KLW HOLDINGS LIMITED

metamorphosis

Annual Report
FY2013/2014
January 2013 - March 2014

Contents

This annual report has been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this annual report including the correctness of any of the figures used, statements or opinions made.

This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this annual report.

The details of the contact person for the Sponsor are:

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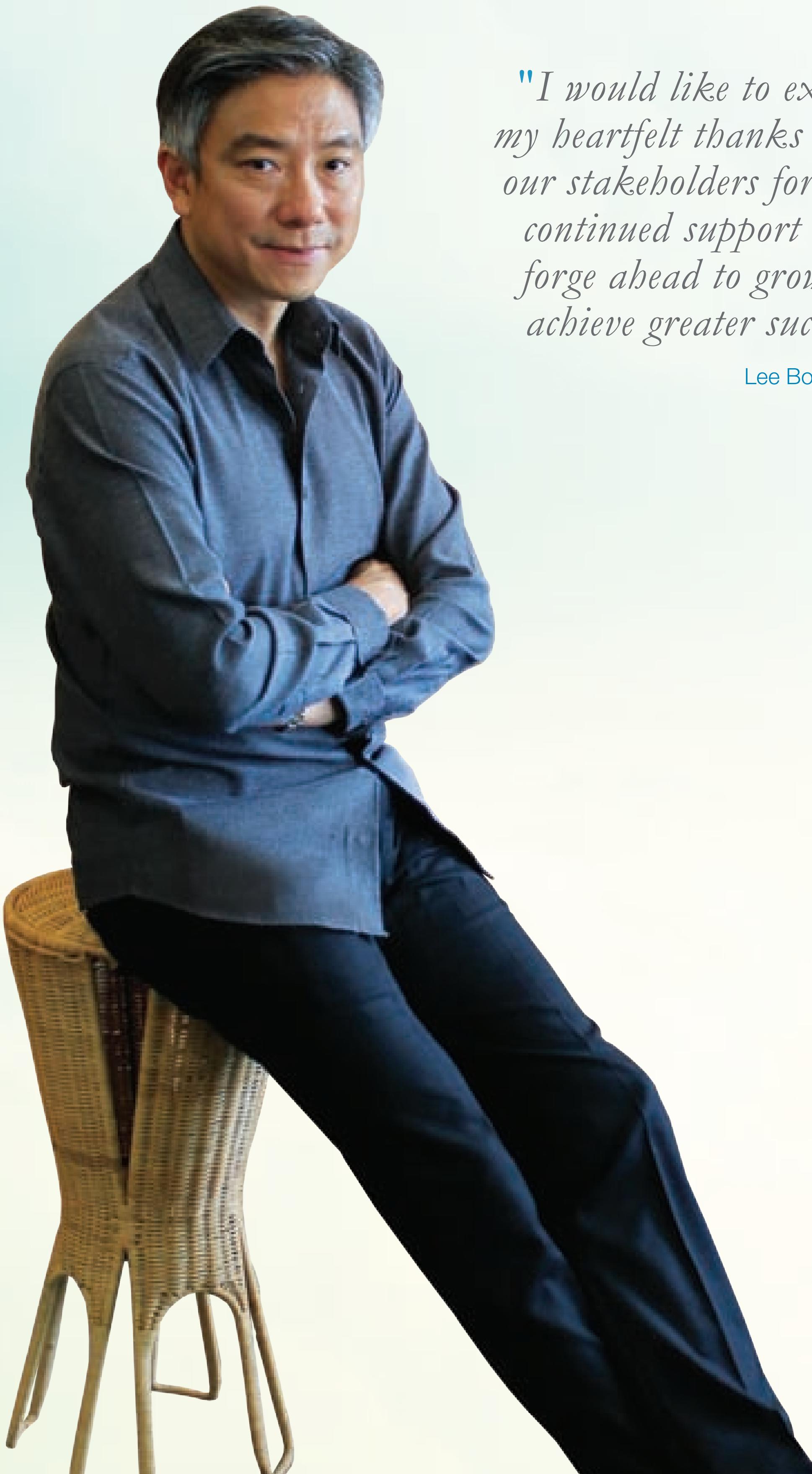


"I would like to express my heartfelt thanks to all our stakeholders for their continued support as we forge ahead to grow and achieve greater success."

Lee Boon Teck

Chairman's Statement

On behalf of the Board, I am pleased to present our Annual Report for the full year period 1 January 2013 to 31 March 2014 ("FY2013/2014").

THE YEAR IN REVIEW

Due to change of financial year end from 31 December to 31 March, the Group is reporting for 15 months ended 31 March 2014 compared with 12 months ended 31 December 2012.

FY2013/2014 was an exciting year for the Group. We completed a successful rights issue on 31 May 2013, announced a Placement of shares to Prince Abdul Qawi of Brunei and a second rights issue within the year on 15 November 2013. The war chest is to prepare for the Group's growth through acquisitions.

MARKETS REVIEW

During FY2013/2014, our main export market in the United Kingdom ("UK") continue to strengthen with its recovery from Europe's financial crisis. The housing market in UK was vibrant with strong investment elements in the country during the year. We are cautiously optimistic that the slow and steady recovery in the country's housing markets will be beneficial for our growing market share built in the past years.

Singapore's private residential market boom in the last few years will feed our project business in the next three to five years. We had successfully completed The Minton, Waterfront Key, Foresque Residences, Coralis and Primo Residences. The credentials from these projects has enable us to secure three executive condominiums namely One Canberra EC, Waterbay EC and Topiary EC in addition to three private residential projects namely Hillsta, Parc Centros and D'nest during the year. However, the Group is mindful of the rising costs in Singapore's construction sector and thinning margins. We will continue to monitor the market closely plus ensuring that the costs are managed carefully through continuous operating efficiencies.

OPERATIONS REVIEW

The Group's second factory in China was fully operational during FY2013/2014. This additional production facility will contribute positively to the turnover of the Group in the coming years. The Group currently has three production facilities in total with one in Malaysia and two in China.

Vietnam is the third country that the Group is preparing to setup its production facility. This is to mitigate the country and market risks presented in Malaysia and China. The Group is of the view that with production facilities in three countries, our production output will not be severely affected should there be any disruption in one country.

The main challenge for the Group's door business is to contain the rising costs especially in wages and materials. Innovation in products, continuous operational efficiencies and maintaining good business relationships with our customers are ways the Group employed to mitigate the increase in costs.

FINANCIAL REVIEW

Income Statement Review

The Group's door business continue to be the major contributor to the turnover of the Group with a small contribution of approximately 8.5% from property leasing business during FY2013/2014.

Revenue for the Group increased approximately 22.9% to S$38.7 million for the 15 months period ended 31 March 2014 from S$31.5 million in FY2012. The increase was mainly due to one extra quarter of revenue and higher rental rates secured from our anchor tenant.

Gross profits for FY2013/2014 was approximately 24.4% and FY2012 was 28.5%. The decrease was mainly contributed by the minimum salary implemented in Malaysia and China's labour cost increased during the year.

Other operating income increased significantly due mainly to income received from government grants, reversal of overprovision for quit rent accounted for in the previous years in Malaysia and sales of obsolete materials in China for the 15 months period ended 31 March 2014.

Distribution costs, administrative expenses and finance costs registered increases mainly due to extra quarter of reporting as compare to a 12 months period in FY2012. Other significant increased in expenses were pertaining to the series of corporate exercises at holding company.

Chairman's Statement

As a result of the above, profit for the 15 month period ended 31 March 2014 stood at approximately S$0.2 million as compared to approximately S$0.7 million in FY2012.

Earnings per share stood at 0.013 cents for the year ended 31 March 2014.

Balance Sheet Review

The Group's non-current assets increased by approximately 34.1% to S$11.0 million as at 31 March 2014 from S$8.2 million as at 31 December 2012. The increase was mainly due to the acquisition of property, plant and equipment for the second factory in China.

Current assets for the Group increased by approximately 51.1% to S$26.3 million as at 31 March 2014 from S$17.4 million in FY2012 mainly due to the increase in cash and bank balances from the proceeds of rights issue completed on 31 May 2013.

Total assets of the Group stood at approximately S$37.4 million as at 31 March 2014 from S$25.6 million in the previous financial year, an increase of 46.1%.

Current liabilities of the Group reduced to approximately S$6.0 million as at 31 March 2014 from approximately S$8.0 million in FY2012. This 25.0% decrease was mainly due to the settlement of quit rent assessment in Malaysia.

Non-current liabilities did not have significant variances for the two comparative years with the main component remained as the preference shares valued at approximately S$5.8 million issued to Koperasi Permodalan Felda Malaysia Berhad as at 31 March 2014.

Total liabilities of the Group stood at S$13.0 million as at 31 March 2014 from S$14.8 million in FY2012, a decrease of 12.2%.

Total equity for the Group increase to approximately S$24.4 million or 128.0% as at 31 March 2014 from S$10.7 million in FY2012 mainly due to the increase in share capital of the company from the completed rights issue during the year and the revaluation surplus for the factories in Malaysia.

Net asset value for the Group was 1.00 cents as at 31 March 2014.

STRATEGIES FOR FY2014 / 2015

We will continue to manage our door business with conviction and vigilance. The pace for growth will be slow and steady with looming business risks in mind.

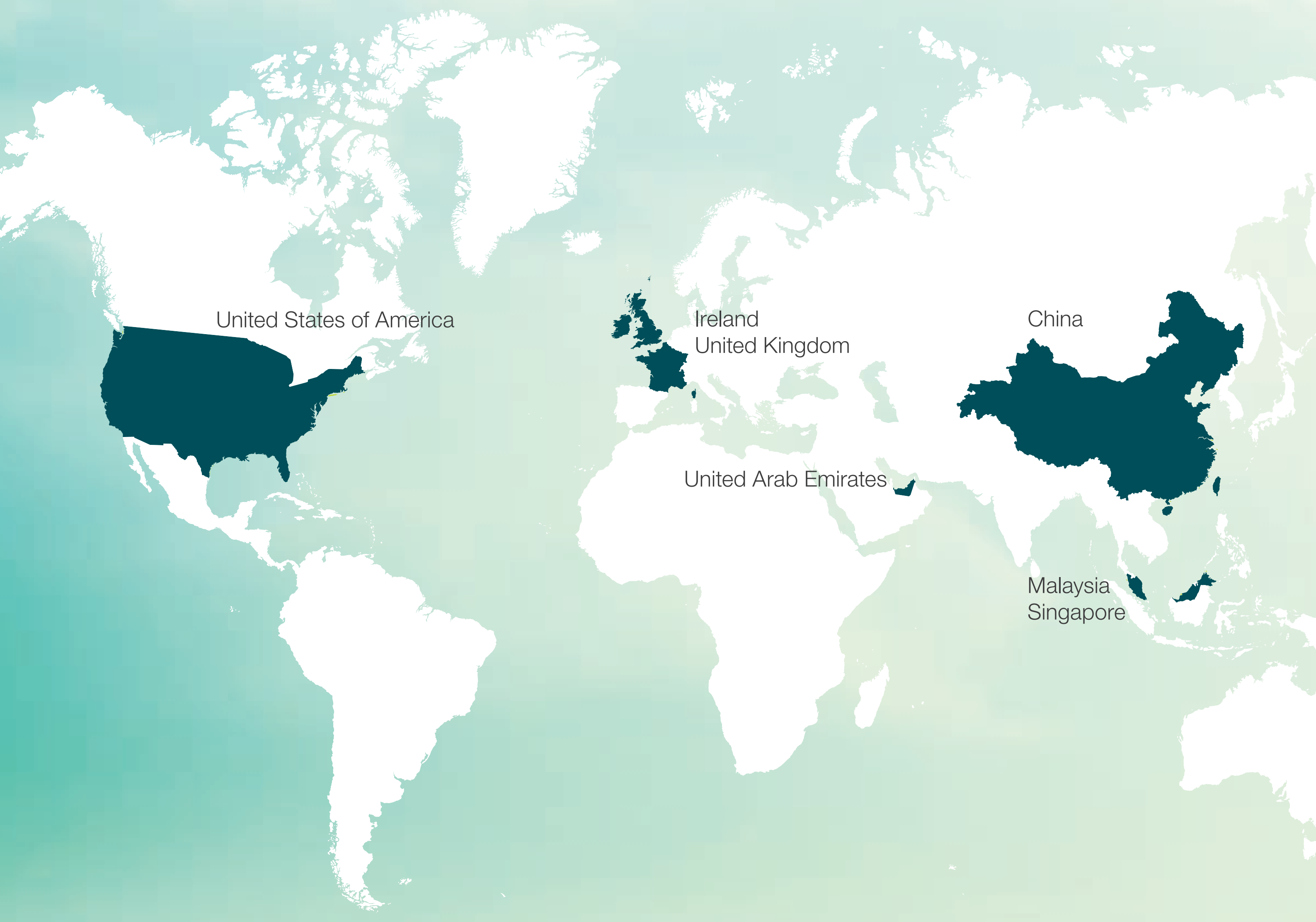
The Group is also exploring inorganic growth and hence the fund raising through rights issues and placement of shares to build the necessary resources for this strategy. Shareholders can look forward to changes in the corporate entity of the Group in the new financial year.

APPRECIATION

On behalf of the Board, I would like to express my heartfelt thanks to all our stakeholders for their continued support as we forge ahead to grow and achieve greater success. A special thanks and gratitude to my fellow directors, management and staff who had rode with me during the difficult years.

Lee Boon Teck
Executive Chairman
and Managing Director

Our Markets


United States of America
Ireland
United Kingdom
China
United Arab Emirates
Malaysia
Singapore

Our Core Business


Show Room


Show Room

Malaysia, KLW Wood Products (M) Sdn Bhd


China, Dongguang Lebex co., Ltd - Factory 1


China, Dongguang Lebex co., Ltd - Factory 2

KLW Group Structure

Board of Directors

Mr Lee Boon Teck
Executive Chairman And Managing Director

Mr Lee Boon Teck was one of the founders of KLW Singapore in 1989. He was appointed as Director and the Managing Director on 15 June 1995 and 1 April 2012 respectively. He was also appointed as the Executive Chairman for the Board of Directors. He was trained in Building Engineering and has more than 20 years of experience and valuable expertise in the door manufacturing business. He led the company's listing under KLW Holdings Limited on September 1998 and is currently involved in the management of the Group and formulating the Group's overall strategies.

Mr Ho Pong Chong**
Lead Independent Director

Mr Ho Pong Chong was appointed as an Independent Director on 15 July 2002. He is the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees. He is currently the Managing Director of Well Global Investments Pte Ltd and sits on the Board of Directors for several companies in Singapore.

**Appointed as Lead Independent Director from 31 March 2010

Mr Teo Hin Guan
Independent Director

Mr Teo Hin Guan was appointed as an Independent Director on 31 March 2004. He is the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. Currently a Director of a public listed entity in Malaysia, Mr Teo has more than 30 years experience in the Banking Industry.

Mr Low Hai Lee
Independent Director

Mr Low Hai Lee was appointed as an Independent Director on 16 August 2007. He is the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. Prior to coming on board, he spent some 20 years in the banking industry, holding senior banking positions in the area of corporate finance and capital markets. He now provides corporate and financial advisory consultancy work for corporations in the region.

Key Management

Financial Management

Ms Gaw Kuan Ching, Jaslin
KLW Holdings Limited
Group Financial Controller

Ms Jaslin Gaw is responsible for the Group's financial management. She has more than 10 years of accounting, corporate finance and internal control experiences with a degree in Accounting and Business from the Staffordshire University in UK. Prior to her appointment as the Group Financial Controller, she was the Finance Manager for the Group since year 2007.

Ms Ngo Yu Peng, Felicia
KLW Holdings Limited
Group Finance & HR Manager

Ms Felicia Ngo joined KLW Holdings Limited in 2003. She is in charge of the Group's financial reporting and human resources function. Prior to joining the Group, she was with Deloitte & Touche LLP as an Accounts officer. She is accredited with Association of Charted Certified Accountants (ACCA) since year 2003 and is also a member of Institute of Certified Public Accountants of Singapore (ICPAS) since year 2010.

Mr Goh Eng Kiat
KLW Resources Sdn Bhd
Senior Finance Manager

Mr Goh Eng Kiat joined the Malaysia Door division in 2005. He is currently in charge of the financial management and reporting of the Door business in Singapore, Malaysia and China. Prior to joining the Group, he was an auditor armed with an Advanced Diploma in Financial Accounting. He has more than 10 years of financial accounting and internal control experience in total.

Key Management

Operations Management

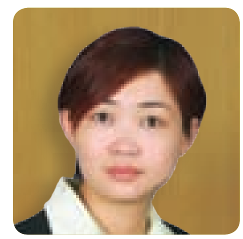
Mr Koh Wee Ann, Sam

KLW Wood Products (M) Sdn Bhd, Dongguan Lebex Doors Co Ltd
Chief Operating Officer

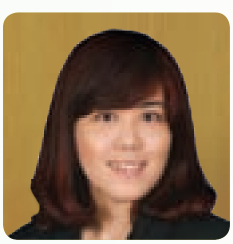
Mr Sam Koh joined the Group in 2006 after graduating from Universiti Putra Malaysia majoring in Forestry degree. He started his career with the Group's Malaysia operation for 2 years and relocated to China in 2008 to spear head the Group's entry into China operations. The Group restructured its door business operations in year 2012 with Mr Koh being appointed as the Chief Operating Officer in charge of all the production facilities of the Group.

Ms Lee Yok Lim, Crystal

KLW Wood Products (M) Sdn Bhd, Dongguan Lebex Doors Co Ltd
Head of Quality Control & Procurement Department



Ms Crystal Lee joined the Group in 2006. She started with the Group's Malaysia factory after graduating from Universiti Putra Malaysia majoring in Forestry degree. Due to outstanding performance, she was seconded to China to set up the Group's factory in 2008. Her contribution includes achieving various prestigious certifications such as the Forestry Stewardship Council (FSC), ISO 9001:2008 and ISO 14001:2004 that allows the China factory to sell its products to many parts of the World. In 2012, Ms Lee was formally appointed as Head of Quality for the Group's production facilities.



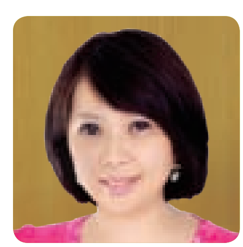
Ms Koh Shiau Fang, Fyn

KLW Wood Products (M) Sdn Bhd, Dongguan Lebex Doors Co Ltd
Head of Human Resource Department

Ms Fyn Koh joined the Group's Malaysia operation in 2006 after graduating from Universiti Kebangsaan Malaysia majoring in Business administration degree. She was among the pioneer batch of key Management staff seconded to China in 2008 for the Group's factory set up. In 2012, she was formally appointed as the Head of Human Resource tasks to develop and manage the human resources seen as key to the growth of the Group's door business.

Ms Lee Wan Cha, Adeline

KLW Joinery Pte Ltd,
General Manager



Ms Adeline Lee joined the Group's marketing division in 2004 and is now responsible for the management of Singapore's project business and the Group's sales & marketing initiatives. Since taking charge of the Group's project business, she had secured many sizeable projects in Singapore's private residential segment including the recent foray into the Executive Condominiums segment such as One Canberra EC, Waterbay EC and Topiary EC. Other recent private residential projects secured includes Hillsta, Parc Centros and D'nest. Prior to taking over the project business, she was one of the key personnel in growing the Group's door export business to its current size. Ms Lee holds a degree in Business and Marketing from the University of Portsmouth, UK.

Report on Corporate Governance

January 2013 - March 2014

Report on Corporate Governance

The Board of Directors (the "Board") of KLW Holdings Limited (the "Company") and its subsidiaries (the "Group") are committed to maintain a high standard of corporate governance in conducting the businesses of the Group.

