



GUTHRIE GTS LIMITED
Annual Report 2010



GUTHRIE
GTS
Since 1821

The Drive for Excellence

ABOUT GUTHRIE GTS

Our Group maintains a synergistic alignment of three key business lines:

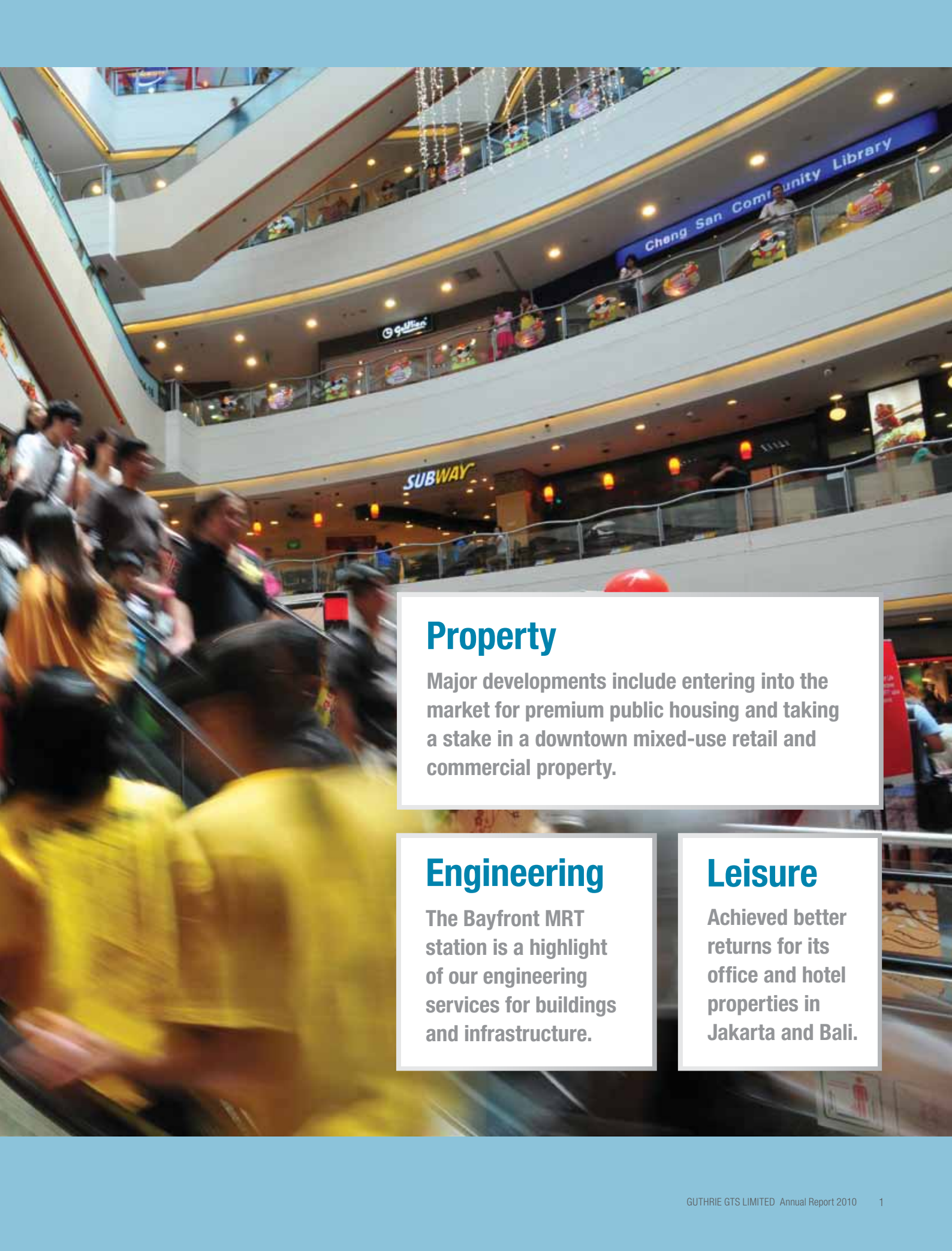
Property Engineering & Leisure

These businesses operate on the back of a proven track record and a dedicated team.

CONTENTS

2	Chairman's Message	24	Corporate Information
6	Board of Directors	25	Corporate Governance Statement
8	Key Financial Data	35	Financial Statements
9	Guthrie GTS Group Operations Structure	128	Statistics of Shareholdings
10	Operations Review: Property	130	Notice of Annual General Meeting Proxy Form
16	Operations Review: Engineering		
20	Operations Review: Leisure		





Property

Major developments include entering into the market for premium public housing and taking a stake in a downtown mixed-use retail and commercial property.

Engineering

The Bayfront MRT station is a highlight of our engineering services for buildings and infrastructure.

Leisure

Achieved better returns for its office and hotel properties in Jakarta and Bali.

Chairman's Message

FY2010 was an excellent year for the Guthrie Group. Profit attributable to the Company's shareholders for the year increased 68.8% to \$116.6 million. This improvement can be attributed to the generally better operating environment and a healthy increase in the fair value of our portfolio of investment properties.

I am pleased to inform shareholders, that for the financial year ended 31 December 2010, the Board of Directors has proposed a total dividend payment of 2.5 cents; comprising a first and final ordinary dividend of 1.25 cents per share and a special dividend of 1.25 cents per share, both tax exempt (one-tier). This is an increase from 1.25 cents per share in FY2009. The Board's decision to increase the total dividend payout for the year in review was made after taking into consideration the Group's results, its strategic plans, and financial resources.

Corporate Review for 2010

The Property Division performed well in 2010 and accounted for 71.9% of the Group's total segment results. Including the fair value gains on investment properties held by the Group, the Division contributed \$109.2 million to the Group's profit before income tax of \$135.6 million.

The Group's mall management, retail planning and development consultancy services were active throughout the year. It was involved in the asset enhancement, retail planning, marketing and management of the Taimall Nankan Family Entertainment and Shopping Centre in Taoyuan, Taiwan. Guthrie is the mall manager of nex, the biggest suburban shopping centre in the north-east corridor of Singapore. It was also involved in the retail consultancy, project management and marketing of the mall.

In May 2010, the Property Division, together with a joint venture partner, successfully tendered for a HDB project under the Design, Build and Sell Scheme. The project is called Adora Green and was launched in February 2011. Sales applications received to-date have been positive. This project is expected to be completed in 2014.

During the course of the year, the Group divested its investments of 5 units of shophouses at Amoy Street and 6 office units in Guthrie Building at Changi Road. In December 2010, the Group entered into a joint venture to acquire 163 strata-titled units in The Adelphi. The units are a mixture of office and retail units and represent 55% of the total share value of The Adelphi.

The Engineering Division performed well, contributing higher profits in FY2010, as compared to the previous financial year. It contributed \$14.5 million to the Group's segment results despite lower revenue of \$172.2 million. The Division accounted for 22.5% of the Group's segment results.

During the year, the Engineering Division secured several local engineering projects including air-conditioning works at d'Leedon, a condominium project at Farrer Road and an integrated civic, cultural, retail and entertainment hub located at Vista Exchange Green and Rochester Drive. The Division also secured several airfield lighting projects at Seletar Airport.

“ I am pleased to inform shareholders, that for the financial year ended 31 December 2010, the Board of Directors has proposed a total dividend payment of 2.5 cents... This is an increase from 1.25 cents per share in FY2009. ”



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- 1. nex, the largest shopping mall in Singapore's north-east
- 2. Replacement of main air-conditioning switchboard at Comcentre, Exeter Road, Singapore
- 3. Taimall, Taoyuan, Taiwan
- 4. Jurong Point's popular Gourmet Garden



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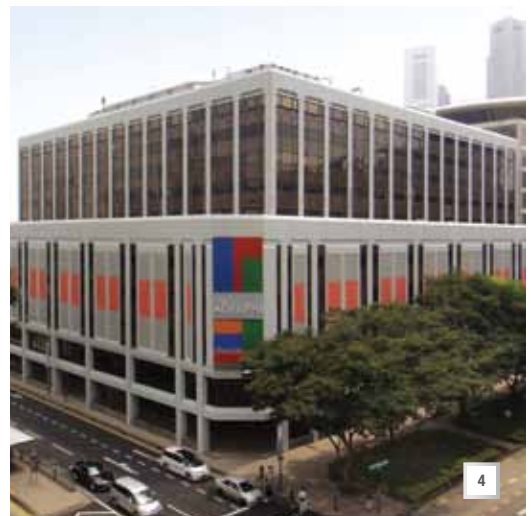


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Chairman's Message



1. Installation of air-conditioning, mechanical ventilation and electrical systems for Bayfront and Marina Bay MRT stations, Singapore
2. Installation of high mast floodlights at Seletar Airport, Singapore
3. Novotel Bali Benoa's private pool villa, Bali, Indonesia
4. The Adelphi, Singapore
5. Pool bar at Hotel Nikko, Jakarta, Indonesia



The Leisure Division as a whole, performed creditably in FY2010 and reported better results as compared to FY2009.

The average occupancy rates for both the Wisma Nusantara office building and Hotel Nikko in Jakarta, as well as the Novotel Bali Benoa hotel in Bali, remained strong. The total number of available rooms in the Hotel Nikko has increased to 427, following the completion of the final upgrading phase involving 166 rooms at the main wing. This increase puts the 5-star hotel in good stead to cater to the expected rise in business travellers and tourists.

The Novotel Vientiane hotel in Laos recorded a decrease in its occupancy rate in 2010 from 2009 as the travel market was affected by the uncertainty arising from the unsettled political situation in neighbouring Thailand. The Indah Puri Resort in Batam continued to face stiff competition from the regional golf courses, as well as increased operational costs.

2011 - The Year Ahead

After the exceptional growth rate achieved for the Singapore economy in 2010, some moderation is expected in 2011. There are several general risk factors that can have an impact on our Group's business which include the possible tightening of monetary policy to combat inflation, the discontinuance of stimulus packages and any regional political instability. Also, the full effect of the recent natural disaster in Japan, on regional economies, is yet uncertain.

The Group's Property Division is mindful of competition, cost pressures and the planning and regulatory landscape in its operating environment. Additionally, there is no certainty that the significant increase in the fair value of its investment properties reported for 2010 can be maintained. The Division will continue to review and embark on strategies so as to maintain the current healthy level of occupancy and rental rates in its major retail properties for 2011.

The Group's Engineering Division continues to face challenges in its industry, such as competition and cost pressures in the year ahead. The Division will strive for resilience and excellence in facing these challenges.

The Leisure Division is dependent on travel patterns and tourism sentiment regionally as well as worldwide. The competitive nature of the leisure business as well as these external conditions will influence the performance of this Division in 2011.

Appreciation

Our achievements would not have been possible without the dedicated efforts of my fellow directors, management team and employees who worked tirelessly to inspire the Group to such a good performance for the year.

I also wish to extend my sincere thanks to our shareholders, business partners and all our other stakeholders who have contributed towards our success for the year in review.

I look forward to many more years of continued support from everyone.

PUTRA MASAGUNG

Chairman

Guthrie GTS Limited
28 March 2011

“ **Our achievements would not have been possible without the dedicated efforts of my fellow directors, management team and employees who worked tirelessly to inspire the Group to such a good performance for the year.** ”

Board of Directors

PUTRA MASAGUNG

Non-Executive Chairman

Date of first appointment: 10 December 1987
Date of last re-election: 27 April 2010

Mr Putra Masagung has been with the Company since 1987. He was initially appointed as a Non-Executive Chairman. In 1994, he assumed executive functions and became the Executive Chairman. In 2008, Mr Masagung relinquished his executive functions within the Group. He remains as a Non-Executive Director and Chairman of the Board and is also a member of the Nomination Committee. Mr Masagung is a graduate with a Bachelor of Science degree in International Business from the University of San Francisco.

BEN YEO CHEE SEONG

Group Managing Director

Date of first appointment: 10 December 1987
Date of last re-election: 27 April 2010

Mr Ben Yeo has been a Director of the Company since 1987 and was appointed Group Managing Director in 1994. He is a member of the Association of Chartered Certified Accountants and a member of the Institute of Chartered Accountants in England and Wales. Mr Yeo has over 35 years of working experience across various fields such as audit, finance, management and in particular, the real estate industry. He also serves as a member of the Board of Management of Anglo-Chinese School (Independent) and is the Chairman of its Finance Committee.

HARRY ONG KIM SENG

Deputy Group Managing Director

Date of first appointment: 6 March 1996
Date of last re-election: 28 April 2009

Mr Harry Ong has been an Executive Director of the Company since 1996 and was appointed Deputy Group Managing Director in 2004. He deputises for the Group Managing Director and in particular, oversees the Leisure Division as well as finance, administration and investments at the Group level. Prior to joining the Group, Mr Ong worked in investment banking and corporate finance and advisory, with a focus on Asia. He has held directorship and senior management positions in the Singapore offices of various international investment banks prior to joining the Group. He is a graduate with a Bachelor of Business Administration degree from the then University of Singapore.

ONG KIN BEE

Executive Director (Engineering Division)

Date of first appointment: 30 November 1993
Date of last re-election: 28 April 2008

Mr Ong has a professional career spanning almost 40 years; starting his career as an engineer with the then Singapore Telephone Board. He has been with the Guthrie Group since 1973. Through the years, he has risen through the ranks and has been in charge of the Group's Engineering Division since 1988. He was appointed Executive Director of the Company in 1993. He graduated with a Bachelor of Engineering (Honours) from the then University of Singapore and is a professional engineer.

MICHAEL LEONG CHOON FAI

Executive Director (Property Division)

Date of first appointment: 3 February 2000
Date of last re-election: 27 April 2010

Mr Michael Leong has been an Executive Director of the Company since 2000 and has led the Group's Property Division since 1996. He has more than 30 years experience in the real estate sector focusing on the shopping centre industry. Prior to joining the Group, Mr Leong was involved in the marketing and management of several well-established shopping malls in Singapore such as Parkway Parade and Marina Square. He is a property graduate from the University of Newcastle (Australia) and is also an active council member of The Association of Shopping Centres, Singapore.

GIAM CHIN TOON

Independent Director

Date of first appointment: 2 December 1991
Date of last re-election: 28 April 2009

Mr Giam was appointed a Non-Executive Director of the Company in 1991. He has been Chairman of the Audit Committee since 1992 and is a member of the Nomination and Remuneration Committees. He is an advocate and solicitor and a Senior Counsel. He is a senior partner of the law firm Wee Swee Teow & Co. He currently serves as a non-executive director of several public and private companies. Mr Giam is Singapore's Non-Resident Ambassador to Peru and Non-Resident High Commissioner to Ghana.

ALBERT HONG HIN KAY

Independent Director

Date of first appointment: 1 September 1990

Date of last re-election: 27 April 2010

Dr Albert Hong was appointed a Non-Executive Director of the Company in 1990. He has been a member of the Audit Committee since 2003 and is also the Chairman of the Nomination and Remuneration Committees. An architect by profession, he is the Chairman of RSP Architects Planners & Engineers (Pte) Ltd. In 2008, Dr Hong was conferred the distinguished award “Panglima Negara Bintang Sarawak (PNBS)” which carried the title Dato Sri by Tuan Yang Terutama Yang Di-Pertua Negeri Sarawak. The award is a well deserved recognition of his long and dedicated service and his contributions as an architect and entrepreneur to the development of Sarawak and Malaysia. In 2009, Dr Hong was conferred an Officer of the Order of the British Empire (OBE) by Queen Elizabeth II.

