority to allot and issue shares under The BBR Share Plan				

* Delete where applicable

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

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

Dated this _____ day of _____ 2013

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

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

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