The Group has adopted substantial practices based on the Code of Corporate Governance 2012 (the "Code") issued in May 2012, which forms part of the continuing obligations of the Listing Manual Section B : Catalist Rules of the Singapore Exchange Limited Securities Trading ("SGX-ST") where it is applicable and practical to the Group. This Report describes the Company's corporate governance practices and structures that were in place during the financial period from 1 January 2013 to 31 March 2014 ("FY13/14") with reference to the Code.

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board's principal roles include ensuring that the business of the Group is effectively managed and properly conducted by executive management, and ensuring proper observance of corporate governance practices.

Apart from its statutory duties and responsibilities, the Board's responsibilities include the following:

- Approving the board policies, strategies and financial objectives of the Company and monitoring the performance of management;
- Approving the Group's major investments and funding decisions; and
- Assuming responsibility for corporate governance.

The Board has established a number of committees to assist in the execution of the Board's responsibilities. These committees include the Nominating Committee (the "NC"), Remuneration Committee (the "RC") and Audit Committee (the "AC"). Each of the committee functions within clearly defined terms of reference. The respective terms of references set out the duties, authority and accountabilities of each committee as well as qualifications for committee membership, in line with the Code. The terms of references are reviewed on a regular basis to ensure their continued relevance, as are the committee structures and membership.

The Board held meetings on a regular basis to consider and resolve major financial and business matters of the Group. Informal meetings are also held to deliberate on various operational issues when necessary. The Management circulated monthly business and corporate updates through email to keep the Board abreast of the activities and development of the Group. All Directors discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

The Board has adopted a set of guidelines on matters that require its approval. The matters requiring the approval of the Board include the following:

- Corporate Strategies;
- Material investments, acquisitions and divestments of assets; and
- Dividends and other returns to shareholders.

There were no incoming Directors during the course of the financial year. However, the Company will conduct orientation for any new Director appointed on Board to brief the new Director on the Group's businesses and corporate structures including overseas visits to the Group's operational facilities. A formal letter stating out the Director's duties and obligations will be provided to new Directors.

Report on Corporate Governance

The Board as a whole is updated regularly on key changes on the relevant regulatory requirements through email circulations of new releases issued by the Singapore Exchange Securities Trading Limited (“SGX-ST”) and Accounting and Corporate Regulatory Authority (“ACRA”) which are relevant to the Directors. The Company Secretary and Sponsors also advised the Board accordingly on regulatory matters relating to the Companies Act and the Listing Manual of the SGX-ST, Section B: Rules of Catalist (the “Catalist Rules”) respectively.

The Company will identify relevant updates, briefing and training programs for the Directors to attend. During the financial period FY13/14, the Directors attended the following:

Date	**Events**
31 October 2013	Remuneration Committee Essentials by Singapore Institute of Directors – attended by Director Mr Teo Hin Guan.

The attendance of the Directors at meeting of the Board and Committees during the financial period is tabulated below:

Directors’ attendance at Board and Committees’ meetings for the financial period from 1 January 2013 to 31 March 2014*

	Board		Audit Committee	
Board Members	**No of Meetings Held**	**No of Meetings Attended**	**No of Meetings Held**	**No of Meetings Attended**
Lee Boon Teck	5	5	N.A	N.A
Ho Pong Chong	5	4	5	4
Teo Hin Guan	5	5	5	5
Low Hai Lee	5	5	5	5

* The Company changed its financial year end to 31 March 2014. The financial period under review shall be from 1 January 2013 to 31 March 2014.

	Nominating Committee		Remuneration Committee	
Board Members	**No of Meetings Held**	**No of Meetings Attended**	**No of Meetings Held**	**No of Meetings Attended**
Lee Boon Teck	N.A.	N.A.	N.A	N.A
Ho Pong Chong	2	1	1	1
Teo Hin Guan	2	2	1	1
Low Hai Lee	2	2	1	1

BOARD COMPOSITION AND GUIDANCE

Principle 2: ***There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board’s decision making.***

The Board comprises four Directors of which three are independent Directors. Executive Director Mr Lee Boon Teck assumes the role of Chairman and Managing Director with independent Directors making up two-third of the Board.

Report on Corporate Governance

The Board comprises the following members:

Mr Lee Boon Teck	Executive Chairman and Managing Director
Mr Ho Pong Chong^	Non-executive & Independent
Mr Teo Hin Guan	Non-executive & Independent
Mr Low Hai Lee	Non-executive & Independent

^ Mr Ho Pong Chong is the Lead Independent Director since 31 March 2010.

The Articles of Association of the Company impose a maximum of fifteen Directors to the Board and a minimum of two. The Board and NC is of the view that the current Board size of four Directors is appropriate and effective, taking into account the scope and nature of the Group's operations. The Board and NC further believes that the current Board comprises persons who as a group provide core competencies necessary to meet the Company's objectives.

The Board and NC determines the independence of Directors based on the criteria of independence defined in the Code. The NC is satisfied that the Independent Directors, who represent 75% of the Board, comply with the guidelines on independence set out at Guideline 2.3 of the Code.

Each independent Director exercises his own judgement independently and none of the independent Director has any relationship with the company, its subsidiaries, its related corporations, its 10% shareholders or its officers that could interfere, or reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the company. The independent Directors also do not receive any remuneration, significant payments or material services payments from the company and its subsidiaries apart from Directors' fees which is subject to shareholders approval in annual general meeting. In addition, none of the independent Directors or its immediate family are or were 10% shareholder of the Company as defined in the Code.

The independent Directors provide, amongst other things, strategic guidance to the Group based on their professional knowledge, in particular, assisting to constructively challenge and develop proposals on strategies.

Two of the three independent Directors (Mr Ho Pong Chong and Mr Teo Hin Guan) have served on the board beyond 9 years. The Board and NC deliberated the matter and conducted a rigorous review of these 2 Directors' contribution to the Board to determine if they have maintained their independence. Criteria such as understanding of the Group's business, challenges, operations, risks and various compliance requirements of the Group including constructive views being provided to assist the executive Director in managing the Group; their qualification and expertise provides an independent check and balances for the management; the independent Directors provide overall guidance to Management and act as safeguard for the protection of Company's assets and shareholders' interest were all taken into consideration.

The Board and NC are satisfied with both Directors performance and that they have remained independent in their judgement and have also expressed their views independently at all time. The Board and NC are of the opinion that they will be able to continue to discharge their duties objectively, notwithstanding the length of service for these two independent Directors.

Management provides the Board members with quarterly management accounts to keep them abreast with the Group's business development and performance. The independent Directors, at any time, also have separate and independent access to the executive Director and officers of the Group. Thus enabling them to make enquiries or seek clarifications on the Group's affairs. The independent Directors also meet and communicated without the presence of management when necessary and will feedback to the chairman after such meeting.

Key information on each Director who have mixed of experience such as finance, manufacturing and strategic planning experience is set out on page 9 of the annual report.

Report on Corporate Governance

CHAIRMAN AND MANAGING DIRECTOR

Principle 3: ***There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.***

Mr Lee Boon Teck is the only executive Director on the Board. The Board is of the view that, given the scope and size of the operations of the Group and the strong element of independence of the Board, Mr Lee Boon Teck assuming both the role as the Executive Chairman and Managing Director in the current structure is appropriate. The Board will consider appointing new Directors should the need arises.

As the Executive Chairman, Mr Lee is responsible for ensuring that Board meetings are held when necessary, scheduling and preparing agendas and exercising controls over the information flow between the Board and Management.

As the Managing Director, Mr Lee is responsible for the Group's business strategy and direction including all executive decision-makings.

In addition, as recommended by the Code at Guideline 3.3, the Company has Mr Ho Pong Chong, who is an Independent Non-Executive Director as our Lead Independent Director since 31 March 2010. Mr Ho together with the rest of the Independent Directors has demonstrated a high degree of commitment in their role as Directors.

The Lead Independent Director is available to shareholders where they have concerns and for which contact through the normal channels of the Executive Chairman & Managing Director or Group Financial Controller has failed to resolve or for which such contact is inappropriate. Shareholders can contact Mr Ho through our Company Secretary whose information is being listed on the last page of the annual report.

BOARD MEMBERSHIP

Principle 4: ***There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.***

The Nominating Committee ("NC") comprises the following members:

Chairman:	**Mr Low Hai Lee**	(Non-executive & Independent)
Members:	**Mr Ho Pong Chong**	(Non-executive & Independent)
	Mr Teo Hin Guan	(Non-executive & Independent)

The NC comprises of all non-executive and independent Directors.

The NC pursuant to its written terms of reference shall:-

- regularly review the structure, size and composition of the Board and make recommendations to the Board with regards to any adjustments that are deemed necessary;
- annually review whether or not a Director is independent, in accordance to Guideline 2.3 and 2.4 of the Code of Corporate Governance and other salient factors;
- be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arises;
- review and recommend to the Board for re-election of the Directors due for renewal by rotation in considering their contribution or performance;
- review and decide whether or not a Director is able to and has been adequately carrying out his / her duties as Director of the Company;

Report on Corporate Governance

- decide how the Board's performance may be evaluated and propose objective performance criteria;
- decide on the performance evaluation process ; and
- assess the effectiveness of the Board as a whole and for assessing the contribution by each individual Director to the effectiveness of the Board.

It shall also make recommendations to the Board:-

- as regards to plans for succession, in particular, of the Executive Chairman and the Chief Executive Officer/Managing Director;
- as regards to the re-appointment of any Director at the conclusion of specified term of office;
- re-election by shareholders of any Director under the "retirement by rotation" provisions in the Company's Articles of Association, if necessary; and
- concerning any matters relating to the continuation in office as a Director of any Director at any time.

In assessing the suitability of a candidate to be appointed or to be re-elected to the Board, the NC will consider if he is able to make the appropriate contributions to the Board and the Group. The key factors which the NC will take into consideration are:

- qualifications, industry knowledge and functional expertise which are relevant and beneficial to the Group; and
- extensive experience and business contacts in the industry in which the Group operates.

Pursuant to the Articles of Association of the Company, one-third of the Directors other than the Managing Director, retire from office at each Annual General Meeting (the "AGM"). The Directors submit themselves for re-appointment and re-election at regular intervals of at least once every three years. The Directors who are submitted for re-election are found in the notice of AGM and the proxy form.

Directors' Board Representation

Name of Director	**Listed Company Board Representation other than KLW Holdings Limited**
Mr Lee Boon Teck	Nil
Mr Ho Pong Chong	Nil
Mr Teo Hin Guan	1
Mr Low Hai Lee	Nil

The NC is of the view that the Directors can discharge their duties effectively based on the number of listed company board representation and principle commitments as shown above. Hence, the Board did not set a maximum number of listed Board representation which any Director may hold.

Report on Corporate Governance

BOARD PERFORMANCE

Principle 5: ***There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board.***

The NC has established a review process to assess the performance and effectiveness of the Board as a whole. Each year, all Directors will complete a Board Assessment Questionnaire to provide their views on the overall effectiveness of the Board. The completed assessment forms were collated and consolidated responses were presented during NC meeting for discussion, determining areas for improvement and enhancement of Board effectiveness.

The performance criteria for board assessment are in respect of board size, board independence, board processes, board's key responsibilities and accountability, board's performance in relation to discharging their responsibilities as set out in their terms of reference.

In assessing Directors' contribution and performance of the Board, the NC also takes into consideration the Directors' attendance, preparedness, participation and candour of the meetings. Board Committees assessment are incorporated into Board assessment as a whole, the NC is reviewing the current assessment process to take into consideration recommendation by the Code i.e. separate Board committees assessment, assessment of the contribution of the Chairman to the Board effectiveness and individual Director's assessment.

ACCESS TO INFORMATION

Principle 6: ***In order to fulfil their responsibilities, Directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.***

Directors have unrestricted access to the Group's records and information, all Board and Board's Committees' minutes. Quarterly management accounts are tabled at each Board and AC meetings so as to enable the Board to carry out their duties. Directors may also liaise with senior executives and other employees to seek additional information if required. The Executive Chairman will highlight the business conditions and outlook of the Group when the Board meets. On a monthly basis, the management will provide summarized monthly updates to the Directors on corporate matters, business outlook and operations.

Should any of the Directors, whether as a group or individually, require professional advice, the Board will appoint a professional advisor selected by the Company or the individual to render the advice. The cost of such service will be borne by the Group.

The Company Secretary attends all Board and Board Committee meetings. She prepares the agenda and also writes up the minutes of the Board and Board Committee meetings. She assists the Executive Chairman in ensuring that the Board and Board Committee's procedures are followed. All Directors have separate and independent access to advice and services of the Company Secretary. The appointment and removal of the Company Secretary is subject to the approval of the Board.

REMUNERATION MATTERS

Principle 7: ***There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.***

Principle 8: ***The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.***

Report on Corporate Governance

Principle 9: ***Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key management personnel, and performance.***

The Remuneration Committee ("RC") comprises the following members:

Chairman:	**Mr Teo Hin Guan**	(Non-executive & Independent)
Members:	**Mr Ho Pong Chong**	(Non-executive & Independent)
	Mr Low Hai Lee	(Non-executive & Independent)

The RC comprises entirely of non-executive and independent Directors. The objective of the RC is to facilitate appropriateness, transparency and accountability to shareholders on issues relating to remuneration of the executive Director, the Managing Director and key management of the Company. Independent Directors are paid yearly Directors' fees of an agreed fixed amount and these fees are subject to shareholders' approval at the AGM. No Director is involved in deciding his own remuneration.

The RC shall:-

- determine and agree with the Board the framework or broad policy for the remuneration of the Company's Board and to determine specific remuneration packages for the executive Director and the key management executives;

- in determining such policy, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that the Group provides the appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group;

- determine targets for any performance related pay schemes operated by the Group, taking into account pay and employment conditions within the industry and in comparable companies;

- within the terms of the agreed policy, determine the total individual remuneration package of each executive Director including, where appropriate, allowances, bonuses, benefits in kind, incentive payments and share options;

- determine the policy for and scope of service agreements for the executive Directors in the event of early termination including compensation commitments and fixing appointment period for the Directors; and

- determine whether Directors and key management should be eligible for benefits under the long-term incentive schemes.

The Group's policy is to set a level of remuneration that is appropriate to attract, retain and motivate employees. In discharging its functions, the RC may obtain independent external legal and other professional advice as it deems necessary. The expenses of such advice will be borne by the Group.

All individuals including executive Director and key management have performance related remuneration linked to corporate and individual performance. In determining the remuneration of the executive Director and key management, the RC takes into consideration the financial performance and cash flow of the Group plus the individual's performance and contribution to the various function within the Group.

Details of the Directors and key management executives' remuneration are set out below. Disclosure of the Directors' remuneration and key management executives' remuneration is also set out in Note 25 of the Financial Statements.

Report on Corporate Governance

Remuneration disclosure for the 15 months financial period from 1 January 2013 to 31 March 2014

Remuneration of Directors for the financial period under review

Remuneration band and name of Directors	Basic Salary (%)	Allowance (%)	Commission / Incentives (%)	Bonus (%)	Directors' fee (%)
Executive Director					
$500,000 - $700,000					
Lee Boon Teck	95	–	–	5	–
Non-executive Directors					
Below $50,000					
Ho Pong Chong	–	–	–	–	100
Teo Hin Guan	–	–	–	–	100
Low Hai Lee	–	–	–	–	100

Remuneration of Key Executives who are not Directors for the financial period under review

Remuneration band and name of key executives	Basic Salary (%)	Allowance (%)	Commission / Incentives (%)	Bonus (%)	Benefit in kind (%)
$150,000 - $250,000					
Gaw Kuan Ching, Jaslin	78	1	–	21	–
Koh Wee Ann, Sam	83	6	–	11	–
Below $150,000					
Ngo Yu Peng, Felicia	78	1	–	21	–
Goh Eng Kiat	84	10	–	6	–
Lee Yok Lim, Crystal	57	35	–	8	–
Koh Shiau Fang, Fyn	57	35	–	8	–
Lee Wan Cha, Adeline	69	8	15	8	–

Remuneration of employees who are immediate family members of a Director

Mr Lee Choon Tai is the father of the Managing Director Mr Lee Boon Teck and Mdm Lau Poh Hong is the wife of the Managing Director Mr Lee Boon Teck whose remuneration for the 15 months financial period from 1 January 2013 to 31 March 2014 did not exceed $100,000. Save as disclosed in the Company's Full Year Financial Statements and Dividend Announcement, there were no employees who are immediate family members of the Managing Director or a Director whose salary exceeds S$50,000 in the Group's employment during the financial period under review.

The Group discloses the remuneration in band for Directors and key management instead of full detail disclosure as recommended by the Code. The Board believes that such disclosure presentation provides sufficient overview of the remuneration of the executive Director and each key management personnel considering the confidentiality of remuneration matters. As Note 25 of the Financial Statements also set out such information, the Board is of the opinion that the information disclosed would be sufficient to the shareholders for their understanding of the Company's compensation policies as remuneration matters are commercially sensitive information and thus is prejudicial to the Group's interests and may hamper its ability to retain the Group's talent pool. Furthermore, the Group is presenting remuneration information for a 15 months financial period and therefore, is not representative of a typical 12 months financial period review.

Report on Corporate Governance

In addition, the band that the Group uses to disclose remuneration of Directors and key management is of a narrower band than the recommended S$250,000. The Group also discloses the remuneration of all the key management instead of the recommended top five key executives. The RC is mindful of the Group's obligation to shareholders and the Group's interests. In order to balance both priorities, the RC agrees to disclose the Group's remuneration of Directors and key management in a narrower band together with disclosing the remuneration of all key management.

ACCOUNTABILITY

Principle 10: ***The Board should present a balanced and understandable assessment of the company's performance, position and prospects.***

In presenting the annual financial statements and half yearly financial results announcement to shareholders, it is the aim of the Board to provide the shareholders with a balanced and understandable assessment of the Company's performance, position and prospects. Significant variances for the comparative period were explained in the review pages of the announcement for Revenue, Income Statement, Balance Sheet and Cash Flow Statement. The Group also provide shareholder with its prospects in the following twelve months period.

The Company also make timely announcements to shareholders on material contracts and updates of corporate exercises.

The Management provides the Board with management accounts of the Group's performance, position and prospects on a quarterly basis in order that it may effectively discharge its duties.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: ***The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.***

The Board acknowledges that risk is inherent in business and there are commercial risks to be taken in the course of generating a return on business activities. The Board's policy is that risks should be managed within the Group's overall risk tolerance.

On 8 February 2012, the Group had embarked on setting up its Risk Management Framework based on the principles of Enterprise Risk Management – Integrated Framework published by the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

The exercise on setting up of Risk Management Framework had enabled the Group to identify the risk profile of the group including the key risks based on the Group's business operations and size. On 2 August 2012, the Board set up its Management Risk Committee ("MRC") to assist the AC on the Group's risk management.

The Management Risk Committee ("MRC") comprises the following members:

Chairman: Ms Gaw Kuan Ching Jaslin
Member: Ms Ngo Yu Peng Felicia
Member: Mr Goh Eng Kiat
Member: Mr Koh Wee Ann Sam
Member: Ms Lee Wan Cha Adeline

Report on Corporate Governance

The duties and responsibilities of the MRC are as follows:

- To ensure that the risk management framework is embedded in and functions effectively throughout the Group and is within the parameters established by the AC;
- To ensure that the Key Risk Register and its Risk Heat Map of the Group remains relevant taking into consideration any changes to the business environment that the Group is operating in.

The risk profile is being monitored by the MRC with yearly review on the relevance of key risks identified. In addition, the MRC submits quarterly report to the AC during quarterly AC meetings to update the AC and Board on the status of the risk profile.

The financial risks management objectives and policies of the Group are set out in Note 28 of the Financial Statements.

AUDIT COMMITTEE

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

The Audit Committee ("AC") comprises the following members:

Chairman:	**Mr Ho Pong Chong**	(Non-executive & Independent)
Members:	**Mr Teo Hin Guan**	(Non-executive & Independent)
	Mr Low Hai Lee	(Non-executive & Independent)

The AC comprises of all non-executive and independent Directors. The members of the AC, collectively, have the expertise or experience in financial management to discharge the AC's responsibilities.