PHILIP TAN YUEN FAH

Independent Director

Date of first appointment: 14 July 2004

Date of last re-election: 28 April 2009

Mr Philip Tan was appointed a Non-Executive Director of the Company in 2004. He has been a member of the Audit Committee since 2004 and is also a member of the Remuneration Committee. He holds a Bachelor of Accountancy from the then University of Singapore and a Bachelor of Laws from the University of Wolverhampton (United Kingdom). Mr Tan worked for a local bank for about 22 years and was an Executive Vice President before he retired in 2002.

HARTONO GUNAWAN

Non-Executive Director

Date of first appointment: 3 May 2007

Date of last re-election: 28 April 2008

Mr Hartono Gunawan was appointed a Non-Executive Director of the Company in 2007. He was appointed an Executive Director of the Salim Group in 1990. Since then, he has served and continues to serve on the board of commissioners and the board of directors of various Indonesian companies within the Salim Group. As a senior Executive Director of the Salim Group, Mr Gunawan is responsible for the overall corporate governance of the Salim Group including setting its direction, establishing goals for management and monitoring the achievement of those goals. He has spearheaded numerous investment projects for the Salim Group in Indonesia, Russia, China, Europe, Thailand, Vietnam, Malaysia, Philippines and Australasia, and is the principal director of the corporate and other business entities overseeing such investments. He graduated from the University of Indonesia in 1979 with an accounting degree (Drs-Doctorandus – Universitas Indonesia).

TAN HANG HUAT

Non-Executive Director

Date of first appointment: 3 May 2007

Date of last re-election: 28 April 2008

Mr Tan was appointed a Non-Executive Director of the Company in 2007. He joined the KMP Group (a satellite of the Salim Group in Singapore) in 1990. He was appointed Group Managing Director of the KMP Group in 2004. He also serves on the board of commissioners and the board of directors of various Indonesian companies as well as Singapore companies within the Salim Group. As the Group Managing Director of the KMP Group, he is responsible for the overall corporate stewardship function of the KMP group of companies with business activities ranging from livestock farming to leisure management. Mr Tan graduated from the University of Newcastle (Australia) with a Bachelor of Commerce degree majoring in Accountancy and a Master of Business Administration majoring in Strategic Management and Marketing.

ERNEST SEOW TENG PENG

Independent Director

Date of first appointment: 19 October 2007

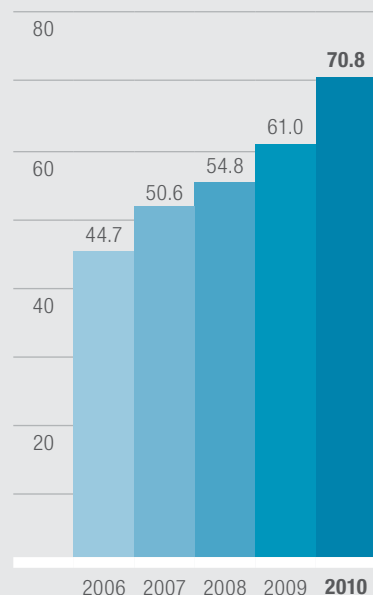
Date of last re-election: 28 April 2008

Mr Ernest Seow was appointed a Non-Executive Director of the Company in 2007. He has been in the public accounting profession for approximately 40 years, and has functioned as an audit partner of international public accounting firms for 24 years. In 2004, he retired as a partner of PricewaterhouseCoopers. During his time in the public accounting profession, he was the audit engagement partner for a number of public listed companies in Singapore and was involved in the public listing of several companies on the Singapore Exchange. During the course of his professional work, he also provided advice on setting up internal controls, restructuring and financial matters. Mr Seow currently acts as an independent director for another listed company. He is also the non-executive Chairman of C.K. Tang Limited and a non-executive director of several private companies. He is an associate member of the Institute of Certified Public Accountants in Singapore and the Institute of Chartered Accountants in Australia, and a fellow member of CPA Australia.

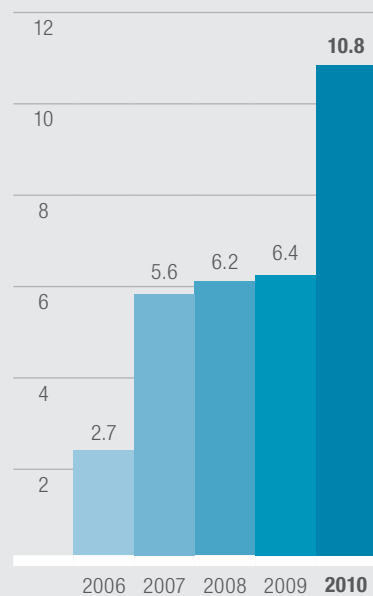
Key Financial Data

	2006	2007	2008	2009	2010
Total revenue (\$m)	233.9	288.2	349.8	423.3	295.1
Profit before income tax (\$m)	37.0	69.4	84.9	76.0	135.6
Attributable to equity holders of the Company (\$m)	28.0	60.4	66.7	69.0	116.6
Shareholders' fund (\$m)	480.2	545.9	590.9	657.6	763.4
Total assets (\$m)	998.4	1,107.3	1,206.8	1,175.3	1,423.8
Net assets (\$m)	502.6	567.5	611.2	681.2	788.3
Earnings per share (cents)	2.7	5.6	6.2	6.4	10.8
Gross dividends per share (cents)	0.50	1.00	2.00	1.25	2.50
Net asset value per share (cents)	44.7	50.6	54.8	61.0	70.8
Return on shareholders' funds (%)	5.8	11.1	11.3	10.5	15.3
Current ratio (times)	1.47	1.88	0.73	1.98	3.58
Gearing ratio (times)	0.48	0.35	0.35	0.21	0.29

Net Asset Value Per Share (cents)



Earnings Per Share (cents)



Guthrie GTS Group Operations Structure

Property

100%

Guthrie Properties (S) Pte Ltd
Guthrie Cathay Pte Ltd
Craig Development Pte Ltd
Guthrie Construction & Retrofitting (S) Pte Ltd
Guthrie Consultancy Services Pte Ltd
Guthrie (Shenyang) Pte Ltd
Guthrie Mall Management Services Co., Ltd (Taiwan)
Guthrie Lao Investment Limited (Hong Kong)

60%

Guthrie SK Land Pte Ltd

50%

Guthrie-SV Pte Ltd
Jurong Point Realty Limited
Heartland Retail Holdings Pte Ltd
AsiaMalls Management Pte Ltd
AsiaMalls Management (South East Asia) Pte Ltd
Starmall Property Management Pte Ltd

25%

Prime Point Realty Development Pte Ltd

20%

ARMF II (Tampines) Pte Ltd

Engineering

100%

Guthrie Engineering (S) Pte Ltd
Guthrie FMC Pte Ltd
Guthrie Marketing (S) Pte Ltd

49%

Guthrie United Arab Emirates
Engineering.LLC
(United Arab Emirates)

36%

BIDV Tower Joint Venture
Company (Vietnam)

Leisure

100%

GTS Detico Co. Ltd (Lao)

75.97%

PT Wisma Nusantara
International (Indonesia)

75.50%

PT Guthrie Jaya Indah
Island Resort (Indonesia)

Others

36.87%

TEK Guthrie Pte Ltd



Propelling Growth

Operations Review Property

The Division delivered a good performance during the year, accounting for 71.9% of our Group's total segment results.



1. Model of Adora Green, a premium HDB DBSS project at Yishun, Singapore
2. Bird's eye view of the atrium, Century Square, Singapore
3. Interior of Heartland Mall-Kovan, Singapore



The Property Division has, over the years, built up substantial resources and know-how for the management of local and overseas shopping malls. This has provided a regular income stream. In addition to the management expertise, property investment and development is another focus of the Division. In 2010, the fair value gains from property investments were a significant factor in boosting the Division's contributions to the Group's profit.

The year in review saw the Division venturing into a new property investment and a development project in Singapore; one involving the development of public housing residential units and the other, an acquisition of a mixed-use building.

New Residential Development

Working with a partner, SK Land Pte Ltd, the Division won a tender from the Housing and Development Board (HDB) in May 2010 to build public housing on a site at Yishun Central. The \$340 million project under the HDB Design, Build and Sell Scheme, involves the building of 806 units of 3, 4 and 5-room flats and is scheduled for completion in 2014. The project is called Adora Green and was launched in February 2011. Sales applications received to-date have been positive.

Commercial and Retail Properties

For the second project, the Division teamed up with Sun Venture Property Pte Ltd, forming a new joint venture company to acquire 163 strata-titled office and retail units of The Adelphi from Capitaland Commercial Limited.

Comprising 5 levels of retail space, 6 levels of offices and 4 levels of basement parking, the \$218 million transaction for units in this mixed-use building is in line with the Group's strategy in sourcing for properties with good investment value. The 163 units acquired represent 55% of the total share value in the property. The property has a 999-year lease tenure and is located in the heart of the downtown district. The office and retail spaces have occupancy rates of 92.1% and 98.2% respectively. The retail and commercial complex has potential for capital appreciation while offering stable income and will further increase the Division's profile in the real estate sector.

In other developments, the Group sold part of its investments comprising 6 office units at Guthrie Building at Changi Road and 5 units of shophouses at Amoy Street. Full occupancy was recorded for the 4-storey Guthrie House, at Fifth Avenue, where the Group's head office is located.

Retail Mall Management

Our property investment and development activities facilitate our participation across residential, commercial and retail sectors. Among others, our partial stakes in several retail mall funds provide the opportunity to align our strategies with our partners to build up comprehensive management expertise for retail properties.

Our success in managing retail properties provides a base to grow our services, which has evolved into a regular business stream for the Division. As a result, the Division counts among its clients, local and overseas



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1. Greeting the 'Rabbit' year at Tampines 1, Singapore
2. Adora Green, next to Yishun Pond and Yishun Park, residents can enjoy the serenity of nature
3. Exterior of Heartland Mall-Kovan, Singapore
4. Liang Court atrium



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owners of third-party retail properties looking to tap into our vertically integrated capabilities, from project management, consultancy and marketing to the launch of retail properties as well as ongoing mall management.

Third Party-Owned Retail Properties

One highlight for the year in review was the opening of nex at Serangoon Central. It is the biggest suburban shopping mall in the north-east corridor of Singapore. Beginning its operation before the year-end rush, the successful opening of the 635,000 square feet mall adds to the Division's growing project management and consultancy track record. It achieved virtually full leasing commitment before completion and the mall opened to a rousing success in November 2010. Owned and developed by an investment fund, Gold Ridge Pte Ltd, the eco-friendly 6-storey mall is setting the trend as a lifestyle centre for the family with retail, entertainment and culinary delights and records on an average, 2 million visits a month.

The year in review also marked the completion of an asset enhancement exercise for the TaiMall Nankan Family Entertainment and Shopping Centre in Taiwan. The 18-month upgrading of the 1 million square feet mall gave it a new look resulting in a boost in visitors and higher turnover for retailers and an increase in rental. Owned by New Taimall Global Company Pte Ltd, a subsidiary of GIC Real Estate Pte Ltd, the centre offers a whole host of shopping, entertainment and recreational facilities for families.

Other Retail Properties

The Division has been managing retail properties owned by Asian Retail Mall Limited (ARML) and Asian Retail Mall II Limited (ARML II), in which it holds minority investment stakes. Most of the properties have been taken through asset enhancement phases and currently enjoy good occupancy and shopper traffic. The Division's priorities have been to sustain interest among shoppers whilst calibrating the tenancy-mix and product offerings to be in keeping with lifestyle demands. Existing properties owned by the two funds which are managed by the Division are White Sands, Hougang Mall, Century Square, Liang Court, Tiong Bahru Plaza and its adjoining office tower, Central Plaza, whilst Tampines 1 where Guthrie has a co-investment stake, is a relatively new mall which opened in 2009.

The other retail properties in Singapore managed by the Division include the extended Jurong Point Shopping Centre, Heartland Mall - Kovan and six other retail properties in HDB estates. These are part of the stable of retail properties in which the Group has ownership stakes and continue to do well in meeting their niche markets. Following its extension and almost doubling of its retail space, Jurong Point Shopping Centre is well placed to capitalise on the rejuvenation of the Jurong Gateway and Lakeside area that will see the development of new offices, hotels, entertainment, tourist attractions and water-related sports. Management will continue to focus on ensuring the shopping centres are enduring attractions by creating a shopping-friendly environment and a stabilised portfolio of retail tenants.



1. Tiong Bahru Plaza, Singapore
2. Jurong Point's bustling atrium
3. Hougang Mall's activity-friendly atrium
4. Ceremony relaunching Taimall, Taoyuan, Taiwan



Engineering Success



Operations Review

Engineering

Despite lower turnover, the Division's profit contribution for 2010 was higher than the previous year.



1. Successful completion of a fire protection installation at the north podium of Marina Bay Sands Integrated Resort, Singapore
2. Facilities management at Jurong Island Checkpoint, Singapore
3. BIDV Tower, Hanoi, Vietnam, completed in the first quarter 2010



The Engineering Division achieved a higher profit contribution for 2010 despite a lower turnover. This was due to the increase in the proportion of higher margin contracts and the continuing improvement of cost control measures.

The year saw the Division continuing to build on its track record of engineering projects in the mechanical and electrical ('M&E') fields to secure new contracts, including the following:

- Air-conditioning works for d'Leedon, a large condominium development comprising 1703 residential units in seven 36-storey towers and 6 pairs of semi-detached houses.
- Air-conditioning works for the Integrated Civic, Cultural, Retail & Entertainment Hub located at Vista Exchange Green and Rochester Drive. This futuristic building is slated to become an iconic landmark in One-North.
- M&E works for an army camp in Seletar.
- M&E installation for A&A works at Bugis MRT Station.
- Maintenance works for several 66kV substations.
- PDM retrofitting works at a 230kV substation in Jurong.
- Realignment of sealing ends at the Johor end of the 230kV submarine cable to Malaysia.
- Several airfield lighting projects at Seletar Airport.

The year 2010 also saw the Division's engineers devoting its core resources to provide engineering services for several infrastructure and building projects, as follows:

- Installation of air-conditioning, mechanical ventilation and electrical systems for the Bayfront and the Marina Bay MRT stations. Spread over 42 months, the Division's wide ranging works for this project are worth \$62 million. The stations are scheduled to be operational by second half 2011.
- Installation of air-conditioning systems at Reflections at Keppel Bay, a condominium by the sea.
- Installation of air-conditioning system at nex Shopping Centre which opened in November 2010.
- Maintenance works at various 22kV substations island wide by the Division's specialists.
- Maintenance works involving specialists from the OEM at two 230kV substations.
- Retrofitting of two 230kV substations with online partial discharge monitoring systems for switchgear failure detection.
- Extension of a 400kV substation with gas-insulated bus ducts.
- Successful completion of fire protection installation at the North Podium of Marina Bay Sands Integrated Resort.