The AC's primary function is to provide assistance to the Board of Directors in fulfilling its responsibility relating to corporate accounting and auditing, reporting practices of the Company, the quality and integrity of the financial reports of the Company, and the Company's system of internal controls regarding finance, accounting, legal compliance and ethnics established by the Management and the Board.

The AC's statutory functions are:-

- to review with the internal and external auditors, their audit plans;
- to review with the internal and external auditors, their evaluation of the Group's system of internal controls;
- to review with the internal and external auditors, their audit reports;
- to review the co-operation / assistance given by the Group's officers to the internal and external auditors;
- to review the scope and results of the internal audit procedures;
- to review the balance sheet and profit and loss account of the Company and the consolidated balance sheet and profit and loss account and to submit them to the Board;
- to nominate and review the appointment or re-appointment of external auditors.

The AC also has full access to both the internal and external auditors and reviewed the Group's system of internal control including operational policies established by the Management.

The AC has the authority to investigate any matter within its terms of reference. It has full access to, and the cooperation of the Management and full discretion to invite Directors and/or executive officers to attend its meeting.

Report on Corporate Governance

The AC meets with the external auditors, without the presence of Management, at least once a year to discuss the reasonableness of the financial reporting process, the weaknesses in internal control raised during the course of statutory audit, and the significant comments and recommendations by the auditors.

The AC has reviewed the scope and quality of work of the external auditors, Messrs Crowe Horwath First Trust LLP ("CHFT"), after taking into account the resources and experience of CHFT and the audit engagement partner assigned to the audit, the size and complexity of the audit for the Group as well as the number and experience of the staff assigned by CHFT for the audit.

The AC also reviewed the independence and objectivity of the independent auditor annually. During the financial year under review, the AC has reviewed the independence of CHFT as well as reviewing the non-audit services provided and the fees paid to them. There was no non-audit related work carried out by the external auditor in the current financial year, and accordingly, no non-audit fees were paid to the auditors CHFT. The AC is satisfied with their independence; hence has recommended the re-appointment of the external auditors at the AGM of the Company. According to Rule 1204(6) (a) of the Catalist Rules, the audit fee to be paid to the external auditors for the year under review is reflected in Note 21 of the Financial Statement.

The Group has appointed the same auditing firm and its associates to audit all its entities for FY13/14.

The Company is in compliance with Rules 712 and 715 of the Catalist Rules in relation to its independent auditors.

INTERNAL AUDIT

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Company outsource its internal audit function to an independent third party Needsbridge Advisory Sdn Bhd ("NBA") since February 2012. This is to ensure that the internal auditor is able to maintain its independence and reports directly to the AC.

The Group's door operations are mainly overseas in Malaysia and China. NBA from Malaysia is experience with our core business and they are also internal auditors for listed entities in Malaysia. The AC is of the view that given NBA's experience and credentials, its appointment is suitable for the Group's current operations and size.

NBA formulate its internal audit plan based on the risk profile of the Group and performed four internal audit cycles per year on the operations in Singapore, Malaysia and China. Quarterly reports are presented to the AC to assess the adequacy of the Group's internal control systems and its weaknesses. Information on the internal auditor is disclosed in the Corporate Information located on the last page of the Annual Report.

The Company adopts recommendations highlighted by both the Internal and External Auditors. However, the Board recognizes that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Managing Director and Group Financial Controller of the Company have given assurance to the Board that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and financials; (ii) the Company's risk management and internal control systems in place are effective to manage risks in the current business environment.

In view of the above and in reference to Rule 1204 (10) of the Catalist Rules, the Board with the concurrence of the AC is of the opinion that the Group's internal control is adequate and effective to address the financial, operational, compliance, IT controls and risk management systems of the Group. The AC has direct access to the Internal Auditor of the company and at any point in time when necessary, the AC can communicate the Internal Auditor without management involved.

Report on Corporate Governance

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: ***Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.***

In line with continuous disclosure obligations of the company pursuant to the Catalist Rules and the Singapore Companies Act, the Company endeavors to maintain constant and effective communications with shareholders through timely and comprehensive announcements. Material information that could have a material impact on the share price of the Company is released on a timely basis.

The Company disseminate latest corporate news, strategies, announcement and notices of meetings promptly through SGXNET, annual report, circulars and press releases. The Group's corporate governance practice are disclose in yearly annual report of the Company to enable the shareholders to have a better understanding of the Group's stewardship role.

The Company's Articles of Association allow each shareholder to appoint up to two proxies to attend general meetings. Currently, this is sufficient for the shareholders base of the Company. Should the need arises, the Company will consider amending its Articles of Association to allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.

COMMUNICATION WITH SHAREHOLDERS

Principle 15: ***Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.***

The Company currently do not have investor relations policy but considers advise from corporate lawyer and Sponsor on appropriate disclosure requirements before announcing material information to the shareholders.

In addition to the half yearly, full year financial results and material information announcements, annual reports that provide information on the prospects of the Company, Board of Directors, Key Management, Report on Corporate Governance practices and Audited Financial Statements for the past financial year were circulated to the shareholders prior to the annual general meeting. Shareholders were encouraged to share their views on the company's past year performance during the annual general meeting. The annual report was uploaded to the Company's websites for shareholders' viewing in addition to circulation and SGXNET announcement.

The Company will consider appointing professional investor relations officer to manage the function should the need arises as the Company in the past years do not have much corporate activities.

The Group does not have dividend policy at present. The Board in determining dividend proposal, will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16: ***Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.***

The Company welcomes active participation from shareholders at general meetings. Shareholders of the Company are invited to attend the shareholders' meetings through notices in the annual report and circulars sent to them prior to the meetings, notices advertised in Business Times and notices announced through SGXNET.

Report on Corporate Governance

To facilitate voting by shareholders, the Company's articles allow shareholders to vote by proxies. Proxy forms can be sent to the Company by mail. Each distinct issue is voted via separate resolutions at general meetings. The Board of Directors including the Chairman of Board, AC, NC and RC attended all the meetings for FY13/14 to address any queries raised by shareholders and call upon its professional service providers where it deem appropriate. All minutes of general meetings and a summary of the questions and answers raised at general meetings are available to shareholders upon their request.

The Company conducted poll voting for all resolutions tabled at the general meetings during FY13/14. Results were announced in details via SGXNET within the same day of the meeting.

DEALINGS IN THE COMPANY'S SECURITIES

The Group has adopted an internal code to provide guidance to its officers with regards to dealings in the Company's securities. Guidance will be issued to inform Directors and employees that:

(a) one should not deal in the Company's securities on short-term considerations; and

(b) one should not deal in the Company's securities during the period commencing one month before the announcement of the company's half year and full year financial statements.

INTERESTED PERSONS TRANSACTIONS

Pursuant to Rule 907 of the Catalist Rules, the Company wishes to disclose that there were no transactions with interested persons for the financial period from 1 January 2013 to 31 March 2014.

MATERIAL CONTRACTS

No material contracts have been entered into by the Company and its subsidiaries involving the interests of Chairman and Managing Director, each Director or controlling shareholder subsisted at the end of the financial period or have been entered into since the end of the previous financial year.

USE OF PROCEEDS FROM RIGHTS ISSUE COMPLETED ON 31 MAY 2013

The following table set out the intended use of the net proceeds:-

Intended use of the net proceeds	Amount	Utilisation	Remarks
Funding the Factory Setup	S$0.24 million	Nil	Nil
Funding acquisition opportunities and businesses	S$11.9 million	S$11.50 million	S$10.5 million – Increase in issued and paid up capital of a subsidiary S$1.0 million – Expenses incurred for corporate exercises
Total	S$12.14 million	S$11.50 million	Nil

Report on Corporate Governance

WHISTLE-BLOWING POLICY

The Company has put in place a whistle-blowing policy and procedures which provide employees with accessible channels to the AC for reporting suspected fraud, corruption, dishonest practices or other similar matters. The aim of this policy is to encourage the reporting of such matters in good faith, with the confidence that employees making such reports will be treated fairly and, to the extent possible, be protected from reprisal.

CATALIST SPONSOR

Pursuant to Rule 1204 (21) of the Catalist Rules, the Company wishes to disclose that there was no non-sponsor fee paid to RHT Capital Pte. Ltd. during the financial period from 1 January 2013 to 31 March 2014.

TREASURY SHARES

There are no treasury shares held by the Company at the end of the financial period from 1 January 2013 to 31 March 2014.

Financial Contents

Directors' Report

for the financial period from 1 January 2013 to 31 March 2014

The directors are pleased to present their report to the members together with the audited consolidated financial statements of KLW Holdings Limited (the "Company") and subsidiaries (the "Group") for the financial period from 1 January 2013 to 31 March 2014 and the balance sheet of the Company as at 31 March 2014.

Directors

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

Lee Boon Teck
Ho Pong Chong
Teo Hin Guan
Low Hai Lee

Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

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

Directors' interests in shares or debentures

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Cap. 50, none of the directors holding office at the end of the financial period had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Direct Interests			Deemed Interests		
	At 1 January 2013	At 31 March 2014	At 21 April 2014	At 1 January 2013	At 31 March 2014	At 21 April 2014
Company						
Ordinary shares						
Lee Boon Teck	297,894,500	630,428,000	630,428,000	1,707,000	3,414,000	3,414,000
Teo Hin Guan	1,560,000	2,080,000	2,080,000	–	–	–

By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Mr Lee Boon Teck is deemed to have an interest in the whole of the share capital of the Company's wholly owned subsidiaries.

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest, except for salaries, bonuses and other benefits as disclosed in the financial statements. A director also received remuneration from related corporations in his capacity as director.

Directors' Report

for the financial period from 1 January 2013 to 31 March 2014

Share options

During the financial period, no options to take up unissued shares of the Company or any subsidiaries were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company or any subsidiaries. There were no unissued shares of the Company or any subsidiaries under option at the end of the financial period.

Audit committee

The members of the Audit Committee at the end of the financial period are as follows:

Ho Pong Chong (Chairman)
Teo Hin Guan
Low Hai Lee

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50, the Listing Manual of the Singapore Exchange Securities Trading Limited and the Code of Corporate Governance. In performing those functions, the Audit Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditors and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditors;
- the periodic results announcements prior to their submission to the Board for approval;
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial period from 1 January 2013 to 31 March 2014 prior to their submission to the Board of Directors, as well as the independent auditors' report on the balance sheet of the Company and the consolidated financial statements of the Group; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited).

The Audit Committee has recommended to the Board of Directors that the independent auditors, Crowe Horwath First Trust LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company. The Audit Committee has conducted an annual review of non-audit services provided by the auditors to satisfy itself that the nature and extent of such services will not affect the independence and objectivity of the external auditors before confirming their re-nomination.

In appointing the external auditors for the Company and subsidiaries, we have compiled with Rules 712 and 715 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

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

Directors' Report

for the financial period from 1 January 2013 to 31 March 2014

Independent auditors

The independent auditors, Crowe Horwath First Trust LLP, have expressed their willingness to accept re-appointment as auditors of the Company.

On behalf of the Board of Directors

LEE BOON TECK
Director

HO PONG CHONG
Director

26 June 2014

Statement by Directors

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 33 to 96 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2014 and of the results, changes in equity and cash flows of the Group for the financial period from 1 January 2013 to 31 March 2014; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

LEE BOON TECK
Director

HO PONG CHONG
Director

26 June 2014

Independent Auditors' Report

to the members of KLW Holdings Limited

Report on the Financial Statements

We have audited the accompanying financial statements of KLW Holdings Limited (the "Company") and subsidiaries (the "Group") set out on pages 33 to 96, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 March 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial period from 1 January 2013 to 31 March 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of 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 balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2014 and the results, changes in equity and cash flows of the Group for the financial period from 1 January 2013 to 31 March 2014.

Report on Other Legal and Regulatory Requirements

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

Crowe Horwath First Trust LLP
Public Accountants and
Chartered Accountants
Singapore

26 June 2014

Crowe Horwath First Trust LLP (UEN: T08LL1312H) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A).

Balance Sheets

as at 31 March 2014
(Amounts in Singapore dollars)

	Note	Group		Company	
		31 March 2014	31 December 2012	**31 March 2014**	31 December 2012
		$	$	**$**	$
ASSETS					
Non-current assets					
Property, plant and equipment	3	**10,575,466**	8,201,457	**226,314**	–
Subsidiaries	4	**–**	–	**28,635,698**	18,135,698
Available-for-sale financial assets	5	**2,767**	2,767	**–**	–
Other receivables	8	**456,512**	–	**–**	–
		11,034,745	8,204,224	**28,862,012**	18,135,698
Current assets					
Inventories	6	**6,487,686**	6,822,646	**–**	–
Amounts due from customers for contract work	7	**1,543,676**	1,980,062	**–**	–
Trade and other receivables	8	**7,493,450**	7,951,475	**6,158,793**	7,227,660
Cash and bank balances	9	**10,824,292**	612,158	**40,653**	11,033
		26,349,104	17,366,341	**6,199,446**	7,238,693
TOTAL ASSETS		**37,383,849**	25,570,565	**35,061,458**	25,374,391
LIABILITIES					
Current liabilities					
Trade and other payables	10	**4,404,751**	7,516,913	**1,955,978**	6,636,502
Borrowings, secured	11	**1,214,611**	376,520	**20,426**	–
Income tax payable		**360,858**	118,994	**–**	–
		5,980,220	8,012,427	**1,976,404**	6,636,502
Non-current liabilities					
Shares with preference rights	10	**5,790,000**	6,000,000	**5,790,000**	6,000,000
Borrowings, secured	11	**67,336**	106,502	**12,914**	–
Deferred tax liabilities	12	**1,167,689**	729,259	**–**	–
		7,025,025	6,835,761	**5,802,914**	6,000,000
TOTAL LIABILITIES		**13,005,245**	14,848,188	**7,779,318**	12,636,502
NET ASSETS		**24,378,604**	10,722,377	**27,282,140**	12,737,889
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	13	**48,013,638**	35,812,247	**48,013,638**	35,812,247
Revaluation and other reserves	14	**2,494,961**	1,211,780	**–**	–
Accumulated losses		**(26,129,995)**	(26,301,650)	**(20,731,498)**	(23,074,358)
		24,378,604	10,722,377	**27,282,140**	12,737,889
Non-controlling interests		**–**	–	**–**	–
TOTAL EQUITY		**24,378,604**	10,722,377	**27,282,140**	12,737,889

The accompanying notes are an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

for the financial period from 1 January 2013 to 31 March 2014
(Amounts in Singapore dollars)

	Note	**1 January 2013 to 31 March 2014 $**	1 January 2012 to 31 December 2012 $
Continuing operations			
Revenue	15	**38,667,132**	31,539,420
Cost of sales		**(29,237,112)**	(22,558,836)
Gross profit		**9,430,020**	8,980,584
Other income	16	**1,097,186**	379,711
Selling and distribution expenses		**(1,394,625)**	(1,126,184)
Administrative expenses		**(7,972,862)**	(5,178,977)
Finance costs	17	**(750,860)**	(668,612)
Profit before income tax from continuing operations		**408,859**	2,386,522
Income tax expense	19	**(237,204)**	(821,051)
Profit from continuing operations, net of tax		**171,655**	1,565,471
Discontinued operations			
Loss from discontinued operations, net of tax	20	**–**	(888,527)
Total profit for the financial period / year	21	**171,655**	676,944
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences arising from consolidation		**(223,838)**	(360,296)
Currency translation differences realised through disposal of subsidiaries		**–**	12,594
Item that will not be reclassified subsequently to profit or loss			
Surplus on revaluation of leasehold land and buildings		**1,507,019**	–
Other comprehensive income / (loss), net of tax		**1,283,181**	(347,702)
Total comprehensive income for the financial period / year		**1,454,836**	329,242

The accompanying notes are an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

for the financial period from 1 January 2013 to 31 March 2014
(Amounts in Singapore dollars)

	Note	**1 January 2013 to 31 March 2014 $**	1 January 2012 to 31 December 2012 $
Profit from continuing operations, net of tax attributable to:			
Equity holders of the Company		**171,655**	1,565,471
Non-controlling interests		**–**	–
		171,655	1,565,471
(Loss) / Profit from discontinued operations, net of tax attributable to:			
Equity holders of the Company		**–**	(1,137,965)
Non-controlling interests		**–**	249,438
		–	(888,527)
Total comprehensive income attributable to:			
Equity holders of the Company		**1,454,836**	79,804
Non-controlling interests		**–**	249,438
		1,454,836	329,242
Earnings per share from continuing operations attributable to equity holders of the Company (cents per share)	22		
Basic		**0.013**	0.114
Diluted		**0.013**	0.114
Loss per share from discontinued operations attributable to equity holders of the Company (cents per share)	22		
Basic		**–**	(0.083)
Diluted		**–**	(0.083)
Earnings per share from profit for the period / year attributable to equity holders of the Company (cents per share)	22		
Basic		**0.013**	0.031
Diluted		**0.013**	0.031

The accompanying notes are an integral part of the financial statements.

Consolidated Statement of Changes in Equity

for the financial period from 1 January 2013 to 31 March 2014
(Amounts in Singapore dollars)

	Attributable to equity holders of the Company					Non-controlling interests	Total
	Share capital	Asset revaluation reserve	Foreign currency translation reserve	Accumulated losses	Total		
	$	$	$	$	$	$	$
Balance at 1.1.2012	35,811,414	2,466,090	(906,608)	(26,729,156)	10,641,740	1,436,280	12,078,020
Profit for the financial year	–	–	–	427,506	427,506	249,438	676,944
Other comprehensive loss, net of tax	–	–	(347,702)	–	(347,702)	–	(347,702)
Total comprehensive income for the financial year	–	–	(347,702)	427,506	79,804	249,438	329,242
Contribution by and distribution to owners							
Issuance of shares	833	–	–	–	833	–	833
Change in ownership interests in subsidiaries							
Disposal of subsidiaries	–	–	–	–	–	(1,685,718)	(1,685,718)
Balance at 31.12.2012	35,812,247	2,466,090	(1,254,310)	(26,301,650)	10,722,377	–	10,722,377
Balance at 1.1.2013	35,812,247	2,466,090	(1,254,310)	(26,301,650)	10,722,377	–	10,722,377
Profit for the financial period	–	–	–	171,655	171,655	–	171,655
Other comprehensive income, net of tax	–	1,507,019	(223,838)	–	1,283,181	–	1,283,181
Total comprehensive income for the financial period	–	1,507,019	(223,838)	171,655	1,454,836	–	1,454,836
Contribution by and distribution to owners							
Issuance of shares	12,201,391	–	–	–	12,201,391	–	12,201,391
Balance at 31.3.2014	48,013,638	3,973,109	(1,478,148)	(26,129,995)	24,378,604	–	24,378,604

The accompanying notes are an integral part of the financial statements.

Consolidated Statement of Cash Flows

for the financial period from 1 January 2013 to 31 March 2014
(Amounts in Singapore dollars)

	Note	**1 January 2013 to 31 March 2014 $**	1 January 2012 to 31 December 2012 $
Cash flows from operating activities			
Profit / (Loss) before income tax:			
- Continuing operations		**408,859**	2,386,522
- Discontinued operations	20(a)	**–**	(809,377)
		408,859	1,577,145
Adjustments:			
Depreciation of property, plant and equipment		**638,788**	474,785
Loss on disposal of property, plant and equipment		**15,658**	–
Interest expense		**750,860**	736,391
Interest income		**(26,552)**	(19,977)
Inventories written off		**–**	567,570
Loss on disposal of subsidiaries	20(a)	**–**	1,512,121
Unrealised exchange differences		**129,631**	(192,171)
Operating profit before working capital changes		**1,917,244**	4,655,864
Inventories		**334,960**	340,531
Trade and other receivables		**882,850**	(2,662,095)
Trade and other payables		**(3,507,927)**	56,454
Cash (used in) / from operations		**(372,873)**	2,390,754
Interest paid		**(750,860)**	(736,391)
Interest income received		**26,552**	19,977
Income taxes paid		**(23,654)**	(183,710)
Net cash (used in) / from operating activities		**(1,120,835)**	1,490,630
Cash flows from investing activities			
Disposal of subsidiaries, net cash inflow	20(b)	**–**	1,075,885
Other receivables – TU Disposal Group	8	**(444,951)**	(1,157,235)
Proceeds from disposal of property, plant and equipment		**17,749**	65,475
Purchase of property, plant and equipment	A	**(1,216,898)**	(269,246)
Net cash used in investing activities		**(1,644,100)**	(285,121)

The accompanying notes are an integral part of the financial statements.

Consolidated Statement of Cash Flows

for the financial period from 1 January 2013 to 31 March 2014
(Amounts in Singapore dollars)

	Note	**1 January 2013 to 31 March 2014 $**	1 January 2012 to 31 December 2012 $
Cash flows from financing activities			
Proceeds from issuance of new shares	13	**12,201,391**	833
Repayment of borrowings		**(322,950)**	(694,366)
Bank borrowings drawdown		**1,123,445**	–
Withdrawal of pledged fixed deposits	9	**34,461**	202,424
Net cash from / (used in) financing activities		**13,036,347**	(491,109)
Net increase in cash and cash equivalents		**10,271,412**	714,400
Cash and cash equivalents at beginning of financial period / year		**556,858**	(157,542)
Effect of exchange rate changes on cash and cash equivalents		**(24,817)**	–
Cash and cash equivalents at end of financial period / year	9	**10,803,453**	556,858

Note A

For the purpose of the statement of cash flows, the Group's additions to property, plant and equipment during the financial period / year comprised of:

	1 January 2013 to 31 March 2014 $	1 January 2012 to 31 December 2012 $
Property, plant and equipment purchased during the financial period / year	**1,248,283**	269,246
Less: Amount outstanding as at the end of the financial period / year	**(31,385)**	–
Cash payment to acquire property, plant and equipment	**1,216,898**	269,246

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements

for the financial period from 1 January 2013 to 31 March 2014
(Amounts in Singapore dollars)

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

1. GENERAL INFORMATION

KLW Holdings Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST). The address of the Company's registered office and its principal place of business is located at 19 Senoko Loop, Singapore 758169.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 4. The Group had on 26 June 2013 announced the change of its financial year end from 31 December to 31 March. Following the change of financial year end, these set of financial statements of the Group covered a period of 15 months from 1 January 2013 to 31 March 2014.

The financial statements for the financial period from 1 January 2013 to 31 March 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 26 June 2014.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the Singapore Financial Reporting Standards ("FRS"). The financial statements are presented in Singapore dollars ("$").

The preparation of the financial statements in conformity with FRS requires management to exercise its judgements in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement or complexity, are disclosed in this Note.

Adoption of new and revised standards

On 1 January 2013, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS. The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current period or prior financial year, except as disclosed on below.

<u>Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*</u>

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

The Amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the Amendments only affect the presentations of items that are already recognised in OCI, there is no impact on its financial position or performance upon adoption of this standard.

Notes to the Financial Statements

for the financial period from 1 January 2013 to 31 March 2014
(Amounts in Singapore dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of new and revised standards (Continued)

FRS 113 *Fair Value Measurement*

FRS 113 Fair Value Measurement provides a single source of guidance for all fair value measurements and disclosures about fair value measurements. FRS 113 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted by FRS. FRS 113 applies to both financial instrument items and non-financial assets for which other FRSs require or permit fair value measurement. However, FRS 113 does not apply to share-based payments accounted for in accordance with FRS 102, leasing transactions accounted for in accordance with FRS 17 and measurement that have similarities to fair value but not fair value (including net realisable value of inventories and value in use in impairment testing).

The adoption of FRS 113 does not have any impact to the financial position and financial performance of the Group. The Group has incorporated the additional disclosures required by FRS 113 into the financial statements.

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
Revised FRS 27 *Separate Financial Statements*	1 January 2014
Revised FRS 28 *Investments in Associates and Joint Ventures*	1 January 2014
FRS 110 *Consolidated Financial Statements*	1 January 2014
FRS 111 *Joint Arrangements*	1 January 2014
FRS 112 *Disclosure of Interests in Other Entities*	1 January 2014
Amendments to FRS 110, 111 and 112: *Transition Guidance*	1 January 2014
Amendments to FRS 110, 112 and FRS 27: *Investment Entities*	1 January 2014
Amendments to FRS 32 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to FRS 36 *Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2014
INT FRS 121 *Levies*	1 January 2014
Amendments to FRS 39 *Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
Amendment to FRS 19: *Defined Benefit Plans: Employee Contributions*	1 July 2014
Improvements to FRSs (January 2014)	
– Amendment to FRS 102 *Share-based Payment*	1 July 2014*
– Amendment to FRS 103 *Business Combination*	1 July 2014^
– Amendment to FRS 108 *Operating Segments*	1 July 2014
– Amendment to FRS 16 *Property, Plant and Equipment*	1 July 2014
– Amendment to FRS 24 *Related Party Disclosures*	1 July 2014
– Amendment to FRS 38 *Intangible Assets*	1 July 2014
Improvements to FRSs (February 2014)	
– Amendment to FRS 103 *Business Combinations*	1 July 2014
– Amendment to FRS 113 *Fair Value Measurement*	1 July 2014
– Amendment to FRS 40 *Investment Property*	1 July 2014
FRS 114 *Regulatory Deferral Accounts*	1 January 2016

** The amendment applies prospectively to share-based payment transactions with a grant date on or after 1 July 2014*

^ The amendment applies prospectively to business combination for which the acquisition date is on or after 1 July 2014

Notes to the Financial Statements

for the financial period from 1 January 2013 to 31 March 2014
(Amounts in Singapore dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards issued but not yet effective (Continued)

Except for FRS 112, Amendments to FRS 32, Amendment to FRS 103 (January 2014), Amendment to FRS 108 and Amendment to FRS 24 (January 2014), the directors expect that the adoption of the other 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 FRS 112, Amendments to FRS 32, Amendment to FRS 103 (January 2014), Amendment to FRS 108 and Amendment to FRS 24 (January 2014) are described below.

FRS 112 *Disclosures of Interests in Other Entities*

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. 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.

Amendments to FRS 32 *Offsetting Financial Assets and Financial Liabilities*

The Amendments to FRS 32 Offsetting Financial Assets and Financial Liabilities clarify the meaning of ‘currently has a legally enforceable right to set-off’; and that some gross settlement systems may be considered equivalent to net settlement. The Group will assess whether there will be any offsetting that meet the criteria upon adoption of the Amendments.

Improvements to FRSs (January 2014): Amendment to FRS 103 *Business Combination*

The amendment clarifies that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of FRS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit or loss.

The Group will apply these amendments to the future business combination from 1 July 2014 onwards.

Improvements to FRSs (January 2014) : Amendment to FRS 108 *Operating Segments*

The amendment requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have ‘similar economic characteristics’. The amendment also clarifies that a reconciliation of the total segment assets to the entity’s assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in financial year 2016.

Improvements to FRSs (January 2014) : Amendment to FRS 24 *Related Party Disclosures*

The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity must disclose as a related party transaction the amount incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, the breakdown of the components of such compensation is not required to be disclosed.

The management expects that the adoption of the amendment will not result in additional parties being identified as related to the Group. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in financial year 2016.

Notes to the Financial Statements

for the financial period from 1 January 2013 to 31 March 2014
(Amounts in Singapore dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

(i) Subsidiaries

(a) Basis of consolidation

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

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

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

(b) Acquisition of businesses

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement. Acquisition-related costs, other than those associated with the issue of debt or equity securities, are expensed as incurred.

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

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

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

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to recognise them either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, at the date of acquisition.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Notes to the Financial Statements

for the financial period from 1 January 2013 to 31 March 2014
(Amounts in Singapore dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

(i) Subsidiaries (Continued)

(c) Disposals of subsidiaries or businesses

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

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss. Subsequently, the retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(ii) Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owner of the Company.

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

Subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Currency translation

(i) Functional and presentation currency

The individual financial statements of each entity are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Singapore dollars, which is also the functional currency of the Company.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") 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 balance sheet 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 balance sheet date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity in the consolidated financial statements. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Notes to the Financial Statements

for the financial period from 1 January 2013 to 31 March 2014
(Amounts in Singapore dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Currency translation (Continued)

(iii) Translation of the Group's financial statements

The assets and liabilities of foreign operations are translated into Singapore dollars at the rate of exchange ruling at the balance sheet date and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss.

Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (see the accounting policy for borrowing costs as set out in this Note). The cost of an item of property, plant and equipment including subsequent expenditure is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. When significant parts of property, plant and equipment is required to be replaced in intervals, the Group recognises such parts as individual assets with specific lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance expenses are recognised in profit or loss when incurred.

After initial recognition, property, plant and equipment except for leasehold land and buildings are stated at cost less accumulated depreciation and any accumulated impairment loss.

Leasehold land and buildings are subsequently stated at revalued amount less accumulated depreciation and any accumulated impairment loss. Leasehold land and buildings are revalued every five years or at shorter intervals, if appropriate and whenever their carrying amounts are likely to differ materially from their revalued amounts. Their revalued amounts are determined by an independent professional valuer. Leasehold land and buildings had been revalued at 31 March 2014 based on valuations performed by accredited independent valuer.

Any revaluation increase arising on the revaluation of such leasehold land and buildings is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit arising on the revaluation of such leasehold land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

All items of property, plant and equipment are depreciated using the straight-line method to write-off the cost or valuation of the assets over their estimated useful lives as follows: -

	Useful lives (Years)
Leasehold land and buildings	25 years to 60 years (lease term)
Plant and equipment	5 to 10
Motor vehicles	4 to 10
Renovations	5 years period or the lease term, whichever is shorter

Notes to the Financial Statements

for the financial period from 1 January 2013 to 31 March 2014
(Amounts in Singapore dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

The estimated useful life and depreciation method are reviewed, and adjusted as appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Fully depreciated assets are retained in the financial statements until they are no longer in use.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on retirement or disposal is determined as the difference between any sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss within "Other income (expenses)". The revaluation surplus included in the assets revaluation reserve in respect of an asset is transferred directly to retained earnings, on retirement or disposal of the asset.

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 an 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 on those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, 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. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. This 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 profit and loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realisable value. Raw materials comprise purchase costs accounted for on a weighted average basis. Work-in-progress and finished goods comprise cost of direct materials, direct labour and an attributable proportion of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to be incurred for selling and distribution.

Notes to the Financial Statements

for the financial period from 1 January 2013 to 31 March 2014
(Amounts in Singapore dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Construction contracts work-in-progress

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date (the percentage of completion method).

The outcome of a construction contract can be estimated reliably when: (i) total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the entity; (iii) the costs to complete the contract and the stage of completion can be measured reliably; and (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

When the outcome of a contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that is probable to be recoverable and contract costs are recognised as an expense in the period in which they are incurred. An expected loss on the construction contract should be 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 any variations in the contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

The stage of completion is measured by reference to the contract costs incurred to date to the estimated total costs for the contract. Contract costs include costs that relates directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Contract costs incurred during the financial year in connection with future activity on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

The aggregate of costs incurred and the profit / loss recognised on each contract is compared against the progress billings up to the financial year end. Where costs incurred and recognised profit (less recognised losses) exceed progress billings, the balance is shown as amounts due from customers for contract work. Where progress billings exceeds costs incurred and recognised profit (less recognised losses), the excess is shown as amounts due to customers for contract work.

Financial assets

(i) Initial recognition and measurement

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition. Financial assets are initially recognised at fair value plus, in the case of financial assets classified as held-to-maturity, directly attributable transaction costs.

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every balance sheet date. As at the balance sheet date, the Group has no other financial assets in the categories of financial assets other than the category of available-for-sale financial assets and loans and receivables.

Notes to the Financial Statements

for the financial period from 1 January 2013 to 31 March 2014
(Amounts in Singapore dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

(ii) Subsequent measurement

The subsequent measurement of financial assets depends on the classification, as follows:

(a) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions. Assets in this category are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

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

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables comprise cash and bank balances, trade and other receivables, and excludes prepayments.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. 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 had been recognised in other comprehensive income is recognised in profit or loss.

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 the assets within the period generally established by regulation or convention in the marketplace concerned.

Notes to the Financial Statements

for the financial period from 1 January 2013 to 31 March 2014
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets

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

(i) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and 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. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current 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 profit or loss.

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 of reversal is recognised in profit or loss.

(ii) Available-for-sale financial assets

Considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired include (i) a significant or prolonged decline in the fair value of the investment below its costs, (ii) significant financial difficulties of the issuer or obligor, and (iii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

When the available-for-sale financial asset is impaired, the cumulative loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

Notes to the Financial Statements

for the financial period from 1 January 2013 to 31 March 2014
(Amounts in Singapore dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

(ii) Available-for-sale financial assets (Continued)

For debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as the financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in the profit or loss, the impairment loss is reversed in profit or loss.

(iii) Financial 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.

Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. As at the balance sheet date, the Group did not have any financial liabilities in the category of financial liabilities at fair value through profit and loss.

(ii) Subsequent measurement

Subsequent to initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when liabilities are derecognised, and through the amortisation process.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

Notes to the Financial Statements

for the financial period from 1 January 2013 to 31 March 2014
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

A provision is recognised when the Group has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet 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. Where 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.

Borrowings

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

(i) Borrowings

Borrowings are initially recorded at fair value, net of transaction costs and subsequently carried for at amortised costs using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings which are due to be settled within twelve months after the balance sheet date are included in current borrowings in the balance sheet even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue.

(ii) Shares with preference rights

Shares with preference rights that carry non-discretionary dividend obligations shall be classified as liabilities. The dividends on such shares are recognised as finance expenses.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfillment 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 2006, the date of inception is deemed to be 1 January 2006 in accordance with the transitional requirements of INT FRS 104.

(i) As lessor

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

Notes to the Financial Statements

for the financial period from 1 January 2013 to 31 March 2014
(Amounts in Singapore dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

(ii) As lessee

Finance leases, which transfers 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 item 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 directly to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred. Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset or the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the profit or loss 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.

Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

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

Share capital and share issuance expenses

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

Revenue recognition

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, regardless of when the payment is made. Revenue is measured at the fair value of the 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:

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed. 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.

Revenue from supply and installation projects is recognised based on the stage of completion of the contract activities. The percentage of completion for a given project is determined after considering the relationship of the cost of work performed to-date to total contract cost for the project. Where the contract outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

Notes to the Financial Statements

for the financial period from 1 January 2013 to 31 March 2014
(Amounts in Singapore dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Rental income arising from operating leases is recognised on a straight-line basis over the lease terms.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the effective interest rates applicable.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all terms and conditions relating to the grants have been complied with.

Employees' benefits

(i) Retirement benefits

The Group and the Company participate in the national schemes as defined by the laws of the countries in which it has operations.

The Company makes contribution to the Central Provident Fund (CPF) Scheme in Singapore, a defined contribution pension schemes.

Obligations for contributions to defined contribution retirement plans are recognised as an expense in the period in which the related service is performed.

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the balance sheet date.

Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that 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 substantially completed for their intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income taxes for current and prior periods are recognised at the amount expected to be paid to or recovered from the tax authorities, using tax rates and tax laws that have been substantively enacted by the balance sheet date in the countries where the Group operates and generates taxable income. Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Notes to the Financial Statements

for the financial period from 1 January 2013 to 31 March 2014
(Amounts in Singapore dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

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

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 the Company or of a parent of the Company.

(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;
- (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).

Notes to the Financial Statements

for the financial period from 1 January 2013 to 31 March 2014
(Amounts in Singapore dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalent comprises cash on hand, deposits with financial institutions, and short term, highly liquid investments readily convertible to known amounts of cash and subjected to an insignificant risk of changes in value.

Discontinued operation

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and represents a separate major line of business or geographical area of operations or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Contingencies

A contingent liability is 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 a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or 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 balance sheet 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.

Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker responsible for allocating resources and assessing performance of the operating segments.

Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of loans and receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. Management specifically reviews its loan and receivables and analyse historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in our customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment loss. At the balance sheet date, the receivables are measured at fair value and their fair values might change materially within the next financial year but these changes would not arise from assumptions or other sources of estimation uncertainty at the balance sheet date. The carrying amounts of trade and other receivables of the Group and of the Company at the balance sheet date are disclosed in Note 8.

Notes to the Financial Statements

for the financial period from 1 January 2013 to 31 March 2014
(Amounts in Singapore dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates, assumptions and judgements (Continued)

(i) Critical accounting estimates and assumptions (Continued)

(a) Impairment of loans and receivables (Continued)

In the prior financial year, a total of $10,367,591 and $238,154 of the Group's and Company's trade and other receivables have been provided for as impairment loss as the repayment was considered remote in view of the financial position of counter parties by the management.

During the financial period:

– An amount of $10,691 of the Group's trade receivables have been written off against the total impairment loss that have been made as at 31 December 2012 due to the certainty that the amount would not be recovered from the counter parties.

– An amount of $2,327,592 (2012: Nil) of the Company's other receivables was reversed from the total impairment loss that had been made in previous financial year, as the management did not envisage any recoverability of the amount in light of the improvement in the financial position of the subsidiary.

If the net present values of estimated cash flows decrease by 10% from management's estimates for all past due but not impaired loans and receivables, the Group's allowance for impairment for the period will increase by $227,840 (2012: $310,683).

(b) Income tax

The Group has exposure to income taxes in numerous 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 has not recognised any additional tax liability on these uncertain tax positions. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's deferred tax assets and liabilities as at 31 March 2014 are disclosed in Note 12.

The Group has unrecognised tax losses and unutilized capital allowances carried forward amounting of approximately $32,851,000 and $495,000 (2012: $29,995,000 and $405,000). These losses relate to the Company and certain subsidiaries that have a history of losses, do not expire and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither temporary taxable differences nor any tax planning opportunities available that could support the recognition of any of these losses as deferred tax assets. If the Group was able to recognise all unrecognised deferred tax assets, profit for the year would increase by approximately $5,669,000 (2012: $5,168,000) (Note 19).

Notes to the Financial Statements

for the financial period from 1 January 2013 to 31 March 2014
(Amounts in Singapore dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates, assumptions and judgements (Continued)

(ii) Critical judgements in applying the entity's accounting policies

(c) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of computation and selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significant as a result of competitor actions in response to secure industry cycles. Management will reassess the estimations at the balance sheet date. The carrying amounts of the Group's inventories are at the balance sheet date are disclosed in Note 6.

Following is the judgement made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(a) *Reversal of provision for quit rent and assessment*

In prior financial years, the Group had continuously made provisioning in respect of unbilled quit rent and assessment expenses for properties held by a subsidiary in Malaysia. During the financial period, the subsidiary received a statement from the local land authorities indicating quit rent and assessment overdue of $69,745 (equivalent to RM176,928) and had made the necessary payment. Consequently, the subsidiary made a reversal of provision for quit rent and assessment amounting to $277,883 (equivalent to RM704,982) to other income as disclosed in Note 16. This was done on the ground that there was no further outstanding amount due to the local land authorities based on management's interpretation of the statement from the local land authorities. As such, there is no further obligation to pay which substantiate the decision of the reversal.