One major project handled by the Division is the sub-contract for mechanical, electrical and plumbing works for the City of Lights Development at Al-Reem island, Abu Dhabi, United Arab Emirates. The property sentiment there has softened and the pace of the development and construction works for this project has slowed down substantially. No new project completion date has been set by the owners. Accordingly, the Division has adjusted its work schedule and resource allocation and will monitor the situation.

Complementing our core engineering activities, the Division is well positioned to offer products and services to developers, architects and contractors in the building construction and management sector.

Our insight and reputation within the industry puts us in good stead to represent leading manufacturers of partition boards, ceiling systems, thermal barriers and welding consumables. These products are targeted at different market sectors for space planning, acoustics, aesthetics, insulation and shipbuilding. For 2010, one highlight of the new orders received by the Division was for the supply of approximately 45,000 square metres of acoustic ceiling board from Germany to the Institute of Technical Education, West Campus. The other new orders received in 2010 include acoustic ceilings, customised partition and internal works for the upcoming Rolls Royce Engine premises at Seletar Airport. The Division is also supplying premium acoustic ceiling boards for commercial building projects in Hanoi and Ho Chi Minh, Vietnam.

The Division's facilities management operation achieved a satisfactory performance during the year. New assignments secured include a two-year contract to manage HDB's Bras Basah complex. In addition, the Division's licensed warehouse business is operating at full capacity.



1. Upgrading and replacement of Motor Control Centre at SYNGAS Plant, Jurong Island, Singapore
2. Airfield lighting works in progress at Seletar Airport, Singapore
3. Successful completion of electrical installation at The Orchard Residences, Singapore





Charting Progress

Operations Review

Leisure

The Leisure Division benefitted from the better economic conditions to record positive results for 2010.



1. Poolside of Hotel Nikko, Jakarta, Indonesia
2. Hotel Nikko and Wisma Nusantara Complex in Jakarta, Indonesia
3. Recently completed gymnasium, Hotel Nikko, Jakarta, Indonesia



Operations Review

Leisure

The Leisure Division benefitted from the better economic conditions to record positive results for 2010. It marked a full year of operation amidst a generally upbeat business climate following the global recovery. The Division's commercial offices and hotels in Indonesia reported marginal improvement in turnover.

Hotel Nikko in Jakarta achieved an increase in room occupancy for 2010 at 75% which is an improvement over the 70.5% reported in the last financial year. The revenue per available room (Revpar) for 2010 was nearly 9% higher than that recorded for 2009. The year in review marked the final phase of room upgrading to the hotel's main wing. The hotel now has 427 guest rooms. Indonesia's forecast growth rate of 6.5% for 2011 is expected to bring about an increase in travel. The completion of room renovations will elevate the profile of the 5-star hotel and position it to cater to professionals and businessmen as well as the more discerning travellers. This should have a positive impact on Revpar.

Meanwhile, Novotel Bali Benoa registered a better occupancy rate at 83.6% for the year in review against the figure of 80.2% in 2009. The Revpar in 2010 for the Bali beach resort was 1.4% higher than the previous year. Renovations are currently being carried out to the main dining facility of the resort, which when completed by the end of the first quarter of 2011, will further add to the resort's appeal and vibrancy.

For Novotel Vientiane, the year in review saw a drop in occupancy to 36.5% from 40.8% in the previous year. The Revpar declined by 2% in 2010 over 2009. The unsettled political situation in Thailand had an impact on visitors to Laos, which normally figures as part of the regional Indochina circuit by travellers.

The Group's Indah Puri Golf Resort in Batam had a challenging year in 2010. Apart from competition from nearby golf resorts in the Riau archipelago and West Malaysia, the operating costs also went up partly as a result of a further rise in the minimum wage rate in Indonesia as well as an increase in entertainment tax.

Located besides Hotel Nikko in Jakarta, the Group's office tower, Wisma Nusantara has a net lettable area of 323,509 square feet. The total revenue for the 30-storey building improved by 9.6% in 2010 over 2009 and it reported better occupancy at close to 80% against 71.7%.



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1. Novotel Vientiane, Laos
2. Indah Puri golf resort in Batam, Indonesia
3. A little privacy at a family room in Novotel Bali Benoa, Bali, Indonesia



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Corporate Information

Board of Directors

Mr Putra Masagung
Non-Executive Chairman

Mr Ben Yeo Chee Seong
Group Managing Director

Mr Harry Ong Kim Seng
Deputy Group Managing Director

Mr Ong Kin Bee
Executive Director

Mr Michael Leong Choon Fai
Executive Director

Dr Albert Hong Hin Kay
Independent Director

Mr Giam Chin Toon
Independent Director

Mr Philip Tan Yuen Fah
Independent Director

Mr Hartono Gunawan
Non-Executive Director

Mr Tan Hang Huat
Non-Executive Director

Mr Ernest Seow Teng Peng
Independent Director

Executive Committee

Mr Ben Yeo Chee Seong
Committee Chairman

Mr Harry Ong Kim Seng

Mr Ong Kin Bee

Mr Michael Leong Choon Fai

Audit Committee

Mr Giam Chin Toon
Committee Chairman

Dr Albert Hong Hin Kay

Mr Philip Tan Yuen Fah

Nomination Committee

Dr Albert Hong Hin Kay
Committee Chairman

Mr Putra Masagung

Mr Giam Chin Toon

Remuneration Committee

Dr Albert Hong Hin Kay
Committee Chairman

Mr Giam Chin Toon

Mr Philip Tan Yuen Fah

Company Secretaries

Mr Koh Yau Chai

Mr Jerome Jansen

Independent Auditor

PricewaterhouseCoopers LLP
8 Cross Street
#17-00 PWC Building
Singapore 048424

Partner-in-charge of the audit:
Mr Tan Boon Chok
(with effect from financial year 2009)

Share Registrar

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

Registered Office

1 Fifth Avenue
#02-06/07 Guthrie House
Singapore 268802
Tel: 6466 2555
Fax: 6466 9447
Website: www.guthrie-gts.com

Corporate Governance Statement

The Board of Directors (the “**Board**”) of Guthrie GTS Limited (the “**Company**”) is committed to maintaining a standard of corporate governance, transparency and disclosure of material information throughout the Company and its subsidiaries (the “**Group**”), consistent with the Singapore Code of Corporate Governance 2005 (the “**Code**”).

This report describes the Company’s corporate governance practices with reference to the principles of the Code.

A BOARD MATTERS

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 success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

1. The principal functions of the Board are to:
 - a) set, review or approve corporate strategies, annual budgets, financial plans and monitor the performance of the Group;
 - b) review the adequacy and integrity of internal controls, including financial, operational and compliance controls and risk management systems of the Group, with the aid of the Audit Committee;
 - c) ensure the Group’s compliance with laws, regulations, policies, directives, guidelines and internal code of conduct;
 - d) consider and approve the nominations and recommendations of suitable candidates to the Board;
 - e) ensure accurate, adequate and timely reporting, and communication with shareholders; and
 - f) assume responsibility for corporate governance.
2. Matters which are specifically reserved for the Board’s consideration and decision include, but are not limited to, strategic corporate planning, material acquisitions and disposals of assets, corporate or financial restructuring, declaration of dividends and interested person transactions.
3. To assist the Board in the execution of its duties, the Board has delegated specific responsibilities to board committees, namely, the Executive Committee, the Audit Committee, the Nomination Committee and the Remuneration Committee. Each Committee has the authority to review and examine issues relevant to their terms of reference and where appropriate, to make recommendations to the Board for action. The ultimate responsibility for decisions on all matters still rests with the Board.

The Executive Committee comprises of the four executive directors:

Executive Committee

Mr Ben Yeo Chee Seong	Committee Chairman
Mr Harry Ong Kim Seng	Member
Mr Ong Kin Bee	Member
Mr Michael Leong Choon Fai	Member

Corporate Governance Statement

The Executive Committee oversees the conduct of the Group's business operations and general corporate matters. It is empowered within its terms of reference to exercise the powers and authority of the Board except for certain matters that specifically require the decision of the Board or any other Board Committee. Its members meet and have discussions as and when necessary depending on operational requirements.

The composition, responsibilities and other information of the Nomination Committee, the Remuneration Committee and the Audit Committee are described below in this report.

4. Newly appointed directors will be given briefings by the executive directors and Management to familiarise them with the business and operations of the Group. The directors may attend training courses or discussion seminars in order to keep abreast of latest developments.
5. The Board conducts regular meetings on a quarterly basis to, *inter alia*, review the financial results. Ad-hoc meetings are convened as and when circumstances require. The Company's Articles of Association permits participation by Board members in meetings via telephone, video conference or any other form of electronic or instantaneous communication. During the year, the Board held four meetings and these were attended by all the directors of the Company save for Mr Putra Masagung, Mr Giam Chin Toon and Dr Albert Hong Hin Kay who did not attend one meeting and Mr Hartono Gunawan who did not attend two meetings.
6. The directors have each served as Board members with varying length of service. Each Board member is experienced in his area of specialisation and expertise with background experience and knowledge in business management, law and finance. Collectively, the members bring the benefit of independent judgement, knowledge and expertise to the Board to consider and decide on issues of strategy, performance, resources and standards of conduct.

Board Composition and Guidance

Principle 2

There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

1. The Board comprises eleven members, of whom four are executive directors and seven are non-executive directors. Of the seven non-executive directors, four are considered as independent. None of the Board members are related to each other.
2. Each director was appointed on the strength of his expertise and experience. The details of the qualifications and major appointments of each director are provided under the 'Board of Directors' section of this Annual Report. With their diverse and extensive qualifications and experience, the directors as a group, possess the core competencies to drive and lead the direction for the businesses of the Group.
3. All directors have equal responsibility for the Group's operations, and each director is required to exercise his objective judgement independently during discussions and decision-making. This approach is further enhanced by the roles the non-executive independent directors play since they often look into the strategies proposed by Management to ensure that they are fully discussed and examined in the light of long-term business interests and the enhancement of shareholder value.

4. Information about the Company and the Group is available to each Board member. Management will provide any additional information which the Board may require. Further, Management and senior executive officers may be invited by the Board to attend at its meetings to present their proposals or to answer any queries that Board members may have.
5. The Board also has ready access to external professionals for consultations.

Chairman and Chief Executive Officer

Principle 3

There should be a clear division of responsibilities at the top of the company - the working of the Board and the executive responsibility of the company's business - which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

1. The roles of the Chairman of the Board and the Group Managing Director ("**Group MD**") are separate. The Chairman and Group MD are not related.
2. The Chairman of the Board, Mr Putra Masagung is a non-executive director. As the Chairman of the Board, with the assistance of the Company Secretary, he is responsible for regulating Board meetings. He ensures that regulations pertaining to Board meetings and procedures are complied with.
3. The Group MD, Mr Ben Yeo Chee Seong is responsible for the business direction and making key day-to-day operational decisions for the Company and the Group. As the Group MD, he works closely with the Chairman, the non-executive directors and Management of the Company. He also chairs the Executive Committee which comprises the executive directors of the Company.

Board Membership

Principle 4

There should be a formal and transparent process for the appointment of new directors to the Board.

1. The Nomination Committee was established by the Board to make recommendations on all Board appointments. The Nomination Committee held one meeting during the year which was attended by all its members.

The Nomination Committee comprises of three members, the majority of whom including its Chairman are independent directors:

Nomination Committee

Dr Albert Hong Hin Kay	Committee Chairman
Mr Putra Masagung	Member
Mr Giam Chin Toon	Member

Corporate Governance Statement

2. The responsibilities of the Nomination Committee include:
 - a) to identify, nominate or review suitable candidates or, as the case may be, to re-nominate retiring directors to the Board having regard to the director's independence, contribution and performance including attendance, preparedness, participation and candour;
 - b) determining each Board member's independence status; and
 - c) evaluating the effectiveness and size of the Board as a whole.
3. In its search and selection process for new directors, the Board may engage search companies as well as networking contacts to identify and shortlist candidates. The Nomination Committee appraises the nominees to ensure that the candidates possess relevant experience and have the calibre to contribute to the Group and its businesses, having regard to the attributes of the existing Board and the requirements of the Group. New directors are appointed after the Nomination Committee recommends their appointment for the approval of the Board. Newly appointed directors are required to submit themselves for re-election at the next Annual General Meeting ("**AGM**") under the Articles of Association of the Company.

Directors of or over 70 years of age are required to be re-appointed every year at the AGM under Section 153(6) of the Companies Act, Chapter 50 (the "**Companies Act**") before they can continue to act as a director.

In addition, one-third of the other directors or if their number is not a multiple of three, then the number nearest to one-third shall retire by rotation at every AGM. Each Nomination Committee member abstains from deliberations in respect of matters concerning himself, his own election or appointment.

4. When a director has multiple board representations, such director has to ensure that sufficient time and attention is given to the affairs of the Company and the Nomination Committee is satisfied that the director is able to and has been adequately carrying out his duties as a director of the Company.
5. The Nomination Committee also reviews the board size and the mix of independent and non-executive directors and executive directors.

Board Performance

Principle 5

There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

1. The Nomination Committee evaluates the performance and effectiveness of the Board as a whole.
2. In its evaluation, the Nomination Committee considers the expertise and experience of each member, their attendance, participation and contributions to the Board both inside and outside of Board meetings.

Access to Information

Principle 6

In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

1. The agenda for meetings and all Board papers for discussions are circulated to the directors. Information provided to the Board include, amongst others, minutes of meetings of the Board, circulating resolutions passed by the Executive Committee, quarterly and full-year financial statements and background and explanations on proposals and projects submitted to the Board for approval.
2. Both the Board and individual directors have direct access to Management and senior executive officers of the Company and Group. Where the Board deems it necessary, independent advice may be obtained from external consultants. This enhances the directors' ability to discharge their functions and duties.
3. All Board members have direct access to the advice and services of the Company Secretary. The Company Secretary attends all meetings of the Board and together with senior executive management, assists the Chairman in ensuring that Board papers are circulated and procedures, applicable laws and regulations are adhered to.

B REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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.

Level and Mix of Remuneration

Principle 8

The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

Disclosure on Remuneration

Principle 9

Each company should provide clear disclosure of its remuneration policy, 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 executives, and performance.

The Remuneration Committee considers and makes appropriate recommendations and decisions on remuneration matters for the directors and principal officers of the Group. This is to ensure that the Company and the Group continue to attract and retain good directors and executives. The Remuneration Committee members abstain from deliberations in respect of their own remuneration.

Corporate Governance Statement

- The Remuneration Committee held one meeting during the year which was attended by all its members. The Remuneration Committee comprises of three members, all of whom are non-executive independent directors:

Remuneration Committee

Dr Albert Hong Hin Kay	Committee Chairman
Mr Giam Chin Toon	Member
Mr Philip Tan Yuen Fah	Member

- The principal responsibilities of the Remuneration Committee are to recommend a suitable executive remuneration framework to determine the appropriate remuneration for executive directors. The Remuneration Committee also reviews the performance bonus scheme and the grant of share options for the employees of the Group.
- Broadly, remuneration for executive directors are based on corporate and individual performances. For non-executive directors, their remuneration is based on the responsibilities undertaken and contribution, taking into account factors such as effort and time spent.
- The following table shows a breakdown (in percentage terms) of the remuneration and fees of directors of the Company for the year ended 31 December 2010:

	Base/fixed salary/fees	Variable/ performance related income/ bonuses	Benefits-in-kind	Share options/ long term incentives	Total
	(%)	(%)	(%)	(%)	(%)
<u>DIRECTORS</u>					
\$3,250,000 to less than \$3,500,000					
Ben Yeo Chee Seong	19.9	78.0	2.1	0.0	100.0
\$2,500,000 to less than \$2,750,000					
Harry Ong Kim Seng	21.9	75.7	2.4	0.0	100.0
\$1,750,000 to less than \$2,000,000					
Michael Leong Choon Fai	26.7	70.7	2.6	0.0	100.0
\$500,000 to less than \$750,000					
Ong Kin Bee	71.8	28.2	0.0	0.0	100.0
Below \$250,000					
Putra Masagung	91.6	0.0	8.4	0.0	100.0
Albert Hong Hin Kay	100.0	0.0	0.0	0.0	100.0
Giam Chin Toon	100.0	0.0	0.0	0.0	100.0
Philip Tan Yuen Fah	100.0	0.0	0.0	0.0	100.0
Hartono Gunawan	100.0	0.0	0.0	0.0	100.0
Tan Hang Huat	100.0	0.0	0.0	0.0	100.0
Ernest Seow Teng Peng	100.0	0.0	0.0	0.0	100.0

The remuneration of the top five key executives (who are not also directors) of the Group is categorised into the respective remuneration bands as follows:

TOP 5 KEY EXECUTIVES IN REMUNERATION BANDS

\$250,000 to less than \$500,000 (in alphabetical order)

Koh Yau Chai

Lam Wai Shun

Tan Aik Khee

Below \$250,000 (in alphabetical order)

Franky Montung Setjoadinata

Patrick Tan Boon Chew

There are no employees in the Group who are immediate family members of any of the directors.

5. The remuneration package of directors and senior executive officers include the following:

Base/fixed salary/fees – The basic salary (inclusive of statutory employer contributions to Central Provident Fund) for each executive director/key management personnel is approved by the Remuneration Committee, taking into account the performance of the individual, the inflation price index and information from independent sources on the rates of salary for similar jobs in a selected group of comparable organisations. Fees paid/payable to executive directors are determined by the Board after considering the corporate and individual's relative performance against the comparable organisations. Fees paid/payable to non-executive directors take into account factors such as effort and time spent, and responsibilities of these directors.

Variable/performance related income/bonuses – The Group operates a bonus scheme for all employees including the executive directors. The criteria for the scheme is the level of profit achieved from certain aspects of the Group's business activities against targets, together with an assessment of corporate and individual performance during the year. Bonuses payable to the executive directors and senior executive officers are approved by the Remuneration Committee to ensure alignment of their interests with those of shareholders.

Benefits-in-kind – Other customary benefits (such as private medical cover and car) are made available as appropriate.

Share options/long term incentives – The Group has in place a share option scheme which was approved by the shareholders of the Company at an Extraordinary General Meeting held on 31 May 2002 (the "2002 Scheme"). All employees including both the executive directors and independent non-executive directors but excluding controlling shareholders and their associates, are eligible to participate in the 2002 Scheme. More information regarding the 2002 Scheme can be found in the Directors' Report.

Corporate Governance Statement

C ACCOUNTABILITY AND AUDIT

Accountability

Principle 10

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

The Board is responsible for providing a balanced and understandable assessment of the Company's performance, position and prospects, including quarterly financial results and other price sensitive information and reports to regulators, if required. In discharging its duties, the Board holds Management accountable by reviewing all quarterly and annual financial statements announcements to shareholders so as to present a balanced assessment of the Group's position and prospects to shareholders.

Audit Committee

Principle 11

The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

1. The Audit Committee comprises of the following three independent non-executive directors:

Audit Committee

Mr Giam Chin Toon	Committee Chairman
Dr Albert Hong Hin Kay	Member
Mr Philip Tan Yuen Fah	Member

2. The Audit Committee held four meetings during the financial year. It also held meetings with the internal and external auditors. The Audit Committee meetings were attended by all the Audit Committee members save for Mr Giam Chin Toon and Dr Albert Hong Hin Kay who attended three meetings. Issues discussed at these meetings include the quarterly and annual financial statements announcements made by the Company to shareholders and the scope and results of internal audit reports as well as Management's response to the findings of the internal audit reports.
3. The Audit Committee has full authority to review any matter within its terms of reference and the Audit Committee has full access to and the co-operation of the Management. The Audit Committee also has full discretion to invite any director or executive officer from the Company or the Group to attend at its meetings.
4. The Audit Committee also has full access to and the assistance of both internal and external auditors. Where required, the Audit Committee is empowered to obtain external legal advice or such other independent professional advice as the Committee deems necessary to assist in discharging its duties.
5. The Audit Committee carries out its duties as set out in the Code and the Companies Act. Section 201B(5) of the Companies Act states that, *"The functions of an audit committee shall be -*
 - a) *to review -*
 - (i) *with the auditor, the audit plan;*
 - (ii) *with the auditor, his evaluation of the system of internal accounting controls;*
 - (iii) *with the auditor, his audit report;*
 - (iv) *the assistance given by the company's officers to the auditor;*

- (v) *the scope and results of the internal audit procedures; and*
 - (vi) *the balance-sheet and profit and loss account of the company and, if it is a holding company, the consolidated balance-sheet and profit and loss account, submitted to it by the company or the holding company, and thereafter to submit them to the directors of the company or the holding company; and*
- b) *to nominate a person or persons as auditor, notwithstanding anything contained in the articles or under section 205,*

together with such other functions as may be agreed to by the audit committee and the board of directors".

6. Other duties of the Audit Committee under the Code include reviewing arrangements by which employees of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or any other matters relating to the Group. A whistle-blowing policy has been implemented.
7. The Audit Committee also reviews interested person transactions falling within the scope of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and conflict of interest situations which may raise issues on Management integrity.
8. The Audit Committee has nominated PricewaterhouseCoopers LLP for re-appointment as auditor of the Company at the forthcoming AGM. Before confirming the re-nomination of the external auditor, the Audit Committee reviewed the non-audit services provided by the auditor to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditor.

Internal Controls

Principle 12

The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

1. The Board recognises the importance of sound internal control and risk management practices. In this regard, the Board affirms its overall responsibility for the Group's systems of internal control and risk management. With the assistance of the Audit Committee, the Board reviews the adequacy and integrity of those control systems from time to time.
2. The Internal Audit function as explained under Principle 13 works to assist the Audit Committee and the Board in evaluating internal controls, financial and accounting matters, compliance, business and financial risk management.
3. Based on internal and management controls in place, the Board is satisfied that there are adequate internal controls in the Group.

Internal Audit

Principle 13

The company should establish an internal audit function that is independent of the activities it audits.

1. Both the Board and the Audit Committee acknowledge the importance of having a strong professional internal audit function to augment their ability to manage risk and safeguard shareholders' interest. The Company has engaged an independent professional auditor to discharge this function instead of creating an internal audit department staffed by employees of the Company.

Corporate Governance Statement

2. The internal audit function has been outsourced to Ernst & Young Advisory Pte. Ltd. The Internal Auditor reports primarily to the Audit Committee. The internal audit plans are submitted to the Audit Committee for approval. The Audit Committee reviews and approves the internal audit plan and the scope and results of the internal audit procedures.
3. The engagement of an independent professional auditor has enhanced the Audit Committee's ability to review the internal processes and functions adopted by companies within the Group.

D COMMUNICATION WITH SHAREHOLDERS

Principle 14

Companies should engage in regular, effective and fair communication with shareholders.

Principle 15

Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

1. The Board observes the SGX-ST's regulations governing the requirements to make appropriate announcements on a timely basis. The Company complies with this by making, where appropriate, timely announcements of material developments or information concerning its business and operations through SGXNET. Quarterly and full-year results as well as the annual report are announced or issued within the mandated period.
2. All shareholders of the Company receive the annual report, circulars and notices of all shareholders meetings. The notices are advertised in the newspaper and made available on both SGXNET and the Company's website. The Company's Articles of Association allow all shareholders the right to appoint a proxy to attend and vote on their behalf at general meetings.
3. Where there are items of special business to be transacted at the AGM, explanatory notes concerning the special business will be sent together with the notice of AGM.
4. At each AGM, shareholders are encouraged to participate in the question and answer session. The directors, external auditor, Group Financial Controller and Company Secretary are present to respond and reply to shareholders' questions.
5. In 2009, the Singapore Exchange introduced two investor guides, namely 'An Investor's Guide to Reading Annual Reports' and 'An Investor's Guide to Preparing for Annual General Meetings', to enhance retail investor knowledge and improve shareholder engagement at annual general meetings. The Company wishes to encourage shareholders to use these guides which are available in both English and Chinese versions on the SGX website at www.sgx.com.

DEALINGS IN THE COMPANY'S SECURITIES

The Group's guidelines on dealings in securities provide that all directors and employees should not deal in the Company's shares while in possession of unpublished price sensitive information and during the period commencing two weeks before the announcement of the quarterly results and one month before the announcement of the full-year results. In addition, all directors and employees should refrain from dealing in the Company's shares on short-term considerations.

Guthrie GTS Limited

(Incorporated in the Republic of Singapore. Registration Number: 196800390N)

and its Subsidiaries

Financial Statements

For the financial year
ended 31 December 2010

CONTENTS

- 36** Directors' Report
- 41** Statement by Directors
- 42** Independent Auditor's Report
- 44** Consolidated Income Statement
- 45** Consolidated Statement of
Comprehensive Income
- 46** Balance Sheets
- 48** Consolidated Statement of
Changes in Equity
- 50** Consolidated Cash Flow
Statement
- 52** Notes to the Financial Statements

Directors' Report

For the financial year ended 31 December 2010

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2010 and the balance sheet of the Company as at 31 December 2010.

DIRECTORS

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

Putra Masagung
Ben Yeo Chee Seong
Harry Ong Kim Seng
Ong Kin Bee
Michael Leong Choon Fai
Albert Hong Hin Kay
Giam Chin Toon
Philip Tan Yuen Fah
Hartono Gunawan
Tan Hang Huat
Ernest Seow Teng Peng

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, the following directors who held office at the end of the financial year had interests in the shares of the Company and related corporations as stated below:

	Holdings registered in name of director or nominee		Holdings in which a director is deemed to have an interest	
	At 31.12.2010 and 21.1.2011	At 1.1.2010	At 31.12.2010 and 21.1.2011	At 1.1.2010

The Company

– Guthrie GTS Limited

Ordinary shares

Putra Masagung	550,000	550,000	740,926,275	740,926,275
Ben Yeo Chee Seong	14,417,100	14,417,100	–	–
Harry Ong Kim Seng	1,132,000	1,132,000	–	–
Ong Kin Bee	899,221	899,221	–	–
Michael Leong Choon Fai	440,000	440,000	50,000	50,000

	Holdings registered in name of director or nominee		Holdings in which a director is deemed to have an interest	
	At 31.12.2010	At 1.1.2010	At 31.12.2010	At 1.1.2010

Immediate holding company

– GA 1821 Pte Ltd

Ordinary shares

Putra Masagung	–	–	5,000,000	5,000,000
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By virtue of Section 7 of the Singapore Companies Act (Cap. 50), Mr Putra Masagung is deemed to have interests in the shares of the subsidiaries of the Company.

Except as disclosed above, no director who held office at the end of the financial year had interests in shares or debentures of the Company and related corporations either at the beginning or at the end of the financial year.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report, and except that during the financial year, Mr Ben Yeo Chee Seong, Mr Harry Ong Kim Seng, Mr Ong Kin Bee and Mr Michael Leong Choon Fai have employment relationships with the Company or related companies and have received remuneration in those capacities.

Directors' Report

For the financial year ended 31 December 2010

SHARE OPTIONS

(a) Guthrie GTS Share Option Scheme (2002)

(i) The Guthrie GTS Share Option Scheme (2002) (the "2002 Scheme") was approved by the shareholders of the Company at an Extraordinary General Meeting held on 31 May 2002.

(ii) Statutory information regarding the 2002 Scheme is as follows:

- A grantee may exercise an option during the option period which commences twelve months after the date the option is granted in respect of options that are granted at the average market prices of the shares of the Company based on the middle market quotations computed from the daily highest and lowest transacted prices of the shares, as quoted and shown in the daily official list issued by the Singapore Exchange Securities Trading Limited ("SGX-ST"), for the three market days prior to the offering date and expiring not later than one hundred and twenty months from the date of grant, by notice in writing to the Company accompanied by a remittance for the aggregate subscription cost.
- For options that are granted at a discount to the average market prices of the shares of the Company based on the middle market quotations computed from the daily highest and lowest transacted prices of the shares, as quoted and shown in the daily official list issued by the SGX-ST, for the three market days prior to the offering date, a grantee may exercise an option during the option period which commences twenty four months after the date the option is granted and expiring not later than one hundred and twenty months from the date of grant, by notice in writing to the Company accompanied by a remittance for the aggregate subscription cost.
- Notwithstanding the above provisions, the option period for options granted to the non-executive directors shall expire not later than sixty months from the date of grant.
- The options may be exercised in whole or in part.
- The persons to whom the options have been granted under the 2002 Scheme may also participate in any other share incentive schemes implemented by any other company in the Group if under the rules of that scheme, they are eligible to participate in them.

(b) Particulars of options granted under the 2002 Scheme in the financial year ended 31 December 2002 were set out in the Directors' Report for that financial year.

(c) No options were granted pursuant to the 2002 Scheme for the financial years ended 31 December 2003 to 2010.

(d) No ordinary shares (2009: Nil) were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

(e) There were no options on ordinary shares of the Company outstanding as at the end of the financial year.

SHARE OPTIONS (continued)

(f) Except as disclosed in this report:

- (i) no options were granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries and no shares were issued by virtue of any exercise of options to take up unissued shares in the Company or its subsidiaries during the financial year; and
- (ii) there were no unissued shares in the Company or its subsidiaries under option as at the end of the financial year.

(g) Other information required by the SGX-ST

Pursuant to Rule 852 of the SGX-ST Listing Manual, in addition to the information disclosed elsewhere in this report, it is reported that:

- (i) Details of options granted to and exercised by directors of the Company are as follows:

	Aggregate number of shares under options				Outstanding as at 31.12.2010
	Granted during the financial year	Granted since commencement of scheme to 31.12.2010	Exercised since commencement of scheme to 31.12.2010	Expired since commencement of scheme to 31.12.2010	
<u>2002 Scheme</u>					
Ben Yeo Chee Seong	–	705,000	705,000	–	–
Harry Ong Kim Seng	–	707,040	707,000	40	–
Ong Kin Bee	–	737,781	737,781	–	–
Michael Leong Choon Fai	–	690,000	690,000	–	–
Giam Chin Toon	–	157,000	157,000	–	–

- (ii) The Committee administering the 2002 Scheme comprises Mr Putra Masagung and Mr Giam Chin Toon.
- (iii) No options have been granted to controlling shareholders of the Company or their associates, or to directors and employees of parent group companies since the commencement of the 2002 Scheme and no employee has received 5% or more of the total number of options available under the 2002 Scheme.
- (iv) No options have been granted at a discount to market prices during the financial year.