Notes to the Financial Statements

for the financial period from 1 January 2013 to 31 March 2014
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3. PROPERTY, PLANT AND EQUIPMENT

Group	At valuation	Cost			
	Leasehold land and buildings	Plant and equipment	Motor vehicles	Renovations	Total
	$	$	$	$	$
Cost or valuation					
As at 1.1.2012	7,750,548	8,890,980	651,283	214,360	17,507,171
Additions	–	113,250	–	155,996	269,246
Disposals of subsidiaries (Note 20(b))	–	(726,998)	(188,754)	(152,689)	(1,068,441)
Disposals / Written off	–	(3,729)	–	(63,207)	(66,936)
Currency translation differences	(104,077)	(201,630)	(13,196)	4,832	(314,071)
As at 31.12.2012	7,646,471	8,071,873	449,333	159,292	16,326,969
As at 1.1.2013	**7,646,471**	**8,071,873**	**449,333**	**159,292**	**16,326,969**
Additions	**306,385**	**455,742**	**151,089**	**335,067**	**1,248,283**
Disposals / Written off	**–**	**(41,476)**	**–**	**(226)**	**(41,702)**
Revaluation surplus	**2,058,226**	**–**	**–**	**–**	**2,058,226**
Elimination of accumulated depreciation on revaluation	**(649,326)**	**–**	**–**	**–**	**(649,326)**
Currency translation differences	**(277,455)**	**(228,536)**	**(29,230)**	**(1,703)**	**(536,924)**
As at 31.3.2014	**9,084,301**	**8,257,603**	**571,192**	**492,430**	**18,405,526**
Accumulated depreciation					
As at 1.1.2012	323,774	7,788,453	430,257	37,330	8,579,814
Charge for the financial year	162,782	197,678	51,051	63,274	474,785
Disposals of subsidiaries (Note 20(b))	–	(599,731)	(134,677)	(53,941)	(788,349)
Disposals / Written off	–	(1,461)	–	–	(1,461)
Currency translation differences	(7,023)	(123,664)	(7,806)	(784)	(139,277)
As at 31.12.2012	479,533	7,261,275	338,825	45,879	8,125,512
As at 1.1.2013	**479,533**	**7,261,275**	**338,825**	**45,879**	**8,125,512**
Charge for the financial period	**215,652**	**238,870**	**61,359**	**122,907**	**638,788**
Disposals / Written off	**–**	**(8,295)**	**–**	**–**	**(8,295)**
Elimination of accumulated depreciation on revaluation	**(649,326)**	**–**	**–**	**–**	**(649,326)**
Currency translation differences	**(22,228)**	**(243,338)**	**(8,054)**	**(2,999)**	**(276,619)**
As at 31.3.2014	**23,631**	**7,248,512**	**392,130**	**165,787**	**7,830,060**
Net carrying amount					
As at 31.3.2014	**9,060,670**	**1,009,091**	**179,062**	**326,643**	**10,575,466**
As at 31.12.2012	7,166,938	810,598	110,508	113,413	8,201,457

Notes to the Financial Statements

for the financial period from 1 January 2013 to 31 March 2014
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3. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company	Motor vehicles	Renovations	Total
	$	$	$
Cost			
As at 1.1.2012, 31.12.2012 and 1.1.2013	–	–	–
Additions	48,645	245,000	293,645
As at 31.3.2014	48,645	245,000	293,645
Accumulated depreciation			
As at 1.1.2012, 31.12.2012 and 1.1.2013	–	–	–
Charge for the financial period	6,081	61,250	67,331
As at 31.3.2014	6,081	61,250	67,331
Net carrying amount			
As at 31.3.2014	**42,564**	**183,750**	**226,314**
As at 31.12.2012	–	–	–

Assets held under finance lease

The carrying amount of the Group's and of the Company's motor vehicles held under finance lease at the balance sheet date are $143,131 (2012: $110,508) and $42,564 (2012: Nil) respectively.

Leased assets are pledged as security for the related finance lease liabilities (Note 11).

Assets pledged as security

In addition to assets held under finance leases, the Group's leasehold land and buildings with a carrying amount of $4,361,800 (2012: $6,856,352) are mortgaged to secure the Group's bank loans (Note 11).

Revaluation of leasehold land and buildings

The Group's leasehold land and buildings had been revalued in September 2013 (Factory 1) and February 2014 (Factory 2) based on valuations performed by accredited independent valuer. The surpluses arising from the revaluations, net of deferred taxation, have been credited to other comprehensive income and accumulated in equity under asset revaluation reverse (Note 14). The valuations are based the market comparison approach. Details of valuation techniques and inputs used are disclosed in Note 29.

If the leasehold land and buildings were measured using the cost model, their net carrying amounts would be as follows:

	Group	
	31 March 2014	31 December 2012
	$	$
Leasehold land and buildings		
- Cost	**5,557,753**	5,557,753
- Accumulated depreciation	**(1,679,856)**	(1,413,238)
- Net carrying amount	**3,877,897**	4,144,515

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4. SUBSIDIARIES

	Company	
	31 March 2014	31 December 2012
	$	$
Unquoted equity shares, at cost		
At beginning of financial period / year	**23,151,710**	25,671,710
Add : Additional equity interests in a subsidiary (Note A)	**10,500,000**	–
Less : Disposal of subsidiaries (Note B)	**–**	(2,520,000)
At end of financial period / year	**33,651,710**	23,151,710
Less: Impairment loss		
At beginning of financial period / year	**10,456,722**	11,966,722
Less: Disposal of subsidiaries	**–**	(1,510,000)
At end of financial period / year	**10,456,722**	10,456,722
Add: Long-term loan and other receivables at amortised cost (Note 10)	**5,440,710**	5,440,710
Net carrying amount	**28,635,698**	18,135,698

Name of companies	Principal activities	Country of incorporation and place of business	Proportion (%) of ownership interests	
			31 March 2014	**31 December 2012**
			%	**%**
Held by the Company				
Ambertree Pte. Ltd. (formerly known as KLW Wood Products Pte. Ltd.) (1)	Rental of premises	Singapore	**100**	100
KLW Resources Sdn Bhd ("KLWR") (2)	Investment holding	Malaysia	**100 (Note C)**	100
Held through KLW Resources Sdn Bhd				
KLW Wood Products (M) Sdn Bhd (2)	Manufacture and supply of doors, mouldings and wood floorings	Malaysia	**100**	100
Dongguan Lebex Doors Co Ltd (2)	Manufacture and supply of doors, mouldings and wood floorings	People's Republic of China	**100**	100
KLW Joinery Pte. Ltd. (1)	Supply and installation of doors, mouldings and wood floorings	Singapore	**100**	100
KLW (HK) Limited (2)	Trading of doors, mouldings, floorings and related products.	Hong Kong	**100 (Note D)**	–

(1) Audited by Crowe Horwath First Trust LLP, Singapore

(2) Audited by member firm, Crowe Horwath, Johor Bahru, Malaysia

Notes to the Financial Statements

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4. SUBSIDIARIES (Continued)

Note A

During the financial period, the Company has further subscribed for an additional 10,500,000 new ordinary shares in its wholly owned subsidiary, Ambertree Pte. Ltd. for an amount of $10,500,000.

Note B

Disposal of subsidiaries in the prior financial year related to the disposal of the Company's 60% equity interest in Teeni Universal Pte Ltd (Note 20).

Note C

Included in KLWR total number of shares issued are two categories of shares with Class A ordinary shares having preferential rights over Class B in terms of dividend and liquidation. 13,016,053 Class A ordinary shares which is held by third party as at 31 March 2014 and 31 December 2012, represents 30% (2012: 30%) of the total number of issued shares and is classified as a financial liability (Note 10). In determining the Group's ownership interests in KLWR, only Class B ordinary shares which represents the entire equity instruments of KLWR are considered. The Company owns the entire Class B ordinary shares of KLWR.

Note D

Newly incorporated during the financial period at paid up capital of HKD1.00.

5. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	31 March 2014	31 December 2012
	$	$
At beginning of financial period / year	**2,767**	202,767
Disposal of subsidiaries (Note 20(b))	**–**	(200,000)
Non-current portion	**2,767**	2,767

Available-for-sale financial assets include the following:

Quoted investment		
Equity shares*	**2,767**	2,767
Market value of quoted investment		
Equity shares	**922**	1,119

* The Group does not intend to dispose off this available-for-sale financial assets in the foreseeable future and hence classified as non-current assets. As at the balance sheet date, in the opinion of the directors, no impairment is required.

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6. INVENTORIES

	Group	
	31 March 2014	31 December 2012
	$	$
Finished goods	**255,551**	145,020
Work-in-progress	**2,600,775**	3,570,095
Raw materials	**3,045,756**	3,107,531
Goods in transit	**585,604**	–
	6,487,686	6,822,646

The cost of inventories recognised as expense and included in 'cost of sales' amounted to $16,225,424 (2012: $12,295,220), which includes Nil (2012: $567,570) in respect of inventories being written off.

7. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	Group	
	31 March 2014	31 December 2012
	$	$
Aggregate amount of costs incurred and recognised profits (less losses recognised) to date on uncompleted construction contracts	**9,858,912**	6,634,412
Less: Progress billings	**(8,315,236)**	(4,654,350)
	1,543,676	1,980,062
Retention sums on contract work included in amounts due from customers	**482,332**	511,652

The expected losses recognised as expenses and included in 'cost of sales' was amounted to $43,113 (2012: Nil).

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8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31 March 2014	31 December 2012	**31 March 2014**	31 December 2012
	$	$	**$**	$
Current				
Trade receivables:				
- Third parties	**3,184,709**	3,983,645	**10,575**	–
- Subsidiaries	**–**	–	**299,529**	299,529
	3,184,709	3,983,645	**310,104**	299,529
Less: Impairment loss of trade receivables (i)	**(227,463)**	(238,154)	**(299,529)**	(299,529)
Trade receivables, net	**2,957,246**	3,745,491	**10,575**	–
Other receivables:				
- Other receivables *	**1,617,488**	1,452,791	**619,240**	178,225
- Prepayments (Note 24 (b)(ii))	**163,510**	133,462	**9,115**	20,344
- Deposits **	**2,755,206**	2,619,731	**55,355**	–
- Due from subsidiaries (non-trade) ***	**–**	–	**13,504,507**	17,396,682
	4,536,204	4,205,984	**14,188,217**	17,595,251
Less: Impairment loss of other receivables (ii)	**–**	–	**(8,039,999)**	(10,367,591)
Other receivables, net	**4,536,204**	4,205,984	**6,148,218**	7,227,660
Trade and other receivables, net	**7,493,450**	7,951,475	**6,158,793**	7,227,660
Non-current				
- Other receivables *	**456,512**	–	**–**	–

* Included in the total other receivables of the Group and of the Company as at 31 March 2014 is an amount of $1,602,186 and $307,728 (2012: $1,157,235 and $172,688) respectively being amount due from former subsidiaries included in Disposal Group (Note 20). As at 31 December 2012, these amount were unsecured, was repayable by 30 June 2013 and yielded an interest rate 3% per annum. However, during the financial period, the Group and the Company have entered into a repayment scheme arrangement with these former subsidiaries, of which an aggregate amount of $1,145,674 and $307,728 will be repayable by 31 March 2015 and remaining $456,512 from the Group's balance will be repayable by 31 August 2015. Accordingly, these amounts have been classified into current and non-current portions as at balance sheet date. These amounts are unsecured and interest-free. Interest income by the Group and the Company respectively of $17,123 (2012: $19,977) and $2,476 (2012: $2,659) were recognised during the current financial period.

** Included in the deposits of the Group was an amount of $2,327,592 (2012: $2,327,592) being refundable rental deposit in respect of a subsidiary's lease of office premise.

*** These amounts are unsecured, interest-free and repayable on demand.

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8. TRADE AND OTHER RECEIVABLES (Continued)

The movements in the related allowance for impairment are as follows:

	Group		Company	
	31 March 2014	31 December 2012	**31 March 2014**	31 December 2012
	$	$	**$**	$
(i) **Trade receivables**				
At beginning of financial period / year	**238,154**	232,012	**299,529**	299,529
Disposal of subsidiaries	**–**	(6,718)	**–**	–
Allowance made	**–**	12,860	**–**	–
Allowance written off	**(10,691)**	–	**–**	–
At end of financial period / year	**227,463**	238,154	**299,529**	299,529

	Company	
	31 March 2014	31 December 2012
	$	$
(ii) **Other receivables – due from subsidiaries (non-trade)**		
At beginning of financial period / year	**10,367,591**	8,313,435
Allowance made	**–**	2,054,156
Reversal of impairment loss	**(2,327,592)**	–
At end of financial period / year	**8,039,999**	10,367,591

9. CASH AND BANK BALANCES

	Group		Company	
	31 March 2014	31 December 2012	**31 March 2014**	31 December 2012
	$	$	**$**	$
Cash and bank balances	**10,803,453**	556,858	**40,653**	11,033
Fixed deposits (i)	**20,839**	55,300	**–**	–
Cash and bank balances as per balance sheets	**10,824,292**	612,158	**40,653**	11,033
Less: Pledged fixed deposits (i)	**(20,839)**	(55,300)		
Cash and cash equivalents as per consolidated statement of cash flows	**10,803,453**	556,858		

(i) Fixed deposits bear interest rate at 2.95% (2012: 3.15%) per annum and have a maturity period of 12 months (2012: 6 to 12 months) from the balance sheet date.

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10. TRADE AND OTHER PAYABLES

	Group		Company	
	31 March 2014	31 December 2012	**31 March 2014**	31 December 2012
	$	$	**$**	$
Current				
Trade payables:				
- Third parties	**1,401,049**	1,771,948	**–**	–
Other payables:				
- Third parties	**1,414,147**	1,129,408	**489,086**	231,395
- Due to subsidiaries (non-trade) (i)	**–**	–	**1,101,751**	3,412,718
- Directors of the Company (non-trade) (i)	**259,270**	2,627,910	**193,681**	2,516,703
- Directors of a subsidiaries (non-trade) (i)	**–**	100,000	**–**	100,000
	1,673,417	3,857,318	**1,784,518**	6,260,816
Rental deposits received	**348,111**	342,804	**–**	–
Accrued operating expenses	**982,174**	1,544,843	**171,460**	375,686
	3,003,702	5,744,965	**1,955,978**	6,636,502
Trade and other payables	**4,404,751**	7,516,913	**1,955,978**	6,636,502
Non-current				
Shares with preference rights (ii)	**5,790,000**	6,000,000	**5,790,000**	6,000,000

(i) These amounts are unsecured, interest-free and repayable on demand.

(ii) Group

This pertains to the 13,016,053 Class A shares of RM 1 each issued by a subsidiary, KLW Resources Sdn Bhd ("KLWR"), in the financial year ended 31 December 2011 which carries a cumulative preference dividend of RM0.1024 equivalent to $0.0395 (2012:$0.0405) per share per annum from financial year 2011 until 2015, and a percentage of the annual profit thereafter ("Class A shares") (Note 4). Following the general principles under FRS 32, these Class A shares are classified as a financial liability as it represents a contractual obligation for the issuer, KLWR, to deliver cash to the holder of the instrument. As the Class A shares are non-redeemable except for a put option as described below, the financial liabilities are classified as non-current. An interest expense of $670,004 (2012: $551,480) has been recognised relating to the dividend pay-out of Class A shares during the current financial year (Note 17).

(ii) Company

KLWR, a wholly owned subsidiary, issued 13,016,053 Class A ordinary shares and 30,370,790 Class B ordinary shares to the Company on 20 August 2010. During the financial year ended 31 December 2011, Koperasi Permodalan Felda Berhad ("KPFB") acquired the entire Class A ordinary shares from the Company for a total consideration of RM17 million, of which RM15 million equivalent to $5,790,000 (2012: equivalent to $6,000,000) has been received as at the financial year ended 31 December 2011. The remaining RM2 million equivalent to $772,000 (2012: equivalent to $800,000) will be paid to the Company upon fulfilling the terms and conditions as stipulated in the Shares Sale Agreement.

Further as part of the terms for the acquisition, the Company had granted KPFB an irrevocable option ("Put Option") to sell the Class A shares back to the Company if any of the trigger events occurs, as stipulated in the Put Option Agreement, at a purchase price duly received by the Company plus an amount equal to simple interest at a rate of 8% per annum (2012: 8% per annum).

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10. TRADE AND OTHER PAYABLES (Continued)

(ii) Company (Continued)

Even though the Company had transferred the rights to the cash flows associated with the Class A shares to KPFB in return for the proceeds, the asset has not been derecognised as at balance sheet date and no gain / loss has been recognised, as the Company was deemed having continuing involvement as a result of the Put Option written to KPFB pursuant to FRS 39, the associated liability represents the proceeds of consideration received and was measured at cost. Correspondingly, the initial cost of the investment that relate to Class A shares which is the transferred but not derecognised assets, with carrying amount of $5,440,710 (2012:$5,440,710) is classified as long-term loan and other receivables at amortised cost (Note 4).

On 25 March 2014, KPFB agreed on following:-

(i) extension of profit guarantee period to financial years ended 31 March 2015 and 31 March 2016;

(ii) extension of proposed listing to financial year 2016; and

(iii) yearly dividend on Class A shares to be paid up to the completion of listing exercise.

Other clauses stipulated in the Share Sales Agreement dated 20 August 2010, Supplemental Agreement dated 28 February 2013 and Put Option Agreement on 20 August 2010 shall remain.

As at the balance sheet date, KPFB has yet to exercise the Put Option, and in the opinion of the directors, the Group is reasonably able to avoid the trigger events from occurring; and accordingly any fair value of the Put Option is considered insignificant.

11. BORROWINGS, SECURED

	Group		Company	
	31 March 2014	31 December 2012	**31 March 2014**	31 December 2012
	$	$	**$**	$
Current				
Obligations under finance leases (i)	**59,780**	44,234	**20,426**	–
Bankers' acceptance (ii) (iii)	**441,584**	–	**–**	–
Foreign currency loan against import (ii) (iii)	**713,247**	–	**–**	–
Trust receipts (ii) (iv)	**–**	332,286	**–**	–
	1,214,611	376,520	**20,426**	–
Non-current				
Obligations under finance leases (i)	**67,336**	106,502	**12,914**	–
Total borrowings	**1,281,947**	483,022	**33,340**	–

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11. BORROWINGS, SECURED (Continued)

	Minimum lease payments	Interests	Present value of payments
	$	$	$
Group			
31 March 2014			
Not later than one year	**66,968**	**(7,188)**	**59,780**
Later than one year and not later than five years	**74,748**	**(7,412)**	**67,336**
	141,716	**(14,600)**	**127,116**
Group			
31 December 2012			
Not later than one year	50,531	(6,297)	44,234
Later than one year and not later than five years	120,911	(14,409)	106,502
	171,442	(20,706)	150,736
Company			
31 March 2014			
Not later than one year	**24,564**	**(4,138)**	**20,426**
Later than one year and not later than five years	**14,929**	**(2,015)**	**12,914**
	39,493	**(6,153)**	**33,340**
Company			
31 December 2012	–	–	–

(i) The obligations under finance leases are effectively secured as the rights to the leased motor vehicles of the Group revert to the lessor in the event of default. The weighted average effective interest rate of finance leases is at 2.49% (2012: 4.48%) per annum.

(ii) The banker’s acceptance and foreign currency loan against import of the Group are secured by ways of the following:-

(a) corporate guarantee from the Company;

(b) joint and several guarantee by a director of the Company and certain directors of its subsidiaries;

(c) negative pledge over assets of certain subsidiaries; and

(d) legal charges over certain properties of certain subsidiaries (Note 3).

(iii) Banker's acceptances and foreign currency loan against import are drawn for a period of up to 120 days which are renewable on maturity. Interest is charged at rates ranging between from 2.24% to 4.75% per annum.

(iv) In the previous financial year, trust receipts borne interest of 8.60% were drawn for a period of up to 120 days.