MATERIAL CONTRACTS

Except as disclosed under the section on Interested Person Transactions below and in Note 10 on Significant Related Party Transactions, there were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the Company's directors or controlling shareholder, either still subsisting at the end of the financial year or entered into since the end of the previous financial year which required disclosure under Rule 1207(8) of the SGX-ST Listing Manual.

Directors' Report

For the financial year ended 31 December 2010

INTERESTED PERSON TRANSACTIONS

The aggregate value of the interested person transactions entered into during the financial year are set out below.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than \$100,000)
	\$'000	\$'000
Ben Yeo Chee Seong:		
– Award of a main construction contract to a wholly-owned subsidiary of the Company and the provision of project management services by the said subsidiary	24,655	Nil

The Audit Committee has reviewed the terms of the above interested person transactions and is of the view that the transactions are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

AUDIT COMMITTEE

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act (Cap. 50), including a review of the balance sheet of the Company and the consolidated financial statements of the Group for the financial year and the independent auditor's report thereon. The nature and extent of the functions performed by the Audit Committee are further described in the Annual Report under the heading on Corporate Governance Statement.

The Audit Committee has nominated PricewaterhouseCoopers LLP for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting of the Company.

INDEPENDENT AUDITOR

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

ON BEHALF OF THE BOARD OF DIRECTORS

PUTRA MASAGUNG

Director

BEN YEO CHEE SEONG

Director

28 March 2011

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 44 to 127 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group at 31 December 2010 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE BOARD OF DIRECTORS

PUTRA MASAGUNG

Director

BEN YEO CHEE SEONG

Director

28 March 2011

Independent Auditor's Report

To the Members of Guthrie GTS Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Guthrie GTS Limited (the "Company") and its subsidiaries (the "Group") set out on pages 44 to 127, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2010, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition, 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls 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 controls. 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 December 2010, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

PricewaterhouseCoopers LLP

Public Accountants and
Certified Public Accountants

Singapore, 28 March 2011

Consolidated Income Statement

For the financial year ended 31 December 2010

	Note	2010 \$'000	2009 \$'000
Revenue	4	295,063	423,291
Costs of sales		(193,063)	(325,041)
Gross profit		102,000	98,250
Other gains – net	4	6,312	4,688
Fair value gains on investment properties	24	71,467	4,749
Expenses			
Distribution		(2,457)	(3,095)
Administrative		(33,793)	(28,934)
Finance	7	(13,053)	(12,823)
Other operating		(3,374)	(4,692)
Share of profit of associates, net of tax		8,469	17,901
Profit before income tax		135,571	76,044
Income tax expense	8	(16,826)	(6,779)
Net profit		118,745	69,265
Attributable to:			
Equity holders of the Company		116,561	69,049
Non-controlling interest		2,184	216
		118,745	69,265
Earnings per share attributable to the equity holders of the Company (expressed in cents per share)			
Basic	9(a)	10.81	6.41
Diluted	9(b)	10.81	6.41

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

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2010

	Note	2010 \$'000	2009 \$'000
Net profit		118,745	69,265
Other comprehensive income, after tax:			
Financial assets, available-for-sale			
– Fair value gains	33(a)	5,640	9,794
– Reclassification – on impairment of a financial asset, available-for-sale	33(a)	1,751	–
Cash flow hedges			
– Fair value (losses)/gains		(1,006)	715
Share of other comprehensive income of associates		(904)	573
Currency translation differences arising from consolidation	33(c)	(4,102)	10,784
Change in tax rate		–	(24)
Other comprehensive income for the year, net of tax		1,379	21,842
Total comprehensive income for the year		120,124	91,107
Total comprehensive income attributable to:			
Equity holders of the Company		119,248	88,319
Non-controlling interest		876	2,788
		120,124	91,107

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

Balance Sheets

As at 31 December 2010

	Note	The Group		The Company	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	11	207,398	171,321	67,440	46,508
Trade and other receivables	12	46,088	47,476	10,662	6,432
Contract work-in-progress	13	177	2,454	–	–
Inventories	14	2,171	3,491	–	–
Financial assets, available-for-sale	20	4,525	–	–	–
Derivative financial instruments	15	40	–	–	–
Financial assets, at fair value through profit or loss	16	110	110	–	–
Development property	17	155,854	–	–	–
Deposits and prepayments	18	15,872	2,380	436	21
		432,235	227,232	78,538	52,961
Non-current assets					
Other receivables, prepayments and deposits	19	17,294	17,401	473,109	480,659
Financial assets, available-for-sale	20	85,920	84,805	–	–
Derivative financial instruments	15	–	133	–	–
Investments in associates	21	55,207	48,916	2,987	2,987
Investments in joint ventures	22	–	–	6,255	6,255
Investments in subsidiaries	23	–	–	76,028	75,882
Investment properties	24	755,341	716,842	–	–
Property, plant and equipment	25	77,351	79,793	265	358
Deferred income tax assets	26	493	200	–	61
		991,606	948,090	558,644	566,202
Total assets		1,423,841	1,175,322	637,182	619,163

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

	Note	The Group		The Company	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
LIABILITIES					
Current liabilities					
Trade and other payables	27	95,182	94,901	14,645	12,724
Current income tax liabilities		11,710	10,445	2,826	2,515
Borrowings	28	10,358	5,719	2,500	2,500
Derivative financial instruments	15	666	1,263	–	513
Provision for warranties	30	2,708	2,413	–	–
		120,624	114,741	19,971	18,252
Non-current liabilities					
Borrowings	28	417,688	301,848	42,000	42,000
Other payables and liabilities	31	30,364	18,345	166,500	166,500
Derivative financial instruments	15	2,279	758	–	–
Deferred income tax liabilities	26	64,611	58,405	–	–
		514,942	379,356	208,500	208,500
Total liabilities		635,566	494,097	228,471	226,752
Net assets		788,275	681,225	408,711	392,411
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	32	244,405	244,405	244,405	244,405
Revaluation and other reserves	33	41,496	38,818	134,150	133,854
Retained earnings	34	477,500	374,404	30,156	14,152
		763,401	657,627	408,711	392,411
Non-controlling interest		24,874	23,598	–	–
Total equity		788,275	681,225	408,711	392,411

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2010

	Note	Attributable to equity holders of the Company					Total Equity \$'000
		Share capital \$'000	Revaluation and other reserves \$'000	Retained earnings \$'000	Total \$'000	Non- controlling interest \$'000	
2010							
Beginning of financial year		244,405	38,818	374,404	657,627	23,598	681,225
Dividend relating to 2009 paid	35	–	–	(13,474)	(13,474)	–	(13,474)
Net release of asset revaluation reserve	33(d)	–	(9)	9	–	–	–
Contribution from non-controlling interest		–	–	–	–	400	400
Total comprehensive income for the year		–	2,687	116,561	119,248	876	120,124
End of financial year		244,405	41,496	477,500	763,401	24,874	788,275

An analysis of the movements in each category within "Revaluation and other reserves" is presented in Note 33.

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

Attributable to equity holders of the Company						
Note	Share capital \$'000	Revaluation and other reserves \$'000	Retained earnings \$'000	Total \$'000	Non-controlling interest \$'000	Total Equity \$'000
2009						
Beginning of financial year	244,405	19,557	326,905	590,867	20,365	611,232
Dividend relating to 2008 paid	–	–	(21,559)	(21,559)	–	(21,559)
Net release of asset revaluation reserve	33(d)	(9)	9	–	–	–
Contribution from non-controlling interest	–	–	–	–	445	445
Total comprehensive income for the year	–	19,270	69,049	88,319	2,788	91,107
End of financial year	244,405	38,818	374,404	657,627	23,598	681,225

An analysis of the movements in each category within "Revaluation and other reserves" is presented in Note 33.

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

Consolidated Cash Flow Statement

For the financial year ended 31 December 2010

	Note	2010 \$'000	2009 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		135,571	76,044
Adjustments for:			
Amortisation and depreciation	5	9,754	8,486
Amortisation of deferred golf membership revenue	4	(409)	(523)
Dividend income	4	(833)	(2)
Interest expense	7	13,053	12,823
Interest income	4	(2,944)	(2,612)
(Gain)/loss on disposal of:			
Investment properties	4	(504)	(22)
Property, plant and equipment	4,5	(11)	629
Share of profit of associates		(8,469)	(17,901)
Impairment in value of a financial asset, available-for-sale	5	1,751	–
Write-off of property, plant and equipment		1	–
Write-off of property, plant and equipment under investment property	24	–	22
Net provision/(write-back) for warranties	30	297	(953)
Fair value gains on investment properties	24	(71,467)	(4,749)
Fair value movement for derivative financial instruments		(55)	–
Effects of currency translation differences on consolidation		339	467
Operating cash flow before working capital changes		76,074	71,709
Change in working capital, net of effects from acquisition and disposal of subsidiaries:			
Trade and other receivables		(12,534)	17,258
Inventories and contract work-in-progress		3,597	1,697
Development property – current		(155,824)	74,971
Financial assets, at fair value through profit or loss		(2)	(46)
Trade and other payables		923	(38,191)
Other payables – non-current		(4,327)	1,579
Cash (used in)/generated from operations		(92,093)	128,977
Income tax paid		(9,140)	(7,982)
Net cash (used in)/generated from operating activities – carried forward		(101,233)	120,995

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

	Note	2010 \$'000	2009 \$'000
Net cash (used in)/generated from operating activities – brought forward		(101,233)	120,995
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		268	176
Purchases of property, plant and equipment		(9,267)	(11,507)
Payments for additional investment in/acquisition of associates	21	–	(4,369)
Repayments from associates		209	351
Dividends received from associates		1,369	369
Payments for financial assets, available-for-sale	20	–	(843)
Proceeds from partial disposal of investment properties		31,961	57
Expenditure on investment properties		(1,341)	(2,497)
Other receivables - non-current		107	236
Dividends received		833	2
Interest received		2,944	2,612
Net cash generated from/(used in) investing activities		27,083	(15,413)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares to a non-controlling shareholder of a subsidiary		400	-
Proceeds from borrowings		123,000	94,000
Repayment of borrowings		(2,250)	(152,182)
Payment for transaction costs relating to borrowings/refinancing		(488)	(5,180)
Fixed deposits pledged for secured borrowings		(4)	(5,585)
Interest paid		(11,667)	(12,367)
Loan from a non-controlling shareholder of a subsidiary		16,755	-
Dividends paid to equity holders of the Company	35	(13,474)	(21,559)
Net cash generated from/(used in) financing activities		112,272	(102,873)
NET INCREASE IN CASH AND CASH EQUIVALENTS		38,122	2,709
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		164,767	161,286
Effects of currency translation on cash and cash equivalents		(1,188)	772
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	11	201,701	164,767

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

Notes to the Financial Statements

For the financial year ended 31 December 2010

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

1. GENERAL INFORMATION

Guthrie GTS Limited (“the Company”) is incorporated and domiciled in Singapore. The address of its registered office is 1 Fifth Avenue #02-06/07, Guthrie House, Singapore 268802.

The Company is listed on the Singapore Exchange.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are set out in Note 41.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

On 1 January 2010, the Group adopted the new or revised FRS and Interpretations to 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.

FRS 27 (revised) Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009)

The revisions to FRS 27 principally change the accounting for transactions with non-controlling interests. FRS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Please refer to Notes 2.3(c)(iii) for the revised accounting policy on changes in ownership interests that results in a loss of control and 2.3(d) for that on changes in ownership interests that do not result in a loss of control.

As the changes have been implemented prospectively, no adjustments were necessary to any of the amounts previously recognised in the financial statements. There were no transactions with non-controlling interests in the current financial year. Accordingly, these changes do not have any impact on the financial statements for the current financial year.

FRS 103 (revised) Business Combinations (effective for annual periods beginning on or after 1 July 2009)

FRS 103 (revised) continues to apply the acquisition method to business combinations, with some significant changes. Please refer to Note 2.3(c)(ii) for the revised accounting policy on business combinations.

As the changes have been implemented prospectively, no adjustments were necessary to any of the amounts previously recognised in the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Amendment to FRS 7 Cash Flow Statements (effective for annual periods beginning on or after 1 January 2010)

Under the amendment, only expenditures that result in a recognised asset in the balance sheet can be classified as investing activities in the cash flow statement. Previously, such expenditure could be classified as investing or operating activities in the cash flow statement.

This change has been applied retrospectively. It had no material effect on the amounts presented in the cash flow statement for the current or prior financial year.

2.2 Revenue recognition

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

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria for each of the Group's activities are met as follows:

- (a) Revenue from engineering, retrofitting and construction contracts are recognised based on the percentage-of-completion method. Please refer to the paragraph "Contract revenue" for the accounting policy for revenue from contracts.
- (b) Revenue from rendering of services (management consultancy, retrofitting consultancy, real estate consultancy, maintenance and upkeep) is recognised based on the stage of completion determined by reference to services performed to date as a percentage of total services to be performed.
- (c) Revenue arising from operating leases (net of any incentives given to lessees) on investment properties is recognised on a straight-line basis over the lease term.
- (d) Revenue from development properties for sale is only recognised when the risks and rewards of ownership of the properties are transferred to the buyer, usually upon obtaining the temporary occupation permit.
- (e) Revenue from the sale of goods is recognised when a Group entity has delivered the products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.
- (f) Golf membership entrance fees are taken to deferred revenue upon sale of memberships and amortised in the income statement over the remaining lease period of the golf course. Upon termination of memberships, the remaining unamortised balance of deferred revenue is taken to the income statement.
- (g) Interest income is recognised on a time proportion basis, using the effective interest method.
- (h) Dividend income is recognised when the right to receive payment is established.

Notes to the Financial Statements

For the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting

(a) Associates

Associates are entities over which the Group has significant influence, but not control, and generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

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

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

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Gains and losses arising from partial disposals or dilutions in investments in associates are recognised in the income statement.

Investments in associates are derecognised when the Group loses significant influence. Any retained interest in the entity is measured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and its fair value is recognised in the income statement.

Please refer to the paragraph "Investments in associates, joint ventures and subsidiaries" for the Company's accounting policy on investments in associates in the separate financial statements of the Company.

(b) Joint ventures

The Group's joint ventures are entities (including special purpose entities) over which the Group has contractual arrangements to jointly share the control over the economic activity of the entities with one or more parties. The Group's interests in joint ventures are accounted for in the consolidated financial statements using proportionate consolidation.

Proportionate consolidation involves combining the Group's share of the joint ventures' income and expenses, assets and liabilities and cash flows of the jointly-controlled entities on a line-by-line basis with similar items in the Group's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(b) Joint ventures (continued)

When the Group sells assets to a joint venture, the Group recognises only the portion of unrealised gains or losses on the sale of assets that is attributable to the interest of the other venturers. The Group recognises the full amount of any loss when the sale provides evidence of a reduction in the net realisable value of the assets or an impairment loss.

When the Group purchases assets from a joint venture, it does not recognise its share of the profits of the joint ventures arising from the Group's purchase of assets until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

Accounting policies of joint ventures have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Please refer to the paragraph "Investments in associates, joint ventures and subsidiaries" for the Company's accounting policy on investments in joint ventures in the separate financial statements of the Company.

(c) Subsidiaries

(i) *Consolidation*

Subsidiaries are entities over which the Group has power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to the 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 that 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 unless the transaction provides evidence of an impairment 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 Group. They are shown separately in the consolidated financial 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 the results in the non-controlling interests having a deficit balance.

Please refer to the paragraph "Investments in associates, joint ventures and subsidiaries" for the Company's accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(ii) *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 and the fair value of pre-existing equity interest in the subsidiary.

Notes to the Financial Statements

For the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(c) Subsidiaries (continued)

(ii) *Acquisition of businesses (continued)*

Acquisition-related costs are expenses 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 on the date of acquisition.

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

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. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy for goodwill.

(iii) *Disposals of subsidiaries or businesses*

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to the income statement 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 the control is lost and its fair value is recognised in the income statement.

Please refer to the paragraph "Investments in associates, joint ventures and subsidiaries" for the Company's accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(d) Transactions with non-controlling interests

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 equity owners of the Group. 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 equity holders of the Company.

2.4 Cash and cash equivalents

For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents include cash on hand, balances in project accounts, deposits with financial institutions which are subject to an insignificant risk of change in value and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet.

2.5 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average costing method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Contract revenue

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

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

The stage of completion is measured by reference to the value of works performed relative to the total contract value as certified by quantity surveyors. Costs incurred during the financial year in connection with future activity on a contract are excluded from costs incurred to date when determining the stage of completion of a contract. Such costs are shown as 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.

At the balance sheet date, the cumulative costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is shown as due from customers on contracts, within "Trade and other receivables". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is shown as due to customers on contracts, within "Trade and other payables".

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

2.7 Investments in associates, joint ventures and subsidiaries

Investments in associates, joint ventures and subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. Non-current interest-free loans extended to associates, joint ventures and subsidiaries with no fixed terms of repayment are considered to be part of the Company's net investment in these associates, joint ventures and subsidiaries. Settlement of these loans is neither planned nor likely to occur in the foreseeable future. On disposal of investments in associates, joint ventures and subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the income statement.

2.8 Investment properties

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

Investment properties are initially recognised at cost and subsequently carried at fair value, representing open market values determined on an annual basis by directors based on independent professional valuations. Changes in fair values are recognised in the income statement. In determining the fair values, the valuers have used valuation techniques including the direct comparison method, capitalisation approach and/or discounted cash flows in arriving at the open market values.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes.

Notes to the Financial Statements

For the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Investment properties (continued)

Investment properties are subjected to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are written off to the income statement. The cost of maintenance, repairs and minor improvement is charged to the income statement when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amounts is recognised in the income statement.

2.9 Development properties

Development properties intended to be held for sale are classified as current assets and carried at lower of net realisable value and cost. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as an expense immediately.

Cost includes land, construction, and related development costs and interest on borrowings obtained to finance the cost of the properties [Note 2.14].

2.10 Property, plant and equipment

(a) Measurement

Other than a short term leasehold property in Singapore, property, plant and equipment are initially recorded at cost and subsequently carried at cost less accumulated depreciation and impairment losses. The short term leasehold property in Singapore was initially stated at cost and subsequently carried at fair value less accumulated depreciation and impairment losses. The valuation of the short term leasehold property in Singapore was carried out in 1982 and the revaluation surplus was taken to revaluation reserve. The Group does not have a policy of periodic revaluation of the short term leasehold property.

The cost of an item of property, plant and equipment 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. The projected cost of dismantlement, removal or restoration is also included as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Costs also include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset [Note 2.14].

(b) Depreciation

Short term leasehold properties are depreciated over the term of the lease. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their expected useful lives. The useful lives of property, plant and equipment are as follows:

	Years
Short term leasehold properties	10 to 45
Plant, machinery, furniture, fittings and office equipment	3 to 10
Motor vehicles	2 to 5

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the income statement when the changes arise.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Property, plant and equipment (continued)

(c) Subsequent expenditure

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

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in the income statement. Any amount in revaluation reserve relating to that asset is transferred to retained earnings directly.

2.11 Goodwill

Goodwill on acquisitions of subsidiaries on or after 1 January 2010 represents the excess of the cost 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 identifiable assets acquired.

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

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

Goodwill on associates is included in the carrying amount of investments.

Gains or losses on the disposal of associates, joint ventures and subsidiaries include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was adjusted against retained earnings in the year of acquisition and not recognised in the income statement on disposal.

2.12 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Goodwill included in the carrying amount of an investment in associate is tested for impairment as part of the investment, rather than separately.

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

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

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

An impairment loss on goodwill is recognised in the income statement and is not reversed in a subsequent period.

Notes to the Financial Statements

For the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Impairment of non-financial assets (continued)

- (b) Property, plant and equipment
Investments in associates, joint ventures and subsidiaries

Property, plant and equipment and investments in associates, joint ventures and subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

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

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

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the income statement, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Please refer to the paragraph "Property, plant and equipment" for the treatment of a revaluation decrease.

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

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

2.13 Financial assets

- (a) Classification

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial assets (continued)

(a) Classification (continued)

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than twelve months after the balance sheet date which are presented as non-current assets. Loans and receivables include "Cash and cash equivalents" and "Trade and other receivables" except for non-current receivables from joint ventures and subsidiaries which have been accounted for in accordance with Note 2.7.

(iii) *Financial assets, available-for-sale*

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose off the assets within twelve months after the balance sheet date.

(b) Recognition and derecognition

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

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

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in the income statement.

(d) Subsequent measurement

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

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

Interest and dividend income on financial assets, available-for-sale are recognised separately in the income statement. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income, together with the related currency translation differences.

Notes to the Financial Statements

For the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial assets (continued)

(e) Impairment

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

(i) *Loans and receivables*

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

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

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

(ii) *Financial assets, available-for-sale*

In addition to the objective evidence of impairment described in Note 2.13(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that these assets are impaired.

If any evidence of impairment exists, the cumulative loss that was recognised in the fair value reserve is transferred to the income statement. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value. The impairment losses recognised in the income statement on equity securities are not reversed through the income statement.

2.14 Borrowing costs

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

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investments of these borrowings, are capitalised in the cost of the property under development. Borrowings costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Income taxes

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

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

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

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

Deferred income tax is measured:

- (a) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (b) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

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

2.16 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.

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

2.17 Provisions

Provision for warranties is recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The Group recognises the estimated liabilities on all products and completed contracts still under warranty at the balance sheet date. This provision is calculated based on historical experience of the level of repairs and replacements.

Notes to the Financial Statements

For the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Employee compensation

The Group's contributions are recognised as employee compensation expense when they are due, unless they can be capitalised as an asset.

(a) Defined contribution plans

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

(b) Equity compensation benefits

Share options are granted to eligible directors and employees of the Company and its subsidiaries. The options are granted at the market price of the shares on the date of the grant.

(c) Employee leave entitlements

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

2.19 Leases

(a) When the Group is the lessee:

The Group leases certain property, plant and equipment from non-related parties.

(i) *Lessee – Finance leases*

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in the income statement on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) *Lessee – Operating leases*

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

Contingent rents are recognised as an expense in the income statement when incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Leases (continued)

- (b) When the Group is the lessor:

The Group leases investment properties under operating leases to non-related parties.

Lessor – Operating leases

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

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

Contingent rents are recognised as income in the income statement when earned.

2.20 Segment reporting

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

2.21 Share capital

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

Incremental costs directly attributable to the issuance of new ordinary shares for the acquisition of businesses are included in the cost of acquisition as part of the purchase consideration.

2.22 Dividends to Company's shareholders

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

2.23 Currency translation

- (a) Functional and presentation currency

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

Notes to the Financial Statements

For the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Currency translation (continued)

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in the income statement, unless they arise from borrowings in foreign currencies, other currency instruments qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to the income statement as part of the gain or loss on disposal of the foreign operation.

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

(c) Translation of Group entities' financial statements

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

- (i) Assets and liabilities are translated at the closing exchange rates at the date of the balance sheet;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting currency translation differences are recognised in the currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and translated at the closing rates at the date of the balance sheet. For acquisitions prior to 1 January 2005, the exchange rates at the dates of acquisition are used.

2.24 Trade and other payables

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

2.25 Derivative financial instruments and hedging activities

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Derivative financial instruments and hedging activities (continued)

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

(a) Interest rate swaps

The Group has entered into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on certain of its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates.

The fair value changes on the effective portion of interest rate swaps designated as cash flow hedges are recognised in other comprehensive income and reclassified to the income statement when the interest expense on the borrowings are recognised in the income statement. The fair value changes on the ineffective portion of interest rate swaps are recognised immediately in the income statement.

(b) Currency forwards

The Group has entered into currency forwards for the purpose of hedging against transactions in foreign currencies. As these currency forwards do not qualify as cash flow hedges, the fair value changes are recognised in the income statement when the changes arise.

(c) Derivatives that are not designated or do not qualify for hedge accounting

Fair value changes on these derivatives are recognised in the income statement when the changes arise.

2.26 Fair value estimation of financial assets and liabilities

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

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flows analyses and asset-based valuation techniques are also used to determine the fair values of the financial instruments. In determining these fair values, management evaluates among other factors, the reliability and appropriateness of the use of the underlying net asset information provided, taking into consideration factors such as industry and sector outlook, other market comparables and prevailing market conditions.

The fair values of currency forwards are determined using actively quoted forward exchange rates. The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest rates.

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

Notes to the Financial Statements

For the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.27 Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries. These guarantees are financial guarantees 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 guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to the income statement over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Company's balance sheet.

Intragroup transactions are eliminated on consolidation.

2.28 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions. Government grants relating to expenses are offset against the related expenses.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

Estimates, assumptions and judgments 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.

(a) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant judgment is required in determining the capital allowances and deductibility of certain expenses (including interest and corporate expenses) during the estimation of the provision of income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on judgment of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences could have a material impact on the income tax and deferred income tax provisions in the period in which such determination is made.

If the actual final outcome (on the judgment areas) differs by 10% from management's estimates, the Group's income tax liability (current or deferred) would be increased or reduced by \$1.65 million.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS (continued)

(b) Contract revenue

The Group recognises contract revenue and contract costs by using the stage of completion method. The stage of completion of a project is measured by reference to the completion of the contract activity at the balance sheet date (percentage-of-completion method). The stage of completion of a project is measured by reference to the value of works performed relative to the total contract value as certified by quantity surveyors. Management makes an estimate of the gross margin for each project and applies the estimated percentage of completion to recognise the gross profit for the financial year.

Significant judgment is required to estimate the gross profit margin. In making this judgment, management has relied mainly on past experience.

If the estimated gross profit margin for major uncompleted contracts as at balance sheet date increases/decreases by 1%, the Group's gross profit would increase/decrease by approximately \$1.43 million.

(c) Valuation of investment properties

The Group's investment properties, with a carrying amount of \$755.34 million [Note 24] as at 31 December 2010, are stated at their estimated market values, which are determined annually by the directors based on independent professional valuations. These estimated market values may differ from the prices at which the Group's investment properties could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, certain estimates require an assessment of factors not within the directors' control, such as overall market conditions. As a result, actual results of operations and realisation of these investment properties could differ from the estimates set forth in these financial statements, and the difference could be significant.

If the actual fair values of investment properties differ by 1%, the investment properties would reduce or increase by \$7.55 million.

(d) Fair value estimation of financial assets, available-for-sale

The Group's financial assets, available-for-sale comprise mainly unlisted property funds and equity securities which are not traded in an active market [Note 20]. The carrying amount of the Group's financial assets, available-for-sale as at 31 December 2010 was \$90.44 million. The property funds hold largely investment properties and other monetary assets. These investment properties are stated at fair values based on external property valuation. In determining the fair values of the property funds, management evaluates among other factors, the reliability and appropriateness of the use of the underlying net asset information provided, taking into consideration factors such as industry and sector outlook, other market comparables and prevailing market conditions. If the estimated net asset values differ by 1% from management's estimates, the Group's financial assets, available-for-sale and fair value reserve would be reduced or increased by \$0.90 million.

Notes to the Financial Statements

For the financial year ended 31 December 2010

4. REVENUE AND OTHER GAINS

	The Group	
	2010 \$'000	2009 \$'000
Contract revenue	145,909	189,642
Rental income*	67,275	63,786
Rendering of services	63,173	56,073
Sale of goods	17,468	19,484
Dividend income from financial assets, available-for-sale	829	–
Sale of development property	–	93,783
Amortisation of deferred golf membership revenue	409	523
Total revenue	295,063	423,291
Other gains:		
Interest income on fixed deposits and financial assets at fair value through profit or loss	763	938
Interest income on overdue trade receivables	32	64
Interest income on loan to an associate	1,992	1,546
Other interest income	157	64
Sundry income	2,837	1,957
Insurance claims	12	40
Gain on disposal of property, plant and equipment	11	–
Gain on disposal of investment properties	504	22
Fair value gains on financial assets, at fair value through profit or loss**	4	57
Other gains	6,312	4,688

* Contingent rent is the portion of lease payments that is not fixed in amount but is based on a factor other than the passage of time. Included in the rental income from investment properties is contingent rent amounting to \$3.26 million (2009: \$2.46 million), which was computed based on the sales achieved by tenants.

** Includes dividend income from financial assets at fair value through profit or loss of \$4,000 (2009: \$2,000).

5. EXPENSES BY NATURE

	Note	The Group	
		2010 \$'000	2009 \$'000
Purchases of raw materials, finished goods and consumables		18,166	20,111
Engineering contract costs		113,668	163,576
Sub-contract charges		3,069	4,674
Change in development property		–	74,971
Cost incurred for development property		–	12,029
Property tax, repairs and maintenance		16,917	14,961
Amortisation of prepayment for operating lease		207	310
Depreciation of property, plant and equipment	25	9,547	8,176
Total depreciation and amortisation		9,754	8,486
Other fees paid/payable to:			
– Auditor of the Company		11	14
– Other auditors*		62	37
		73	51
Impairment in value of a financial asset, available-for-sale	33(a)	1,751	–
Provision for warranties	30	1,503	508
Rental on operating leases		458	403
Changes in inventories and contract work-in-progress		3,597	1,697
Write-back of provision for warranties	30	(1,206)	(1,461)
Loss on disposal of property, plant and equipment		–	629
Litigation expenses		43	1,460
Bad debts written-off (trade)		10	467

* Includes PricewaterhouseCoopers firms outside Singapore.