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12. DEFERRED TAX LIABILITIES / (ASSETS)

	Group	
	31 March 2014	31 December 2012
	$	$
At beginning of financial period / year	**729,259**	(16,472)
Recognised in the:		
- profit or loss	**(49,906)**	737,220
- revaluation reserve in equity (Note 19)	**551,207**	–
Disposal of subsidiaries	**–**	15,967
Currency translation differences	**(62,871)**	(7,456)
At end of financial period / year	**1,167,689**	729,259

Comprised offsetting as follows:		
Deferred tax assets	**(235,421)**	(243,006)
Deferred tax liabilities	**1,403,110**	972,265
	1,167,689	729,259

The components and movements of deferred tax liabilities and assets during the financial period prior to offsetting are as follows:

Deferred tax liabilities of the Group

	Tax over book depreciation	**Asset revaluation of leasehold land and buildings**	**Others**	**Total**
	$	**$**	**$**	**$**
31 March 2014				
At beginning of financial period	**129,220**	**811,968**	**31,077**	**972,265**
Recognised in the:				
- profit or loss	**9,357**	**–**	**(57,725)**	**(48,368)**
- revaluation reserve in equity	**–**	**551,207**	**–**	**551,207**
Currency translation differences	**(31,911)**	**(66,731)**	**26,648**	**(71,994)**
At end of financial period	**106,666**	**1,296,444**	**–**	**1,403,110**
31 December 2012				
At beginning of financial year	151,304	828,455	–	979,759
Recognised in the:				
- profit or loss	(5,679)	–	31,395	25,716
Disposal of subsidiaries (Note 20 (b))	(14,063)	–	–	(14,063)
Currency translation differences	(2,342)	(16,487)	(318)	(19,147)
At end of financial year	129,220	811,968	31,077	972,265

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12. DEFERRED TAX LIABILITIES / (ASSETS) (Continued)

Deferred tax assets of the Group

	Unutilised tax losses and capital allowances	Provision for inventories	Others	Total
	$	**$**	**$**	**$**
31 March 2014				
At beginning of financial period	**(102,536)**	**(140,470)**	**–**	**(243,006)**
Recognised in the:				
- profit or loss	**82,703**	**–**	**(84,241)**	**(1,538)**
Currency translation differences	**(71,726)**	**5,254**	**75,595**	**9,123**
At end of financial period	**(91,559)**	**(135,216)**	**(8,646)**	**(235,421)**
31 December 2012				
At beginning of financial year	(605,647)	(314,971)	(75,613)	(996,231)
Recognised in the:				
- profit or loss	496,288	170,061	45,155	711,504
Disposal of subsidiaries (Note 20 (b))	–	–	30,030	30,030
Currency translation differences	6,823	4,440	428	11,691
At end of financial year	(102,536)	(140,470)	–	(243,006)

13. SHARE CAPITAL

	Group and Company			
	31 March 2014		31 December 2012	
	Number of ordinary shares	**$**	Number of ordinary shares	$
Issued and fully paid ordinary shares				
At beginning of the financial period / year	**1,220,139,079**	**35,812,247**	1,220,083,579	35,811,414
Shares issued (i)	**1,220,139,079**	**12,201,391**	–	–
Warrants exercised (ii)	**–**	**–**	55,500	833
At end of the financial period / year	**2,440,278,158**	**48,013,638**	1,220,139,079	35,812,247

(i) On 31 May 2013, the Company issued and allotted 1,220,139,079 new ordinary shares at an issue price of $0.01 each pursuant to the one-for-one rights issue exercise undertaken by the Company. The newly issued shares rank pari passu in all respects with previously issued shares.

(ii) As at 31 December 2011, the Company has an outstanding warrants of 76,457,970. Each warrant entitles the warrant holder to 1 new ordinary share at an exercise price of $0.015 each during the exercise period ("2010 Warrant"). In the prior the financial year, an aggregate of 55,500 of 2010 Warrant have been exercised whereas the remaining 76,402,470 of 2010 Warrants had expired and lapsed on 15 August 2012.

The holders of ordinary 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.

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14. REVALUATION AND OTHER RESERVES

	Asset revaluation reserve	Foreign currency translation reserve	Total
	$	$	$
Group			
As at 1 January 2012	2,466,090	(906,608)	1,559,482
Disposal of subsidiaries (Note 20(b))	–	12,594	12,594
Net exchange differences on translation of financial statements of foreign subsidiaries	–	(360,296)	(360,296)
As at 31 December 2012	2,466,090	(1,254,310)	1,211,780
As at 1 January 2013	**2,466,090**	**(1,254,310)**	**1,211,780**
Net exchange differences on translation of financial statements of foreign subsidiaries	**–**	**(223,838)**	**(223,838)**
Fair value gain on revaluation of leasehold land and buildings	**1,507,019**	**–**	**1,507,019**
As at 31 March 2014	**3,973,109**	**(1,478,148)**	**2,494,961**

Asset revaluation reserves mainly include the cumulative net change, net of deferred tax effects, arising from revaluation of leasehold land and buildings.

Foreign currency translation reserve arises from the translation of financial statements of the foreign subsidiary.

Asset revaluation and foreign currency translation reserves are non-distributable.

15. REVENUE

	Group	
	1 January 2013 to 31 March 2014	1 January 2012 to 31 December 2012
	$	$
Sale of goods	**31,992,367**	24,100,790
Revenue from projects	**3,402,196**	5,562,327
Rental income	**3,272,569**	1,876,303
	38,667,132	31,539,420

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16. OTHER INCOME

	Group	
	1 January 2013 to 31 March 2014	1 January 2012 to 31 December 2012
	$	$
Interest income	**26,552**	19,977
Gain on disposal of property, plant and equipment	**26,081**	–
Sale of scraps	**170,982**	8,218
Foreign exchange gain, net	**283,580**	261,334
Government grant*	**181,282**	–
Reversal of over accrual on quit rent and assessment	**277,883**	–
Others	**130,826**	90,182
	1,097,186	379,711

* Government grant received is arising from the Productivity and Innovation Credit Scheme by the government of Singapore.

17. FINANCE COSTS

	Group	
	1 January 2013 to 31 March 2014	1 January 2012 to 31 December 2012
	$	$
Interest expense on: -		
- Finance leases	**8,164**	7,948
- Banker's acceptance	**2,734**	–
- Foreign currency loan against import	**736**	–
- Term loans	**–**	23,566
- Bank overdrafts	**–**	1,134
- Trust receipts	**36,187**	39,990
- Shares with preference rights *	**670,004**	551,480
- Others	**33,035**	44,494
	750,860	668,612

* This pertains to preference dividend paid to the holder of the Class A shares of a subsidiary, which is classified as a financial liability (Note 10).

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18. PERSONNEL EXPENSES

	Group	
	1 January 2013 to 31 March 2014	1 January 2012 to 31 December 2012
	$	$
Personnel expenses (including directors)*:		
- Salaries, wages and bonuses	**9,813,125**	5,871,606
- Defined contributions plan expenses	**323,897**	254,102
	10,137,022	6,125,708

* Included in the personnel expenses, $6,998,846 (2012: $3,749,644) is allocated to cost of sale and $3,138,176 (2012: $2,376,064) is allocated to administrative expenses.

19. INCOME TAX EXPENSE

(a) Major components of income tax expense are as follows:

	Group	
	1 January 2013 to 31 March 2014	1 January 2012 to 31 December 2012
Continuing operations		
Current tax		
- Current period / year	**323,558**	84,366
- Over provision in prior years	**(36,448)**	–
	287,110	84,366
Deferred tax		
- Current period / year	**(10,368)**	736,685
- Over provision in prior years	**(39,538)**	–
	(49,906)	736,685
Income tax expense	**237,204**	821,051
Discontinued operations		
Current tax		
- Current period / year	**–**	75,396
- Over / (Under) provision in prior years	**–**	3,249
	–	78,645
Deferred tax		
- Current period / year	**–**	505
Income tax expense	**–**	79,150
Total income tax expense	**237,204**	900,201

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19. INCOME TAX EXPENSE (Continued)

(b) The tax (charge) / credit relating to each component of other comprehensive income is as follows:

31 March 2014	**Before tax**	**Tax charge**	**After tax**
	$	**$**	**$**
- Currency translation differences arising from consolidation	**(223,838)**	**–**	**(223,838)**
- Surplus on revaluation of leasehold land Building (Note 3 and Note 12)	**2,058,226**	**(551,207)**	**1,507,019**
Other comprehensive income	**1,834,388**	**(551,207)**	**1,283,181**
31 December 2012			
- Currency translation differences arising from consolidation	(360,296)	–	(360,296)
- Currency translation differences realised through disposal of subsidiaries	12,594	–	12,594
Other comprehensive loss	(347,702)	–	(347,702)

The tax reconciliation of tax expenses and the product of accounting profit / (loss) multiplied by the applicable rate is as follows:

	Group	
	1 January 2013 to 31 March 2014	1 January 2012 to 31 December 2012
	$	$
Accounting profit / (loss):		
– Continuing operations	**408,859**	2,386,522
– Discontinued operations (Note 20)	**–**	(809,377)
Accounting profit before tax	**408,859**	1,577,145
Tax at statutory rate of 17% (2012: 17%)	**69,506**	268,115
Effect of different tax rates in foreign jurisdictions	**344,720**	416,733
Tax effect on non-deductible expenses	**117,452**	372,965
Tax effect on non-taxable income	**(719,793)**	(14,952)
Tax incentives	**–**	(84,613)
Deferred tax assets on temporary differences not recognised	**501,305**	279,281
Utilisation of deferred tax assets on temporary differences not recognised in previous years	**–**	(340,577)
(Over) / under provision of current tax in prior years	**(36,448)**	3,249
Over provision of deferred taxation in prior years	**(39,538)**	–
	237,204	900,201

The Company and certain subsidiaries have unabsorbed tax losses and capital allowance of approximately $32,851,000 and $495,000 (2012: $29,995,000 and $405,000) respectively which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies in their respective countries of incorporation. The tax losses have no expiry date.

Deferred tax assets unutilised of approximately $5,669,000 (2012: $5,168,000) relating to the unabsorbed tax losses and unutilised capital allowance have not been recognised as it is not probable that future taxable profit will be available against when these unabsorbed tax losses and unabsorbed capital allowances can be utilised.

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20. DISCONTINUED OPERATIONS – DISPOSAL OF SUBSIDIARIES

On 5 June 2012, the Company announced that on 1 June 2012 they had entered into a conditional sale and purchase agreement ("SPA") with Mr Tay Yong Hua ("Mr Tay"), whereby the Company agreed to sell and Mr Tay agreed to purchase all the Company's 60% shareholding equity interest in Teeni Universal Pte Ltd, a subsidiary of the Company ("TU") for a cash consideration of $1,010,000.

The Group deconsolidated the TU Disposal Group in the previous financial year, which resulted in a loss on disposal that amounting to $1,512,121.

(a) The results from the TU Disposal Group from 1 January 2012 to 30 July 2012, up to the date of disposal are presented separately on the statement of comprehensive income for the year 2012 as discontinued operations as follows:

	Disposal Group 2012 $
Revenue	10,919,451
Cost of sales	(8,577,649)
Gross profit	2,341,802
Other income	3,493
Selling and distribution expenses	(1,006,022)
Administrative expenses	(316,417)
Other expenses	(252,333)
Finance costs [(i)]	(67,779)
Profit before tax from discontinued operations	702,744
Income tax expense (Note 19 (a))	(79,150)
Profit for the year from discontinued operations	623,594
Loss on disposal of discontinued operations (pre and post tax)	(1,512,121)
Loss on disposal of discontinued operations, net of tax	(888,527)

(i) Finance costs comprises the following:

	Disposal Group 2012 $
Interest expense on:	
- Term loans	9,201
- Bank overdrafts	11,520
- Trust receipts	39,543
- Others	7,515
	67,779

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20. DISCONTINUED OPERATIONS – DISPOSAL OF SUBSIDIARIES (Continued)

(b) Net assets of the TU Disposal Group as at the date on which control was lost were as follows:

	Disposal Group
	2012
	$
Assets:	
Property, plant and equipment (Note 3)	280,092
Deferred tax assets (Note 12)	30,030
Available-for-sale financial assets (Note 5)	200,000
Inventories	1,691,984
Trade and other receivables	6,456,762
Cash and bank balances	311,049
Total assets	8,969,917
Liabilities:	
Trade and other payables	3,239,940
Income tax payable	44,396
Bank borrowings, secured	1,476,273
Deferred tax liabilities (Note 12)	14,063
Total liabilities	4,774,672
Net assets derecognised	4,195,245
Less: Non-controlling interests	(1,685,718)
Net assets of disposal group attributable to owners of the Company	2,509,527
Reclassification of foreign currency translation reserve (Note 14)	12,594
Loss on disposal of discontinued operations	(1,512,121)
Total proceeds from disposal – satisfied by cash and bank balances	1,010,000
Less: Cash and cash equivalents of the disposal group	
- Cash and bank balances	(311,049)
- Bank overdraft	376,934
Net cash inflow on disposal	1,075,885

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21. TOTAL PROFIT FOR THE FINANCIAL PERIOD / YEAR

In addition to those information as disclosed elsewhere in the financial statements, these items are also determined after charging / (crediting) the following:

	Group	
	1 January 2013 to 31 March 2014	1 January 2012 to 31 December 2012
	$	$
Continuing operations		
Audit fees:		
- auditors of the Company	**75,000**	92,000
- other auditors	**55,130**	27,547
Depreciation of property, plant and equipment	**638,788**	415,712
Directors' fees:		
- Directors of the company	**135,000**	108,000
- Director of a subsidiary	**37,942**	31,191
Directors' remuneration:		
- Directors of the company	**451,195**	369,600
- Directors of subsidiaries	**742,459**	202,268
Expected losses recognised on uncompleted construction contracts	**43,113**	–
Foreign exchange (gain) / loss – net	**(283,580)**	(261,334)
Loss on disposal of property, plant and equipment	**15,658**	–
Impairment loss of trade receivables	**–**	12,860
Inventories written off	**–**	567,570
Interest expenses	**750,860**	668,612
Interest income	**(26,552)**	(19,977)
Operating lease expenses	**3,206,731**	2,559,721
Personnel expenses * (Note 18)	**10,137,022**	6,125,708
Discontinued operations		
Interest expenses	**–**	67,779
Personnel expenses * (Note 18)	**–**	732,427
Operating lease expenses	**–**	90,347
Depreciation of property, plant and equipment	**–**	59,073

* This includes directors' remuneration as disclosed in this note and the amount shown as key management personnel compensation in Note 25.

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22. EARNINGS PER SHARE

Basic and diluted earnings / (loss) per share is calculated by dividing the net profit / (loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial period / year. The calculation of earnings/(loss) per share is based on the following:

	Continuing operations		**Discontinued operations**		**Total**	
	1 January 2013 to 31 March 2014	1 January 2012 to 31 December 2012	**1 January 2013 to 31 March 2014**	1 January 2012 to 31 December 2012	**1 January 2013 to 31 March 2014**	1 January 2012 to 31 December 2012
Basic and diluted earnings / (loss) per share						
Profit / (Loss) Attributable to equity holders of the Company	**171,655**	1,565,471	**–**	(1,137,965)	**171,655**	427,506
Number of shares						
Weighted average number of ordinary shares outstanding for basic and diluted earnings / (loss) per share	**1,273,187,561**	1,379,251,057	**–**	1,379,251,057	**1,273,187,561**	1,379,251,057
Basic and diluted earnings / (loss) per share (cents)	**0.013**	0.114	**–**	(0.083)	**0.013**	0.031

For the purposes of calculating diluted earnings / (loss) per share, profit / (loss) attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company had one type of dilutive potential ordinary shares warrants, which has expired on 15 August 2012.

Warrants have not been included in the calculation of diluted earnings per share because they are anti-dilutive in previous financial years. There is no dilutive effect arising from warrants as the exercise prices of the warrants were higher than the Company's average share price during the financial period ended 31 March 2014 and financial year ended 31 December 2012.

As disclosed in Note 13, the Company has undertaken a one-for-one rights issue exercise during the financial period. For the purpose of calculating basis and diluted earnings per share, the weighted average number of shares have reflected these changes as if the rights issue were effected for the entire current financial period and prior financial year presented.

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23. CONTINGENCIES

(i) Contingent liabilities

The Company, as the holding company, has given undertakings to provide financial support to certain subsidiaries to enable them to continue their operations in the next 12 months. However no adjustment to the consolidated financial statements was required to recognise the financial guarantee liability due to the possibility of an outflow of resource is remote. The estimated amount of financial guarantee is disclosed in Note 28 (ii).

(ii) Contingent asset

As stated in the Share Sale Agreement on 20 August 2010, in the financial year ended 31 December 2011, with KPFB relating to Class A ordinary shares of KLWR, a contingent consideration has been agreed. Additional cash payments will be received up to a maximum of RM 2,000,000, equivalent to $800,000 (2012: equivalent to $818,000) if KLWR generates a certain amount of total profit for the period / year for the financial period / years ended / ending 31 March 2015 and 2016 ("Guaranteed profit") (2012: 31 December 2012 and 2013) as extended by KPFB on 25 March 2014 (2012: 26 November 2012), which the Company has announced subsequently on 8 April 2014 (2012: 3 December 2012). Any shortfall from the guaranteed profit will be deducted from the contingent consideration of RM 2,000,000, equivalent to $800,000 (2012: equivalent $818,000) based on an agreed formula. Should the shortfall determined as such be greater than RM 2,000,000, equivalent to $800,000 (2012: equivalent to $818,000), the Company is liable to compensate the same to KPFB.

As at 31 March 2014, based on the financial performance of KLWR and the secured book orders, the management concludes that it is probable that the Group will be able to achieve the guaranteed profit by next two financial year. However, as the realisation of the contingent consideration of RM 2,000,000, equivalent to $800,000 (2012: equivalent to $818,000) is not virtually certain, the amount is disclosed as a contingent asset and not recognised in the financial statements for the financial period ended 31 March 2014 and 31 December 2012.

24. COMMITMENTS

(i) Non-cancellable operating lease commitment

(a) Where the Group is the lessee

The Group leases certain buildings under non-cancellable operating lease agreements. The future aggregate minimum leases payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities are as follows:

	31 March 2014	31 December 2012
	$	$
Not later than one year	**1,668,710**	2,121,287
Later than one year and not later than five years	**312,895**	2,145,160
	1,981,605	4,266,447

The leases on the subsidiaries' office premises and warehouse on which rentals are payable will expire ranging from 5 December 2014 to 14 July 2016 (2012: 5 December 2014). The current rent payable on the lease ranges from $19,077 to $179,308 (2012: $176,774 to $178,763) per month.

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24. COMMITMENTS (Continued)

(i) Non-cancellable operating lease commitment (Continued)

(b) Where the Group is the lessor

The future aggregate minimum leases payments receivable under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables are as follows:

	31 March 2014 $	31 December 2012 $
Not later than one year	**1,664,117**	2,211,037
Later than one year and not later than five years	**–**	1,975,096
	1,664,117	4,186,133

The leases on a subsidiary's office premises leased to the third parties on which rentals are receivable will expire between May 2014 to December 2014 (2012 : April 2013 to December 2014). The current rent receivable on the lease ranges from $390 to $175,000 per month (2012 : $390 to $175,000 per month).

(ii) Future capital expenditure

Capital expenditure contracted for as at 31 March 2014 but not recognised in the financial statement is as follows:

	31 March 2014 $	31 December 2012 $
In respect of property, plant and equipment	**137,600**	137,600

In the prior financial year ended 31 December 2012, the Company entered into an agreement to purchase computer software system for $137,600. A prepayment of $124,314 (2012: 81,206) has been paid for the computer software system which is included in and taken up as trade and other receivables (Note 8).

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25. RELATED PARTY TRANSACTIONS

Some of the arrangements with related parties (as defined in Note 2 above) and the effects of these bases determined between the parties are reflected elsewhere in this report. Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and related parties are disclosed below.

	Group	
	31 March 2014	31 December 2012
	$	$
(Repayment) / Advances from directors	**(2,323,022)**	216,063
Key management personnel compensation		
Directors of the Company		
- Salary and related costs	**439,595**	360,000
- Defined contributions plan expenses	**11,600**	9,600
- Director's fee	**135,000**	108,000
Directors of subsidiaries		
- Salary and related costs	**680,460**	184,800
- Defined contributions plan expenses	**61,999**	17,468
- Director's fee	**37,942**	31,191
Other key management personnel		
- Salary and related costs	**717,949**	580,893
- Defined contributions plan expenses	**67,596**	57,832

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. All directors and certain managers are considered key management personnel.

Outstanding balances as at 31 March 2014 and 31 December 2012 arising from advances from directors are disclosed in Note 10.

26. SEGMENT INFORMATION

The Group has three (2012: four) reportable segments, as described below, which are the Group's strategic business units. However, pursuant to the disposal of TU Disposal Group in the prior financial year (Note 20), the Group is no longer engaged in beauty business. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's CEO (the chief operating decision maker) reviews internal management reports on a quarterly basis. The following summary describes the operation in each of the Group's reportable segments:

(1) *Investment*

This segment pertains to investment holding companies.

(2) *Door business*

This pertains to manufacture and distribution of doors, furniture and fittings, wood related products and supply and installation of doors and wood based flooring.

(3) *Property leasing business*

This pertains to rental of premises.

(4) *Beauty business (for 2012)*

This pertains to distribution of fashion and hair accessories, body care products and cosmetics.

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26. SEGMENT INFORMATION (Continued)

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Group's CEO.

Inter-segment pricing is determined on an arm's length basis. Unallocated costs represent mainly corporate expenses. Segment assets consist primarily of property, plant and equipment, inventories, receivables and operating cash, and mainly exclude deferred tax assets. Segment liabilities comprise operating liabilities and exclude items such as income tax payable, deferred tax liabilities and borrowings. Capital expenditure comprises additions to property, plant and equipment (Note 3).

Business segments

31 March 2014	Investment	Door business	Property leasing business	Adjustments and eliminations	Total Group
	$	$	$	$	$
Sales – external	–	35,394,563	3,272,569	–	38,667,132
Inter-segment sales	–	–	135,000	(135,000)	–
Total	–	35,394,563	3,407,569	(135,000)	38,667,132
Segment profit / (loss)	2,219,765	2,406,807	(822,047)	(3,741,992)	62,533
Other income					1,097,186
Finance costs					(750,860)
Profit before income tax					408,859
Income tax expense					(237,204)
Profit for the financial period					171,655
Consolidated total assets	35,061,458	23,588,441	14,071,662	(35,337,712)	37,383,849
Segment liabilities	1,955,978	3,544,285	13,874,408	(14,969,920)	4,404,751
Unallocated liabilities					
- Deferred tax liabilities					1,167,689
- Income tax payable					360,858
- Borrowings, secured					1,281,947
- Shares with preference rights					5,790,000
					8,600,494
Consolidated total liabilities					13,005,245
Other segment items					
Capital expenditure	245,000	6,024	952,725	–	1,203,749
Depreciation of property, plant and equipment	67,331	484,189	87,268	–	638,788
Reversal of over accrual on quit rent and assessment	–	277,883	–	–	277,883

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26. SEGMENT INFORMATION (Continued)

Business segments (Continued)

31 December 2012	Investment	Door business	Property leasing business	Beauty business (Discontinued operation)	Adjustments and eliminations	Total Group
	$	$	$	$	$	$
Sales – external	–	29,663,117	1,876,303	10,919,451	(10,919,451)	31,539,420
Inter-segment sales	–	–	132,000	–	(132,000)	–
Total	–	29,663,117	2,008,303	10,919,451	(11,051,451)	31,539,420
Segment profit / (loss)	(1,520,497)	4,830,465	(1,187,239)	1,019,363	(466,669)	2,675,423
Other income						379,711
Finance costs						(668,612)
Profit before income tax						2,386,522
Income tax expense						(821,051)
Profit for the financial year						1,565,471
Consolidated total assets	25,374,391	25,949,120	4,487,417	–	(30,240,363)	25,570,565
Segment liabilities	6,636,503	9,407,181	14,026,494	–	(22,553,265)	7,516,913
Unallocated liabilities						
- Deferred tax liabilities						729,259
- Income tax payable						118,994
- Borrowings, secured						483,022
- Shares with preference rights						6,000,000
						7,331,275
Consolidated total liabilities						14,848,188
Other segment items						
Capital expenditure	–	225,546	90,180	28,267	(74,747)	269,246
Depreciation of property, plant and equipment	–	351,963	63,749	59,073	–	474,785
Loss on disposal of subsidiaries	–	–	–	1,512,121	–	1,512,121
Inventories written off	–	567,570	–	–	–	567,570
Impairment loss on trade and other receivables	–	12,860	–	–	–	12,860

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26. SEGMENT INFORMATION (Continued)

Geographical segments

The Group's three business segments operate in three main geographical areas:

Singapore - the Company is headquartered in Singapore. The areas of operation mainly arise from support and installation of doors and wood based floorings, import and distribution of doors, locksets, iron mongeries, furniture and fittings, wood related products, sourcing and distribution of fashion and hair accessories, body care products and cosmetics, rental of premises and investment holding.

Malaysia / China / Hong Kong - the main activities are the manufacture and supply of wood based doors, mouldings and floorings, sourcing and distribution of fashion and hair accessories, body care products and cosmetics.

Taiwan - activities within door and beauty business segments.

	Revenue (i)				Non-current assets (ii)	
	Continuing operations		Discontinued operations		Continuing operations	
	31 March 2014	31 December 2012	**31 March 2014**	31 December 2012	**31 March 2014**	31 December 2012
	$	$	**$**	$	**$**	$
Singapore	**7,041,795**	8,412,866	**–**	6,094,873	**432,993**	250,957
Malaysia	**22,275,360**	22,994,969	**–**	1,607,664	**8,918,437**	7,302,780
China	**136,667**	131,585	**–**	756,654	**1,224,036**	647,720
Hong Kong	**9,213,310**	–	**–**	2,012,280	**–**	–
Taiwan	**–**	–	**–**	447,980	**–**	–
	38,667,132	31,539,420	**–**	10,919,451	**10,575,466**	8,201,457

(i) The revenue is attributed to the above geographical areas based on the geographical locations of the Group's entities which generate the revenue.

(ii) Non-current assets presented above excludes deferred tax assets and financial assets.

27. DISCLOSURE OF DIRECTORS REMUNERATION

The remuneration of directors of the Company are disclosed in bands as follows:

	31 March 2014	31 December 2012
$500,000 and above	**1**	–
$250,000 to $499,999	**–**	1
Below $250,000	**3**	3
	4	4

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28. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks are market risks (including foreign exchange risk and interest rate risk), liquidity risk and credit risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is the Group's policy not to trade in derivative contracts.

(i) Market risk

(a) *Foreign exchange risk*

The Group is exposed to movements in foreign currency exchange rates arising from normal trading transactions that are denominated in currencies other than the respective functional currencies of Group entities, primarily with respect to Singapore dollars, United States dollars, Malaysia Ringgit, Renminbi and Others. The Company has investments in foreign subsidiaries whose net assets are exposed to currency translation risk. The Group does not have a policy to hedge its exposure to foreign exchange risk.

Group 31 March 2014	Singapore dollars	United States dollars	Malaysian Ringgit	Renminbi	Others*	Total
	$	$	$	$	$	$
Financial assets						
Available-for-sale financial assets	2,767	–	–	–	–	2,767
Amounts due from customers for contract works	1,543,676	–	–	–	–	1,543,676
Trade and other receivables	4,869,570	1,137,917	1,492,973	209,955	76,037	7,786,452
Cash and bank balances	7,649,356	2,888,780	227,753	–	58,403	10,824,292
Intra group receivables	13,185,775	44,169	25,374,041	8,998,469	–	47,602,454
	27,251,144	4,070,866	27,094,767	9,208,424	134,440	67,759,641
Financial liabilities						
Trade and other payables	2,069,963	275,830	939,041	1,119,917	–	4,404,751
Shares with preference rights	–	–	5,790,000	–	–	5,790,000
Borrowings, secured	127,117	713,247	441,583	–	–	1,281,947
Intra group payables	13,185,775	44,169	25,374,041	8,998,469	–	47,602,454
	15,382,855	1,033,246	32,544,665	10,118,386	–	59,079,152
Net financial assets / (liabilities)	11,868,289	3,037,620	(5,449,898)	(909,962)	134,440	8,680,489
Less: Net financial (assets) / liabilities denominated in respective entities' functional currencies	(12,576,966)	44,169	4,790,353	2,315,825	–	(5,426,619)
Foreign currency exposure	(708,677)	3,081,789	(659,545)	1,405,863	134,440	3,253,870

* *Others are denominated in Euro Dollars and Great British Pounds*

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28. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Group 31 December 2012	Singapore dollars	United States dollars	Malaysian Ringgit	Renminbi	Others*	Total
	$	$	$	$	$	$
Financial assets						
Available-for-sale financial assets	2,767	–	–	–	–	2,767
Amounts due from customers for contract works	1,980,062	–	–	–	–	1,980,062
Trade and other receivables	4,703,587	2,768,328	211,673	63,043	152,588	7,899,219
Cash and bank balances	170,942	244,045	101,016	40,112	56,043	612,158
Intra group receivables	21,239,276	571,902	958,280	2,491,658	–	25,261,116
	28,096,634	3,584,275	1,270,969	2,594,813	208,631	35,755,322
Financial liabilities						
Trade and other payables	4,520,937	94,534	1,761,200	1,079,467	60,775	7,516,913
Shares with preference rights	–	–	6,000,000	–	–	6,000,000
Borrowings, secured	150,736	–	332,286	–	–	483,022
Intra group payables	21,239,276	571,902	958,280	2,491,658	–	25,261,116
	25,910,949	666,436	9,051,766	3,571,125	60,775	39,261,051
Net financial (assets) / (liabilities)	2,185,685	2,917,839	(7,780,797)	(976,312)	147,856	(3,505,729)
Less: Net financial (assets) / liabilities denominated in respective entities' functional currencies	(8,512,783)	–	1,835,580	3,467,970	–	(3,209,233)
Foreign currency exposure	(6,327,098)	2,917,839	(5,945,217)	2,491,658	147,856	(6,714,962)

* *Others are denominated in Euro Dollars and Great British Pounds*

Notes to the Financial Statements

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28. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Company 31 March 2014	Singapore dollars	United States dollars	Malaysian Ringgit	Total
	$	$	$	$
Financial assets				
Long term loan and receivables at amortised cost (Note 4)	**–**	**–**	**5,440,710**	**5,440,710**
Trade and other receivables	**5,315,678**	**–**	**834,000**	**6,149,678**
Cash and bank balances	**33,336**	**7,317**	**–**	**40,653**
	5,349,014	**7,317**	**6,274,710**	**11,631,041**
Financial liabilities				
Trade and other payables	**1,901,210**	**–**	**54,768**	**1,955,978**
Shares with preference rights	**–**	**–**	**5,790,000**	**5,790,000**
Borrowings, secured	**33,340**	**–**	**–**	**33,340**
	1,934,550	**–**	**5,844,768**	**7,779,318**
Net financial assets / (liabilities)	**3,414,464**	**7,317**	**429,942**	**3,851,723**
Less: Net financial assets denominated in the Company's functional currency	**(3,414,464)**	**–**	**–**	**(3,414,464)**
Foreign currency exposure	**–**	**7,317**	**429,942**	**437,259**

Company 31 December 2012	Singapore dollars	United States dollars	Malaysian Ringgit	Total
	$	$	$	$
Financial assets				
Long term loan and receivables at amortised cost (Note 4)	–	–	5,440,710	5,440,710
Trade and other receivables	7,141,842	10,691	54,783	7,207,316
Cash and bank balances	9,743	1,290	–	11,033
	7,151,585	11,981	5,495,493	12,659,059
Financial liabilities				
Trade and other payables	6,636,502	–	–	6,636,502
Shares with preference rights	–	–	6,000,000	6,000,000
	6,636,502	–	6,000,000	12,636,502
Net financial assets / (liabilities)	515,083	11,981	(504,507)	22,557
Less: Net financial assets denominated in the Company's functional currency	(515,083)	–	–	(515,083)
Foreign currency exposure	–	11,981	(504,507)	(492,526)

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28. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Foreign exchange risk sensitivity

The following table details the sensitivity to a 10% increase and decrease in the Singapore dollars against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If the foreign currencies strengthen by 10% against the relevant functional currencies, with all other variables held constant profit or loss and other equity will increase / (decrease) by:

	Singapore dollars	United States dollars	Malaysian Ringgit	Renminbi	Others
	$	$	$	$	$
31 March 2014					
Group					
Profit / (Loss) for the period	**(58,820)**	**255,788**	**(54,742)**	**116,687**	**11,159**
Company					
Profit / (Loss) for the period	**–**	**607**	**35,685**	**–**	**–**

	Singapore dollars	United States dollars	Malaysian Ringgit	Renminbi	Others
	$	$	$	$	$
31 December 2012					
Group					
Profit / (Loss) for the year	(525,149)	242,181	(493,453)	206,808	12,272
Company					
Profit / (Loss) for the year	–	994	(41,874)	–	–

A 10% weakening of foreign currencies against the respective functional currencies at the balance sheet date would have had the equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remains constant.

The Group is also exposed to currency translation risk arising from its net investment in its foreign operation in other countries mainly Malaysia and China. The Group's net investment in Malaysia and China is not hedged as currency positions in Malaysian Ringgit and Renminbi is considered to be long-term in nature.

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for the financial period from 1 January 2013 to 31 March 2014
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28. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(b) Interest rate risk

The Group obtains additional financing through bank borrowings (interest bearing) and advances from directors (interest-free). The Group's policy to obtain the most favourable interest rates available without increasing its foreign currency exposure. The Group constantly monitors its interest rate risk and does not utilise interest rate swap or other arrangements for trading or speculative purposes. As at 31 March 2014, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding. As the Group has no interest-bearing assets other than amount due from former subsidiaries amounting to $1,602,186 (Note 8), the Group's income is substantially independent of changes in market interest rate.

Summary quantitative data of the group's interest-bearing financial liabilities can be found in part (ii) of this Note.

Interest in financial instruments subject to floating interest rates is repriced regularly. The other financial instruments of the Group and of the Company that are not included in the part (ii) are not subject to interest rate risks.

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting periods in the case of instruments that have floating rates. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

Interest risk sensitivity

If the interest rates had been 100 basis point higher or lower and all other variables were held constant, the Group's profit for the year ended 31 March 2014 would increase/ decrease by $9,585 (2012: $3,323). This mainly attributable to the Group's exposure to interest rates on its variable rates borrowings.

(ii) Liquidity risk

The Group and Company monitors its liquidity risk and maintains a level of cash and bank balances deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. Management monitors the Group's and the Company's liquidity reserve, comprising cash and cash equivalents (Note 9) on the basis of expected cash flows.

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay.

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28. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(ii) Liquidity risk (Continued)

Group	Weighted average interest rate	On demand or not later than 1 year	Later than 1 year and not later than 5 years
	%	$	$
31 March 2014			
Trade and other payables	**–**	**4,404,751**	**–**
Shares with preference rights (Note 10) *	**–**	**514,134**	**6,818,956**
Interest bearing borrowings, secured :			
- Banker's acceptance (Floating rates)	**4.58 – 4.75**	**441,584**	**–**
- Foreign currency loan (Floating rates)	**2.84**	**713,247**	**–**
Finance lease obligations (Fixed rates)	**2.49**	**66,968**	**74,748**
		6,140,684	**6,893,704**
31 December 2012			
Trade and other payables	–	7,516,913	–
Shares with preference rights (Note 10) *	–	527,150	7,054,300
Interest bearing borrowings, secured :			
- Trust receipts (Floating rates)	8.60	332,286	–
Finance lease obligations (Fixed rates)	4.48	50,531	120,911
		8,426,880	7,175,211

* Inclusive of cumulative preference dividend of RM 0.1024 equivalent to $0.0395 (2012:$ 0.0405), per Class A share of KLWR for the year ended 2014 until 2016 (2012 : 2013 until 2015) (Note 10) on the assumption that KPFB does not exercise the Put Option and continues to hold Class A shares until the Put Option expires.

Company	Weighted average interest rate	On demand or not later than 1 year	Later than 1 year and not later than 5 years
	%	$	$
31 March 2014			
Trade and other payables	**–**	**1,955,978**	**–**
Shares with preference rights (Note 10) **	**–**	**–**	**5,790,000**
Finance lease obligations (Fixed rates)	**2.49**	**24,564**	**14,929**
Financial guarantees		**1,154,831**	**–**
		3,135,373	**5,804,929**

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28. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(ii) Liquidity risk (Continued)

Company	**On demand or not later than 1 year**	**Later than 1 year and not later than 5 years**
	$	**$**
31 December 2012		
Trade and other payables	6,636,502	–
Shares with preference rights (Note 10) **	–	6,000,000
Financial guarantees	332,286	–
	6,968,788	6,000,000

** This amount represents the proceeds or consideration received for the disposal of the Class A shares of KLWR (Note 10), which was equivalent to RM15 million in 2010. Management is of the view that the maximum contractual cash flows cannot be reasonable determined as at the balance sheet date.

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

Company	**On demand or not later than 1 year**
	$
31 March 2014	
Financial guarantees	**1,154,831**
31 December 2012	
Financial guarantees	332,286

(iii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Exposure to the credit risk is monitored on an ongoing basis.

Notes to the Financial Statements

for the financial period from 1 January 2013 to 31 March 2014
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28. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

At the balance sheet date, approximately:

– $2,186,793 (2012: $2,316,030) of the Group's trade receivables were due from 3 (2012: 3) major customers in Door business segment, mainly building material suppliers in United Kingdom. Approximately, $6,302,000, $12,875,000 and $7,893,000 (2012: $4,079,000, $5,127,000, $7,346,000), representing 16%, 33%, and 20% (2012: 13%, 16%, and 23%) respectively of the Group's revenue are generated from these 3 customers during the financial period.

– $1,372,384 (2012: $1,566,602) of the Group's gross amounts due from customers for contract work were due from 2 (2012: 2) major customers in Door business segment, mainly are the turnkey contractors of the residential projects in Singapore.

– $2,327,592 (2012: $2,327,592) of the Group's deposits were due from 1 (2012: 1) lessor of a subsidiary's office premise that representing 85% (2012: 89%) of total refundable deposits.

– $1,602,186 and $307,728 (2012: $1,157,235 and $172,688) the Group's and Company's other receivables (Note 8) are amounts due from the former subsidiaries included in the Disposal Group.

As the Group and Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instrument is the carrying amount of that class of financial instruments presented on the balance sheet.

The credit term granted to trade receivables range from 30 to 90 days (2012: 30 to 90 days) term. No interest is charged on the trade receivables balances.

Cash and bank balances are placed with reputable financial institutions. Therefore, credit risk arises mainly from the inability of its customers to make payments when due. The amounts presented in the balance sheets are net of allowances for impairment of trade receivables, estimated by management based on prior experience and the current economic environment. The age analysis of trade receivables is as follows:

	Group		Company	
	31 March 2014	31 December 2012	**31 March 2014**	31 December 2012
	$	$	**$**	$
Not past due and not impaired	**678,851**	638,654	**10,575**	–
Past due but not impaired				
- Past due 0 to 3 months	**2,030,613**	2,721,267	**–**	–
- Past due 3 to 6 months	**120,354**	289,895	**–**	–
- Past due over 6 months	**127,428**	95,675	**–**	–
	2,278,395	3,106,837	**–**	–
Past due and impaired trade receivables	**227,463**	238,154	**299,529**	299,529
Less: Allowance for impairment loss	**(227,463)**	(238,154)	**(299,529)**	(299,529)
	2,957,246	3,745,491	**10,575**	–

The movement in allowance for impairment loss is show on Note 8.

Notes to the Financial Statements

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28. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

Trade receivables that are individually determined to be impaired at the balance sheet related to debtors that are in financial difficulties and have defaulted on payment as well as by reference to past default experience. Included in the Group's trade receivables balance are debtors with total carrying amount of $2,278,395 (2012: $3,106,837), which are past due but not impaired as there has not been a significant change in credit quality and the amount are still considered recoverable.

The Group's and the Company's trade receivables of $678,851 (2012: $638,654) and $10,575 (2012: Nil) that are neither past due and not impaired are with creditworthy debtors with good payment record with the Group and the Company . These balances are fully recoverable.

As at balance sheet date, the Company provided an impairment allowance of an aggregate amount of $8,339,528 (2012: $10,667,120) on advances to its subsidiaries (trade and non-trade) as disclosed in Note 8. These pertain to subsidiaries which are incurring losses and deemed financially unable to repay.

(iv) Financial instruments by category

	Group		Company	
	31 March 2014	31 December 2012	**31 March 2014**	31 December 2012
	$	$	**$**	$
Available-for-sale financial assets	**2,767**	2,767	**–**	–
Loans and receivables (including cash and bank)	**20,154,420**	10,491,439	**11,631,041**	12,648,026
	20,157,187	10,494,206	**11,631,041**	12,648,026
Financial liabilities at amortised cost	**11,476,698**	13,999,935	**7,779,318**	12,636,502

Capital risk management policies and objectives

The Group's policy is to maintain adequate capital based of ensure continuity as a going concern and maintain an optimal capital structure for expansion plan of the group. The Group funds its operations and growth through a mix of equity and debts by maintenance of adequate lines of credit and assessing the need to raise additional equity where required.

Management monitors capital based on gearing ratio to ensure compliance with all borrowing covenants.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payable less cash and cash equivalents. Total capital is calculated as equity plus net debt.

Notes to the Financial Statements

for the financial period from 1 January 2013 to 31 March 2014
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28. FINANCIAL INSTRUMENTS (Continued)

Capital risk management policies and objectives (Continued)

Based on the financial information gathered:

	Group		Company	
	31 March 2014	31 December 2012	**31 March 2014**	31 December 2012
	$	$	**$**	$
Total borrowings and payables	**11,476,698**	13,999,935	**7,779,318**	12,636,502
Cash and cash equivalents	**(10,803,453)**	(556,858)	**(40,653)**	(11,033)
Net debt	**673,245**	13,443,077	**7,738,665**	12,625,469
Total equity	**24,378,604**	10,722,377	**27,282,140**	12,737,889
Total capital	**25,051,849**	24,165,454	**35,020,805**	25,363,358
Gearing ratio	**0.03**	0.56	**0.22**	0.50

The Board of Directors reviews the capital structure on an annual basis. As part of this review, the committee considers the cost of capital and the risk associated with each class of capital, and monitors the gearing ratio. Based on recommendations of the committee, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or redemption of existing debts.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

29. FAIR VALUES OF ASSETS AND LIABILITIES

(i) Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value (recurring measurements) by level of fair value hierarchy as at 31 March 2014 and 31 December 2012:

	Group			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	$	**$**	**$**	**$**
31 March 2014				
Non-financial assets - recurring				
Leasehold land and buildings	**–**	**9,733,627**	**–**	**9,733,627**
31 December 2012				
Non-financial assets - recurring				
Leasehold land and buildings	–	7,646,471	–	7,646,471

Notes to the Financial Statements

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29. FAIR VALUES OF ASSETS AND LIABILITIES (Continued)

(i) Fair value of financial instruments that are carried at fair value (Continued)

Fair value hierarchy

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

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

There have been no transfers between Level 1 and Level 2 during the financial period / year ended 31 March 2014 and 31 December 2013.

Determination of fair value

Leasehold land and buildings (Note 3):

The fair value of leasehold land have been determined based on the market comparison approach that reflects most recent transaction prices for similar properties, after adjusting for relevant factors such as location, land area etc; whilst the fair value of the factory and office building erected thereon have been determined based on replacement cost approach that reflects the current cost of replacing the building adjusting for physical, functional and economic obsolescence. The properties are held for the Group's own use as manufacturing facilities which represents the assets' highest and best use.

(ii) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of financial assets and financial liabilities reported on the balance sheet are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are repriced to market interest rate on or near the balance sheet date.

(iii) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

As at balance sheet date, the carrying amounts of financial assets and financial liabilities that is not carried at fair value a reasonable approximation of their fair value:

	Note	Carrying amounts		Fair values	
		31 March 2014	31 December 2012	**31 March 2014**	31 December 2012
Group		**$**	$	**$**	$
Financial assets:					
- Other receivables	8	**456,512**	–	**430,672***	–
Financial liabilities:					
- Obligations under finance lease	11	**67,336**	106,502	**63,386**	89,514
- Share with preference rights	10	**5,790,000**	6,000,000	**#**	#

* The fair value is determined by reference to the market interest rate by reputable financial institutions and is discounted to present value.

Notes to the Financial Statements

for the financial period from 1 January 2013 to 31 March 2014
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29. FAIR VALUES OF ASSETS AND LIABILITIES (Continued)

(iii) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value (Continued)

	Note	Carrying amounts		Fair values	
		31 March 2014	31 December 2012	**31 March 2014**	31 December 2012
Company		**$**	$	**$**	$
Financial liabilities:					
- Obligations under finance lease	11	**12,914**	–	**11,465**	–
- Share with preference rights	10	**5,790,000**	6,000,000	**#**	#

The fair values of obligations under finance lease are determined from a discounted cash flow analysis, using a discount rate based upon the borrowing rates which the directors expect would be available to the Group and Company at the balance sheet date. The interest rates used to discount estimated cash flows ranges for the Group's and Company's are 2.49% (2012: 3.44%) and 2.50% (2012:Nil) per annum respectively.

\# Fair value of the shares with preference rights cannot be reliably estimated as the shares are unquoted shares with preference rights and put option attached, and there is no comparable quoted price in an active market for an identical asset. In addition, the timing of the cash outflow in the event that the irrevocable put option was exercised by the counterparty cannot be reliably estimated at the balance sheet date.

30. COMPARATIVES

On 26 June 2013, the Group and the Company changed the financial year end from 31 December to 31 March. The financial statements of the Group for the period ended 31 March 2014 were for a period of 15 months. Accordingly, the consolidated financial statements of comprehensive income, consolidated statement of cash flows and the relevant notes are not comparable.

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. As a result, certain line items have been amended on the face of statement of cash flow. Comparative figures have been adjusted to conform with the current year's presentation.

	Group	
	31 December 2012 balances as restated	**31 December 2012 balances as previously reported**
Consolidated statement of cash flow		
Net cash (used in) / from investing activities	(285,121)	872,114
Net cash used in financing activities	(491,109)	(1,648,344)

Notes to the Financial Statements

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31. SUBSEQUENT EVENTS

(a) On 15 November 2013, the Company entered into a conditional subscription and subscription option agreement ("Agreement") with Prince Abdul Qawi ("Subscriber"). Pursuant to the Agreement:

(i) the Company has agreed to allot and issue 500,000,000 new ordinary shares ("Shares") in the capital of the Company ("Placement Shares") at an issue price of $0.02 per Placement Share ("Issue Price") to the Subscriber ("Placement");

(ii) the Company has agreed to grant to the Subscriber an option ("Call Option") to require the Company to allot and issue up to 2,000,000,000 new Shares ("Call Option Shares") at the Issue Price during a period ("Call Option Period") commencing after the Placement Completion Date and ending 24 months thereafter; and

(iii) the Subscriber has agreed to grant to the Company the option ("Put Option") to require the Subscriber to subscribe such number of Call Option Shares that has not been allotted and issued to the Subscriber and/or Subscriber Nominee pursuant to exercise of the Call Option ("Put Option Shares") at the Issue Price during a period ("Put Option Period") commencing after the last day of the Call Option Period and ending 6 months thereafter.

Subsequently on 3 April 2014, the Company entered into a supplemental deed (the "Supplemental Deed") with the Subscriber to supplement and vary the Agreement in the manner as set out in the Supplemental Deed. The salient amendments pursuant to the Supplemental Deed are substantially as follows:

(i) Extension of the long stop date for the satisfaction of the conditions precedent set out in the Agreement from 15 May 2014 to 15 June 2014;

(ii) The Company shall, not later than one month before the expiry of the Call Option Period or the Put Option Period as the case may be, give notice to the Subscriber in accordance with the Agreement, of the expiry of the Call Option Period or the Put Option Period as the case may be and announce the same on the SGX-ST;

(iii) That any material alterations to the terms of the Subscription Option to the advantage of the Subscriber or Subscriber Nominee is subject to the approval of the Shareholders and the SGX-ST;

(iv) Definition of "Call Option Shares" and "Put Option Shares" shall be amended to clarify that the number of Call Option Shares and Put Option Shares are subject to adjustments in the event of certain corporate exercises which include any consolidation, subdivision of the Shares, capitalisation issue, capital distribution, rights issue and issue at discount other than by way of rights; and

(v) Definition of "Placement Completion Date" shall be amended to clarify that if the Rights cum Warrants Issue is not approved by Shareholders, it would fall on one Market Day after the date of the Extraordinary General Meeting convened to seek Shareholders' approval for the Rights cum Warrants Issue.

On 9 June 2014, the Company has completed the Placement with the issue and allotment of 500,000,000 placement shares at an issue price of $0.02 per placement share in accordance to with the terms of the Agreement, raising a gross proceeds of $10 million. The placement shares are listed and quoted on 10 June 2014.

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31. SUBSEQUENT EVENTS (Continued)

(b) On 15 November 2013, the Company announced the proposed renounceable non-underwritten Rights cum Warrants Issue of up to 2,440,278,158 Rights shares in the capital of the Company to be issued at an issue price of S$0.02 each, with up to 2,440,278,158 free detachable Warrants, each warrants carrying the right to subscribe for one (1) share in the Capital of the Company at an Exercise price of $0.07 for each warrant share, on the basis of one (1) Rights share with one (1) Warrant for every one (1) Share held in the capital of the Company, fractional entitlements to be disregarded.

On 10 June 2014, the Company announced the lodgement of the Offer Information Statement and the despatched of the Offer Information Statement to the entitled shareholders on 11 June 2014.

(c) On 15 November 2013, the Company entered into a non-binding term sheet in relation to a proposed acquisition of :

(i) At least 30% equity interests in Wah Loon Engineering Pte Ltd ("Wah Loon") and certain of its subsidiaries, for S$60 million; and/or

(ii) Remaining 70% equity interest in Wah Loon for S$140 million.

As of the date of this report, the Company has not agreed on any definitive terms for the proposed acquisition.

As disclosed in Note 4, proceeds received from rights issue during the financial period was used to subscribe for additional share capital in Ambertree Pte. Ltd., a wholly owned subsidiary of the Company for the purpose of funding new business opportunities and acquisition of assets. In line with this and coincide with other multiple corporate proposals and fund-raising exercises mentioned above, the directors are contemplating venturing into property-related businesses as strategy to elevate profitability of the Group, amidst several investment opportunities are still at evaluation stage, subsequent to balance sheet date.

Size of Shareholdings

as at 18 June 2014

Size of Shareholdings	No. of Shareholders	Percentage	No. of Shares Held	Percentage
1 – 999	110	3.15%	6,480	0.00%
1,000 – 10,000	846	24.22%	3,960,167	0.13%
10,001 – 1,000,000	2,315	66.28%	435,681,011	14.82%
1,000,001 and above	222	6.35%	2,500,630,500	85.05%
	3,493	100%	2,940,278,158	100%

Number of shares	:	2,940,278,158
Class of shares	:	ordinary shares
Voting rights	:	one vote per share

Based on information available to the Company as at 18 June 2014, approximately 61.32% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

Top Twenty Shareholders As At 18 June 2014

S/No.	Name	Shares	Percentage
1	UOB KAY HIAN PTE LTD	669,197,000	22.76
2	LEE BOON TECK	630,428,000	21.44
3	BANK OF SINGAPORE NOMINEES PTE LTD	68,411,000	2.33
4	KOH KOW TEE MICHAEL	46,000,000	1.56
5	CITIBANK NOMINEES SINGAPORE PTE LTD	41,060,000	1.40
6	BAY KIM TEE	36,758,000	1.25
7	MAYBANK KIM ENG SECURITIES PTE LTD	33,057,000	1.12
8	OCBC SECURITIES PRIVATE LTD	30,187,000	1.03
9	TAN MENG CHIANG	26,850,000	0.91
10	MAYBANK NOMINEES (S) PTE LTD	24,156,000	0.82
11	LIM ENG HOON	23,379,000	0.80
12	UNITED OVERSEAS BANK NOMINEES PTE LTD	22,951,400	0.78
13	RAFFLES NOMINEES (PTE) LTD	22,414,000	0.76
14	LEOW HOCK BENG	22,399,000	0.76
15	NEO KIM LAN	20,379,000	0.69
16	DBS NOMINEES PTE LTD	19,291,710	0.66
17	CIMB SECURITIES (SINGAPORE) PTE LTD	16,620,001	0.57
18	PHILLIP SECURITIES PTE LTD	16,314,190	0.55
19	TAN SOO CHONG	16,000,000	0.54
20	GAW KUAN CHING (WU GUANGJING)	15,376,199	0.52
		1,801,228,500	61.25

Substantial Shareholders

As shown in the Register of Substantial Shareholders

		No of Shares	
	Name of Shareholders	Direct Interest	Deemed Interest
1	Pengiran Muda Abdul Qawi	–	500,000,000#
2	Lee Boon Teck	630,428,000	3,414,000*

held under the name of UOB Kay Hian Pte Ltd

* held under the name of DBS Nominees Pte Ltd

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **KLW HOLDINGS LIMITED** will be held at 19 Senoko Loop, Singapore 758169 on 24 July 2014 at 10.30 am to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Accounts of the Company and the Group for the financial period ended 31 March 2014 together with the Auditors' Report thereon. **[Resolution 1]**

2. To approve the payment of Directors' Fees of S$135,000/- for the financial period ended 31 March 2014. [2012: S$108,000/-]. **[Resolution 2]**

3. To re-elect Mr Low Hai Lee who is retiring pursuant to Article 109 of the Company's Articles of Association. **[Resolution 3]**

   Mr Low is an independent director and will, upon re-election as a Director of the Company, remain as the chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. Mr Low will be considered independent for the purpose of Rule 704(7) of the Catalist Rules.

4. To re-appoint Messrs Crowe Horwath First Trust LLP as auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **[Resolution 4]**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following **Ordinary Resolution**, with or without any modifications:

6. **Authority to issue shares**

   "THAT pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual Section B: Rules of Catalist ("Catalist Rules") of Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to:-

   (a) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options or other instruments convertible into shares (collectively "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

Notice of Annual General Meeting

provided that:-

(A) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution does not exceed 100 per cent (100%) of the total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (B) below), of which the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to existing shareholders of the Company does not exceed 50 per cent (50%) of the total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (B) below);

(B) (subject to such manner of calculation as may be prescribed by SGX-ST), for the purpose of determining the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) that may be issued under sub-paragraph (A) above, the percentage of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) at the time of the passing of this Resolution, after adjusting for :-

a. new shares arising from the conversion or exercise of any convertible securities;

b. new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of passing of the resolution approving this Resolution provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

c. any subsequent bonus issue, consolidation or subdivision of shares;

(C) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by SGX-ST) and the Articles of Association of the Company; and

(D) and unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.”
[See Explanatory Note] **[Resolution 5]**

BY ORDER OF THE BOARD

JENNIFER LEE SIEW JEE
Company Secretary

Singapore, 4 July 2014

Notice of Annual General Meeting

Notes:

1. A member entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote in his stead.

2. Where a member appoints more than one proxy, he shall specify the percentage of shares to be represented by each proxy, failing which, the first named proxy shall be deemed to represent 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

3. A proxy need not be a member of the Company.

4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the meeting.

5. The instrument appointing a proxy must be deposited at the registered office of the Company, at 19 Senoko Loop, Singapore 758169 not less than 48 hours before the time appointed for holding the meeting.

Explanatory Note:

The Resolution 5 proposed in item 6 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to allot and issue shares in the Company. The number of shares that the Directors may allot and issue under this resolution would not exceed one hundred per centum (100%) of the total number of issued shares in the capital of the Company at the time of the passing of this resolution. For issue of shares other than on a pro rate basis to all shareholders, the aggregate number of shares to be issued shall not exceed fifty per centum (50%) of the total number of issued shares in the capital of the Company.

PROXY FORM

KLW HOLDINGS LIMITED

(Company Registration No. 199504141D)
(Incorporated in the Republic of Singapore)

IMPORTANT
1. For investors who have used their CPF moneys to buy KLW Holdings Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend the Meeting as an observer must submit their requests through the CPF Approved Nomnees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominee within the time frame specified to enable them to vote on their behalf.

*I/We, ______________________________ (*Name*) ____________________ (NRIC/Passport No.)

of ____ (*Address*)

being a member/members of the abovenamed Company, hereby appoint:-

Name	Address	NRIC / Passport No.	Proportion of Shareholdings
and/or (delete as appropriate)			

or failing him/her, the Chairman of the meeting as my/our proxy/proxies to vote for me/us and on my/our behalf at the Annual General Meeting of the Company (the "Meeting") to be held on 24 July 2014 at 10.30 am and at any adjournment thereof. The proxy/proxies will vote on the business before the Meeting as indicated below. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the Meeting.

RESOLUTIONS	To be used on show of hands or the event of a Poll	
	No. of votes For**	No. of votes Against**
Resolution 1 Directors' Report and Audited Accounts for the period ended 31 March 2014		
Resolution 2 Directors' Fees for the period ended 31 March 2014		
Resolution 3 Re-election of Mr Low Hai Lee as a Director.		
Resolution 4 Re-appointment of Messrs Crowe Horwath First Trust LLP as Auditors		
Resolution 5 Authority to issue shares		

** If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided.
Alternatively, please indicate the number of votes as appropriate.

Dated this __________ day of ____________________ 2014

Total number of Shares in:	No. of Shares
1. CDP Register	
2. Register of Members	

____
Signature/Common Seal of Member

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:-

(1) Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

(2) A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint more than one proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.

(3) Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any other named proxy as alternate(s) to the first named.

(4) Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

(5) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 19 Senoko Loop Singapore 758169 not later than 48 hours before the time appointed for the Meeting.

(6) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

(7) A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

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. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Corporate Information

BOARD OF DIRECTORS

Mr Lee Boon Teck
Executive Chairman and Managing Director

Mr Ho Pong Chong
Lead Independent Director

Mr Teo Hin Guan
Independent Director

Mr Low Hai Lee
Independent Director

COMPANY SECRETARY

Ms Jennifer Lee Siew Jee, FCIS

Intertrust Singapore Corporate Services Pte Ltd
3 Anson Road #27-01
Springleaf Tower
Singapore 079909

REGISTERED OFFICE

19 Senoko Loop Singapore 758169

Telephone : 6754 1854

Fax : 6752 9908

Website : www.klw.com.sg

REGISTRAR AND SHARE TRANSFER OFFICE

Intertrust Singapore Corporate Services Pte Ltd
3 Anson Road #27-01
Springleaf Tower
Singapore 079909

EXTERNAL AUDITOR

Crowe Horwath First Trust LLP
8 Shenton Way
#05-01 AXA Tower
Singapore 068811

Partner-in-charge: **Mr Alfred Cheong**
Year of appointment: 2010

INTERNAL AUDITOR

NeedsBridge Advisory Sdn Bhd
No 139-2 Jalan SP1
Taman Semabok Perdana
75050 Melaka
Malaysia

Director-in-charge: **Mr Pang Nam Ming**
Year of appointment: 2012

SPONSOR

RHT Capital Pte. Ltd.
Six Battery Road
#10-01
Singapore 049909

Registered Professional: **Mr Chew Kok Liang**
Year of appointment: 2013

BANKER

Oversea-Chinese Banking Corporation Limited
63 Chulia Street
OCBC Centre
Singapore 049514

HSBC Bank Malaysia Berhad
2nd Floor, No 46
Jalan Molek 1/10, Taman Molek
81100 Johor Bahru
Malaysia

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