Notes to the Financial Statements

For the financial year ended 31 December 2010

6. EMPLOYEE COMPENSATION

	The Group	
	2010	2009
	\$'000	\$'000
Wages, salaries and related staff benefits	42,652	37,652
Employer's contribution to defined contribution plans, including Central Provident Fund	2,782	2,770
Less: Government grant – Jobs Credit Scheme	(218)	(1,314)
	45,216	39,108

An amount of \$18.97 million (2009: \$17.49 million) included under the Group's employee benefits has been charged to cost of sales.

Key management personnel compensation is disclosed in Note 10(b).

The Jobs Credit Scheme is a cash grant introduced in the Singapore Budget 2009 to help businesses preserve jobs in the economic downturn. The Jobs Credit was paid to eligible employers in 2010 in two payments and the amount an employer can receive depend on the fulfillment of the conditions as stated in the Scheme.

7. FINANCE EXPENSE

	The Group	
	2010	2009
	\$'000	\$'000
Interest expense on:		
Bonds	8,207	7,949
Bank loans	4,827	4,853
Other	13	6
Commitment fee	6	15
	13,053	12,823

8. INCOME TAX EXPENSE

	The Group	
	2010 \$'000	2009 \$'000
Tax expense attributable to profit is made up of:		
Current income tax		
– Singapore	11,359	9,106
– Foreign	752	734
	12,111	9,840
Deferred income tax	5,875	(1,887)
	17,986	7,953
(Over)/under provision in previous financial years:		
– Current income tax	(1,692)	(1,174)
– Deferred income tax	532	–
	(1,160)	(1,174)
	16,826	6,779

The tax expense on profit differs from the amount that would arise using the Singapore standard rate of income tax as explained below:

	The Group	
	2010 \$'000	2009 \$'000
Profit before tax	135,571	76,044
Less: Share of profits of associates, net of tax	(8,469)	(17,901)
	127,102	58,143
Tax calculated at a tax rate of 17% (2009: 17%)	21,607	9,884
Effects of:		
– change in tax rate	(1,088)	(3,452)
– expenses not deductible for tax purposes	3,022	3,401
– different tax rates in other countries	723	81
– income not subject to tax or subject to lower tax rate	(5,288)	(2,327)
– deferred income tax assets not recognised on tax losses	441	624
– utilisation of previously unrecognised tax losses	(1,235)	(52)
– other	(196)	(206)
Tax charge	17,986	7,953

Notes to the Financial Statements

For the financial year ended 31 December 2010

9. EARNINGS PER SHARE

(a) Basic earnings per share

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

	The Group	
	2010	2009
Net profit attributable to equity holders of the Company (\$'000)	116,561	69,049
Weighted average number of ordinary shares in issue ('000)	1,077,937	1,077,937
Basic earnings per share (cents per share)	10.81	6.41

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has only one type of dilutive potential ordinary shares which are the share options granted under its share option scheme [Note 32(b)]. There are no share options outstanding as at 31 December 2010 and 31 December 2009.

10. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following significant transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services and interest income received

	The Group	
	2010	2009
	\$'000	\$'000
Rendering of services to an associate	929	1,282
Sales to an associate	4,698	–
Interest income on loan to an associate	1,992	1,546
Provision of construction and project management services to a director	593	–

10. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(b) Key management personnel compensation

The key management's remuneration includes fees, salary, bonus, commission and other emoluments (including benefits-in-kind) computed based on the cost incurred by the Group and the Company, and where the Group or Company did not incur any costs, the value of the benefit. The key management personnel compensation is as follows:

	The Group	
	2010 \$'000	2009 \$'000
<u>Directors of the Company</u>		
Salaries and other short term employee benefits	8,945	6,533
Contribution to the Central Provident Fund	22	22
	8,967	6,555

Included in salaries and other short term employee benefits is depreciation charge of the motor vehicles used by directors of the Company of \$0.12 million (2009: \$0.11 million).

11. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Cash at bank and on hand	58,653	19,082	410	316
Project accounts [see (a) below]	4,435	4,363	–	–
Fixed deposits with financial institutions	144,310	147,876	67,030	46,192
	207,398	171,321	67,440	46,508

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

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Cash and bank balances (as above)	207,398	171,321	67,440	46,508
Bank overdrafts [Note 28]	(108)	(969)	–	–
	207,290	170,352	67,440	46,508
Fixed deposits (pledged and restricted) [see (b) below]	(5,589)	(5,585)	–	–
Cash and cash equivalents per consolidated cash flow statement [see (d) below]	201,701	164,767	67,440	46,508

Notes to the Financial Statements

For the financial year ended 31 December 2010

11. CASH AND CASH EQUIVALENTS (continued)

- (a) As required by the Ministry of National Development, the project accounts are maintained with financial institutions for housing development projects undertaken by the Group. The operation of the project account is governed by rules and regulations stipulated in the Housing Developers (Control and Licensing) Act.
- (b) Fixed deposits pledged and restricted as at 31 December 2010 of \$5.59 million (2009: \$5.59 million) placed by the Group with financial institutions to meet any shortfalls in the payment of interest due in respect of the Bank Loans, the Term Loan, the Class AAA Bonds, the Class AA Bonds and the Class A Bonds [Notes 28 and 29].
- (c) Fixed deposits amounting to \$0.89 million (2009: Nil) of a subsidiary are charged as security against banker's guarantee issued for the benefit of that subsidiary.
- (d) Included in cash and cash equivalents are deposits of \$3.27 million (2009: \$3.74 million) placed by the Group with a financial institution which were pledged to a security trustee as security for the bonds issued by a special purpose entity ("SPE") [Note 29]. These amounts maintained under escrow can be used for purposes as stated in the bonds documents, which related to mainly payments for project expenditure, operating expenditure in relation to a secured investment property [Note 24].
- (e) The fixed deposits with financial institutions mature on varying dates within 1 month (2009: 1 month) from the financial year end with the following weighted average effective interest rates:

	The Group		The Company	
	2010 %	2009 %	2010 %	2009 %
Singapore Dollar	0.20	0.30	0.19	0.23
United States Dollar	0.75	1.20	0.25	0.11
Euro	0.22	0.10	–	–
Indonesia Rupiah	4.70	6.52	–	–
Other	4.60	3.35	4.60	3.35

- (f) The exposure of cash and cash equivalents to currency and interest rate risks are disclosed in Note 43(a).

12. TRADE AND OTHER RECEIVABLES - CURRENT

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Trade receivables:				
Joint ventures	–	–	128	139
Subsidiaries	–	–	382	2,072
Non-related parties	23,555	33,903	–	–
Less: Allowance for impairment of receivables – non-related parties	(1,132)	(1,632)	–	–
Trade receivables – net	22,423	32,271	510	2,211
Engineering, retrofitting and construction contracts:				
Due from customers [Note 13]	4,965	3,156	–	–
Retentions on contracts [Note 13]	12,412	9,717	–	–
	17,377	12,873	–	–
Other receivables:				
Joint venture (Interest receivable)	–	–	162	163
Special purpose entity (Interest receivable) [Note 40]	–	–	9,967	4,049
Associates	–	209	–	1
Non-related parties [see (b) below]	10,369	6,390	23	8
Less: Allowance for impairment of receivables – non-related parties	(4,081)	(4,267)	–	–
	6,288	2,332	10,152	4,221
	46,088	47,476	10,662	6,432

- (a) Impairment loss on trade and other receivables amounting to \$0.01 million (2009: \$0.47 million) was recognised as an expense and included in “Other operating expenses”.
- (b) Other receivables include \$3.55 million (2009: \$3.55 million) due from a third party company to a subsidiary that has been fully impaired. Other receivables due from non-related parties are unsecured and interest-free.

Exposure to interest rate and credit risks are disclosed in Note 43(a) and 43(b) respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2010

13. CONTRACT WORK-IN-PROGRESS

	The Group	
	2010 \$'000	2009 \$'000
Contract work-in-progress	177	2,454
Aggregate contract costs and profits (less losses) recognised to date	455,555	489,277
Less: Progress billings	(450,594)	(486,124)
	4,961	3,153
Presented as:		
Due from customers on contract work-in-progress [Note 12]	4,965	3,156
Due to customers on contract work-in-progress [Note 27]	(4)	(3)
	4,961	3,153
Retentions on contracts [Note 12]	12,412	9,717

14. INVENTORIES

	The Group	
	2010 \$'000	2009 \$'000
Finished goods	2,137	3,457
Raw materials	34	34
	2,171	3,491

The cost of inventories recognised as an expense and included in "Cost of sales" amounted to \$20.89 million (2009: \$20.41 million).

15. DERIVATIVE FINANCIAL INSTRUMENTS

	The Group			The Company	
	Contract/ notional amount \$'000	Fair value		Contract/ notional amount \$'000	Fair value Liabilities \$'000
		Assets \$'000	Liabilities \$'000		
2010					
<u>Cash flow hedges</u>					
Interest rate swaps	91,500	–	(2,945)	–	–
<u>Non-hedging instruments</u>					
Currency forwards	1,218	40	–	–	–
		40	(2,945)		–
Less: Current portion		(40)	666		–
Non-current portion		–	(2,279)		–
2009					
<u>Cash flow hedges</u>					
Interest rate swaps	112,500	133	(2,006)	21,000	(513)
<u>Non-hedging instruments</u>					
Currency forwards	841	–	(15)	–	–
		133	(2,021)		(513)
Less: Current portion		–	1,263		513
Non-current portion		133	(758)		–

The derivative financial instruments, other than currency forwards, are denominated in Singapore Dollar.

The Company and the Group make use of the following derivative financial instruments to manage the risks arising from fluctuations in floating rates which are based on the Singapore Dollar - Swap Offer Rate [Note 28(b)].

Notes to the Financial Statements

For the financial year ended 31 December 2010

15. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(a) Interest rate swap – Company

The Company has entered into an interest rate swap contract that entitles it to receive interest at floating rates on a notional principal amount and obliges it to pay interest at fixed rate on the same amount, at semi-annually intervals. The interest rate swap enables the Company to swap part of its floating rate long term borrowings into fixed rate. The swap was contracted on 5 September 2007 and matured on 5 September 2010.

Maturity date	Notional amount \$'000	Fixed interest rate % p.a.
2009		
September 2010	21,000	3.26

(b) Interest rate swaps – Group (Joint venture)

A 50%-held joint venture has entered into interest rate swap contracts that entitle it to receive interest at floating rates on certain notional principal amounts and oblige it to pay interest at fixed rates on the same amounts. The interest rate swaps enable the joint venture to swap part of its floating rate long term borrowings into fixed rates [Note 28(b)(ii)]. Under these interest rate swaps, the joint venture contracted with other parties to exchange, at quarterly intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

The maturity dates and details of the outstanding interest rate swap contracts are as follows:

Maturity date	Notional amount \$'000	Group's proportionate share \$'000	Fixed interest rate % p.a.
2010			
April 2011	25,000	12,500	3.53
April 2013	40,000	20,000	2.30
April 2014	11,000	5,500	2.05
	76,000	38,000	
2009			
April 2011	25,000	12,500	3.53
April 2013	40,000	20,000	2.30
April 2014	11,000	5,500	2.05
	76,000	38,000	

15. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(c) Interest rate swaps – Group (Special purpose entity)

A 50%-held special purpose entity ("SPE") [Note 40] has entered into interest rate swap contracts that entitle it to receive interest at floating rates on notional principal amounts and oblige it to pay interest at fixed rates on the same amounts. The interest rate swaps enable the SPE to swap its floating rate bonds into fixed rates [Note 29(b)]. Under these interest rate swaps, the SPE contracted with other parties to exchange, at quarterly intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

The maturity dates and details of the outstanding interest rate swap contracts are as follows:

Maturity date	Description of hedged financial instruments	Notional amount \$'000	Group's proportionate share \$'000	Fixed interest rate % p.a.
2010				
April 2014	Class AAA Floating Rate Bonds	90,000	45,000	4.33
April 2014	Class A Floating Rate Bonds	17,000	8,500	5.23
		107,000	53,500	
2009				
April 2014	Class AAA Floating Rate Bonds	90,000	45,000	4.33
April 2014	Class A Floating Rate Bonds	17,000	8,500	5.23
		107,000	53,500	

(d) Currency forwards

Balance at the end of the financial year comprised of the following:

- (i) USD/SGD forward foreign exchange contract for a notional amount of US\$Nil million (2009: US\$0.32 million) offset by an equal and opposite contract entered into with a third party company; and
- (ii) EUR/SGD forward foreign exchange contracts for a notional amount of Euro 0.69 million (2009: Euro 0.19 million).

16. FINANCIAL ASSETS, AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	2010 \$'000	2009 \$'000
<u>Held for trading</u>		
Listed securities:		
Equity securities	110	110

Notes to the Financial Statements

For the financial year ended 31 December 2010

17. DEVELOPMENT PROPERTY

	The Group	
	2010 \$'000	2009 \$'000
(a) <u>Current</u>		
Land and other related costs	153,377	46,435
Development costs	2,477	40,565
	155,854	87,000
Less:		
Transfer to costs of sales [see (e) below]	–	(87,000)
	155,854	–
Capitalised during the financial year: Interest on borrowings	1,012	476

(b) A development property [see (c) below] has been charged as security for bank loans granted to a subsidiary [Note 28].

(c) Particulars of the development property are as follows:

Location	Title	Proposed development	Gross land area (sq.m)
Land Parcel Yishun PH 1 at Yishun Avenue 11/ Yishun Central, Singapore	103 years from 23 August 2010	A public housing development comprising 6 blocks of 16 storey flats with 2 levels of integrated MSCP, e-deck, precinct pavilion & commercial facilities (eating house, shops, mini-mart & child care facility) MK 19 on Lot 03316L at Yishun Avenue 11 (Yishun Planning Area)	27,474

The Group's interest in the above development property is 60% (2009: Nil).

(d) The expected date of temporary occupation for Development property – current is 24 May 2014. The percentage of completion as at balance sheet date is approximately 2.7%. As at 31 December 2010, the sale for the public housing development at Yishun has not been launched.

(e) In the previous financial year, Development property – current was transferred to cost of sales upon obtaining Temporary Occupation Permit (“TOP”) on 21 July 2009. The development was fully sold as at 31 December 2009.

18. DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Deposit and prepaid expenditure for acquisition of investment properties [see (a) below]	14,168	–	–	–
Deposits	152	198	50	10
Prepayments	1,552	1,961	386	11
Prepayment for operating lease [see (b) below]	–	207	–	–
Other	–	14	–	–
	15,872	2,380	436	21

(a) Deposit and prepaid expenditure for acquisition of investment properties relate to the acquisition of an aggregate 163 strata units, comprising 86 office units and 77 retail units in the property known as “The Adelphi”, located at 1 Coleman Street, Singapore.

(b) Prepayment for operating lease is for the use of a heavy vehicle car-park with 2-storey office building. The lease has expired on 1 September 2010.

The carrying amounts of deposits approximate their fair values.

19. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS – NON-CURRENT

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Amounts due from:				
Joint ventures (non-trade) [see (a) below]	–	–	39,022	47,675
Subsidiaries (non-trade) [see (b) below]	–	–	165,077	163,974
	–	–	204,099	211,649
Bonds due from:				
Joint venture [see (c) below]	–	–	166,500	166,500
Special purpose entity [see (d) below]	–	–	102,500	102,500
	–	–	269,000	269,000
Other prepayments	391	484	–	–
Other receivables [see (e) below]	16,631	16,631	–	–
Other deposits	272	286	10	10
	17,294	17,401	473,109	480,659

Notes to the Financial Statements

For the financial year ended 31 December 2010

19. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS – NON-CURRENT (continued)

- (a) The amounts due from joint ventures are non-trade in nature, unsecured, bear interest at variable rates ranging from 4.00% to 5.25% (2009: 4.00% to 5.25%) per annum, except for an amount of \$38.08 million (2009: \$43.89 million) which is interest-free. The fair value of the interest-bearing amounts due from joint ventures approximates its carrying value, and repayments are not expected within twelve months from the balance sheet date. This interest-free amount due from a joint venture has no fixed terms of repayment and is intended to be a long-term source of additional capital. Settlement of this amount is neither planned nor likely to occur in the foreseeable future. Accordingly, this balance is considered to be part of the Company's net investment in the joint venture.
- (b) The amounts due from subsidiaries are non-trade related, unsecured, bear interest at variable rates ranging from 0.87% to 6.00% (2009: 0.88% to 6.00%) per annum except for an amount of \$85.24 million (2009: \$105.85 million) which is interest-free. The fair value of the interest-bearing amounts due from subsidiaries approximates its carrying value, and repayments are not expected within twelve months from the balance sheet date. The interest-free amounts due from subsidiaries have no fixed terms of repayment and are intended to be a long-term source of additional capital for the subsidiaries. Settlement of these amounts is neither planned nor likely to occur in the foreseeable future. Accordingly, these amounts are considered to be part of the Company's net investment in these subsidiaries.
- (c) In the previous financial year, the maturity date of the unsecured bonds with a face value of \$166.50 million issued to the Company in 2004 was extended from 27 October 2009 to 27 October 2020. The bonds bear interest at a fixed rate of 7.10% (2009: 7.10%) per annum. The fair value of the bonds due from joint venture as at 31 December 2010, which is based on discounted cash flow using a discount rate of 6.55% (2009: 6.76%) that approximates the market rate of return is \$175.60 million (2009: \$173.55 million).
- (d) In the previous financial year, a special purpose entity ("SPE") [Note 29(a)] issued secured fixed rate subordinated bonds (the "Subordinated Bonds 2009") with a face value of \$102.50 million (at 50% proportionate interest) to the Company. The Subordinated Bonds 2009 bear interest at a fixed rate of 5.79% (2009: 5.79%) per annum with maturity in April 2014. The fair value of the Subordinated Bonds 2009 due from the SPE as at 31 December 2010, which is based on discounted cash flow using a discount rate of 3.88% (2009: 5.50%) that approximates the market rate of return is \$109.73 million (2009: \$105.13 million).
- (e) Other receivables include a loan of \$16.60 million (2009: \$16.60 million) to an associate. The loan is subordinated to the credit facilities that have been drawn down by the associate. The loan is unsecured, bears interest at 12% (2009: 12%) per annum and repayment is not expected within twelve months from the balance sheet date. The carrying amounts of other receivables approximate their fair values.

The exposure of non-current trade and other receivables to interest rate risks is disclosed in Note 43 (a).

20. FINANCIAL ASSETS, AVAILABLE-FOR-SALE

	The Group	
	2010 \$'000	2009 \$'000
Beginning of financial year	84,805	74,168
Additions	–	843
Fair value gains recognised in fair value reserve [Note 33(a)]	5,640	9,794
End of financial year	90,445	84,805
Less: Current portion	(4,525)	–
Non-current portion	85,920	84,805

Financial assets, available-for-sale are analysed as follows:

	The Group	
	2010 \$'000	2009 \$'000
Unlisted securities:		
Investment funds	85,920	78,811
Equity securities	4,525	5,994

21. INVESTMENTS IN ASSOCIATES

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Equity investment at cost			2,987	2,987
Beginning of financial year	48,916	26,317		
Currency translation differences	95	125		
Share of profits, net of tax	8,469	17,901		
Dividends received	(1,369)	(369)		
Additions [see (b) below]	–	4,369		
Share of hedging reserve [Note 33(b)]	(135)	75		
Share of currency translation reserve [Note 33(c)]	(769)	(3,675)		
Share of capital reserve [Note 33(f)]	–	4,173		
End of financial year	55,207	48,916		

Goodwill amounting to \$2.48 million (2009: \$2.48 million) is included in the carrying amount of investments in associates.

Notes to the Financial Statements

For the financial year ended 31 December 2010

21. INVESTMENTS IN ASSOCIATES (continued)

(a) The summarised financial information of the associates at the Group's proportionate share is as follows:

	The Group	
	2010 \$'000	2009 \$'000
Assets	153,100	145,219
Liabilities	(100,371)	(98,781)
Revenue	15,798	7,989
Net profit after income tax expense	8,469	17,901
Contingent liabilities of an associate, fully assumed by the Group	81	136

(b) Additions during the previous financial year include:

- (i) \$4.34 million which represents the Group's additional investment in its associate, ARMF II (Tampines) Pte Ltd ("ARMF II"), in proportion to its existing equity stake. The Group's equity stake in ARMF II remained unchanged after the additional investment.
- (ii) \$0.03 million which represents 49% of legal capital of Guthrie United Arab Emirates Engineering, LLC.

(c) Details of associates are set out in Note 39.

22. INVESTMENTS IN JOINT VENTURES

	The Company	
	2010 \$'000	2009 \$'000
Beginning and end of financial year	6,255	6,255

(a) The Group has included in its financial statements its proportionate share of the assets, liabilities and results of its joint ventures on a line-by-line basis with similar items in the consolidated financial statements. Below is a summary of the items included on a proportionate consolidation basis:

22. INVESTMENTS IN JOINT VENTURES (continued)

	The Group	
	2010	2009
	\$'000	\$'000
Assets:		
Current assets		
– other	62,217	51,514
Non-current assets		
– investment properties	604,945	564,185
– other	627	670
	667,789	616,369
Liabilities:		
Current liabilities		
– borrowings	2,250	2,250
– other	19,721	18,055
Non-current liabilities		
– borrowings	253,145	255,043
– other	76,762	56,926
	351,878	332,274
Net assets	315,911	284,095
Revenue	57,425	148,017
Fair value gains on investment properties	41,574	8,318
Expenses	(22,179)	(108,079)
Net profit before income tax	76,820	48,256
Income tax expense	(11,128)	(3,077)
Net profit	65,692	45,179
(b) Proportionate interest in joint ventures' commitments in respect of investment properties	98,229	88
(c) Details of joint ventures are set out in Note 40.		

Notes to the Financial Statements

For the financial year ended 31 December 2010

23. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2010	2009
	\$'000	\$'000
<u>Equity investments at cost</u>		
Beginning of financial year	75,882	77,285
Write-back of impairment - net	146	97
Disposal [see (a) below]	-	(1,500)
End of financial year	76,028	75,882

- (a) In the previous financial year, the Company disposed a subsidiary to another subsidiary for \$1.98 million. The disposal had no impact on the financial position and results of the Group.
- (b) Details of subsidiaries are set out in Note 41.

24. INVESTMENT PROPERTIES

	The Group	
	2010 \$'000	2009 \$'000
<u>Freehold</u>		
Beginning of financial year	72,400	72,700
Disposals	(6,900)	–
Fair value gains/(losses) recognised in income statement	10,700	(300)
End of financial year	76,200	72,400
<u>Leasehold</u>		
Beginning of financial year	644,442	632,167
Currency translation differences	(1,728)	4,786
Disposals	(24,557)	(35)
Write-off	–	(22)
Capital expenditure	1,341	2,497
Write-back of construction costs	(1,124)	–
Fair value gains recognised in income statement	60,767	5,049
End of financial year	679,141	644,442
	755,341	716,842

- (a) The investment properties are stated at the directors' valuations based on valuations carried out by independent firms of professional valuers, on the basis of their open market values at 31 December 2010. It is the intention of the Directors to hold the investment properties for the long term.
- (b) At the balance sheet date, certain investment properties with a total carrying value of \$748.74 million (2009: \$710.58 million) were mortgaged as security for credit facilities for the Company and the Group [Note 28(a)].
- (c) The investment properties are substantially leased to non-related parties under operating leases [Note 36(b)].
- (d) Details of the investment properties are set out in Note 42.

The following amounts are recognised in the income statement:

	The Group	
	2010 \$'000	2009 \$'000
Rental income [Note 4]	67,275	63,786
Direct operating expenses arising from investment properties that generated rental income	(14,450)	(12,470)

Notes to the Financial Statements

For the financial year ended 31 December 2010

25. PROPERTY, PLANT AND EQUIPMENT

	Short term leasehold properties \$'000	Plant, machinery, furniture, fittings and office equipment \$'000	Motor vehicles \$'000	Total \$'000
<u>The Group</u>				
2010				
<i>Cost or valuation</i>				
Beginning of financial year				
Cost	139,488	11,868	2,783	154,139
Valuation	1,500	–	–	1,500
	140,988	11,868	2,783	155,639
Currency translation differences	(4,030)	(396)	(18)	(4,444)
Additions	8,662	543	62	9,267
Disposals	(1,747)	(747)	(340)	(2,834)
Write-off	–	(57)	–	(57)
End of financial year	143,873	11,211	2,487	157,571
Representing:				
Cost	142,373	11,211	2,487	156,071
Valuation [see (a)(i) below]	1,500	–	–	1,500
	143,873	11,211	2,487	157,571
<i>Accumulated depreciation</i>				
Beginning of financial year	53,740	9,134	1,458	64,332
Currency translation differences	(1,860)	(320)	(8)	(2,188)
Depreciation charge	8,127	957	463	9,547
Disposals	(1,501)	(736)	(340)	(2,577)
Write-off	–	(56)	–	(56)
End of financial year	58,506	8,979	1,573	69,058
<i>Accumulated impairment charge</i>				
Beginning of financial year	11,514	–	–	11,514
Currency translation differences	(352)	–	–	(352)
End of financial year	11,162	–	–	11,162
<i>Net book value</i>				
End of financial year	74,205	2,232	914	77,351

25. PROPERTY, PLANT AND EQUIPMENT (continued)

	Short term leasehold properties \$'000	Plant, machinery, furniture, fittings and office equipment \$'000	Motor vehicles \$'000	Total \$'000
<u>The Group</u>				
2009				
<i>Cost or valuation</i>				
Beginning of financial year				
Cost	123,450	11,270	2,689	137,409
Valuation	1,500	–	–	1,500
	124,950	11,270	2,689	138,909
Currency translation differences	8,586	15	63	8,664
Additions	10,335	739	433	11,507
Disposals	(2,883)	(94)	(402)	(3,379)
Write-off	–	(62)	–	(62)
End of financial year	140,988	11,868	2,783	155,639
Representing:				
Cost	139,488	11,868	2,783	154,139
Valuation [see (a)(i) below]	1,500	–	–	1,500
	140,988	11,868	2,783	155,639
<i>Accumulated depreciation</i>				
Beginning of financial year	45,887	8,429	1,348	55,664
Currency translation differences	3,138	(18)	8	3,128
Depreciation charge	6,862	869	445	8,176
Disposals	(2,147)	(84)	(343)	(2,574)
Write-off	–	(62)	–	(62)
End of financial year	53,740	9,134	1,458	64,332
<i>Accumulated impairment charge</i>				
Beginning of financial year	11,608	–	–	11,608
Currency translation differences	(94)	–	–	(94)
End of financial year	11,514	–	–	11,514
<i>Net book value</i>				
End of financial year	75,734	2,734	1,325	79,793

Notes to the Financial Statements

For the financial year ended 31 December 2010

25. PROPERTY, PLANT AND EQUIPMENT (continued)

	Plant, machinery, furniture, fittings and office equipment \$'000	Motor vehicles \$'000	Total \$'000
<u>The Company</u>			
2010			
<i>Cost</i>			
Beginning of financial year	229	642	871
Additions	6	–	6
Write-off	(10)	–	(10)
End of financial year	225	642	867
<i>Accumulated depreciation</i>			
Beginning of financial year	159	354	513
Depreciation charge	9	90	99
Write-off	(10)	–	(10)
End of financial year	158	444	602
<i>Net book value</i>			
End of financial year	67	198	265
2009			
<i>Cost</i>			
Beginning of financial year	248	642	890
Additions	11	–	11
Write-off	(30)	–	(30)
End of financial year	229	642	871
<i>Accumulated depreciation</i>			
Beginning of financial year	181	265	446
Depreciation charge	8	89	97
Write-off	(30)	–	(30)
End of financial year	159	354	513
<i>Net book value</i>			
End of financial year	70	288	358

25. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) The Group's short term leasehold properties are as follows:

- (i) A leasehold property located in Jurong Industrial Estate, Singapore, used as a bonded warehouse, with an unexpired lease of 18.5 years. This property was revalued by the directors in 1982 [see (b) below];
- (ii) A leasehold property located in Aljunied, Singapore, used as an engineering workshop, a warehouse and manufacturing facilities with an unexpired lease of 3 years and an option to extend for a further 30 years at the end of the current lease. The directors intend to exercise the option at the end of the current lease;
- (iii) A hotel in Lao with an unexpired lease of 13 years;
- (iv) A leasehold property located in Batam, Indonesia, with an 18-hole golf course and other related facilities with an unexpired lease of 7 years;
- (v) A 427-room hotel consisting of an 11-storey main wing and a 14-storey tower wing located at Jalan M.H. Thamrin, Jakarta, Indonesia. The unexpired land's rights/titles ("Hak Guna Bangunan") of the land range from 2 years to 22.5 years. These short term leasehold properties are mortgaged to secure credit facilities granted to a subsidiary [Note 28(a)]; and
- (vi) A 169-room, 2-storey hotel with tropical terraces and superior rooms, 10 beach cabanas and 8 villas located at Tanjong Benoa, Bali, Indonesia. The unexpired land's rights/titles ("Hak Guna Bangunan") and unexpired land lease rights transferred from a third party range from 7.7 to 9.6 years. These short term land leasehold properties are mortgaged to secure credit facilities granted to a subsidiary [Note 28(a)].

(b) Included in the short term leasehold properties of the Group is a leasehold property which was revalued based on an independent valuation on open market basis by a firm of professional valuers at 31 December 1982. The Group does not have a policy of periodic revaluation of property, plant and equipment.

If the leasehold property stated at valuation [see (a)(i) above] had been included in the financial statements at cost less accumulated depreciation, the net book value would have been \$0.48 million (2009: \$0.51 million), compared to \$0.67 million (2009: \$0.71 million) at valuation less accumulated depreciation.

(c) Bank overdrafts are secured on certain leasehold properties of the Group with carrying amounts of \$49.43 million (2009: \$48.76 million) [Note 28(a)].

Notes to the Financial Statements

For the financial year ended 31 December 2010

26. DEFERRED INCOME TAXES

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

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Deferred income tax assets:				
To be recovered after more than twelve months	(493)	(200)	–	(61)
Deferred income tax liabilities:				
To be settled after more than twelve months	64,611	58,405	–	–
	64,118	58,205	–	(61)

Movement in deferred income tax account during the financial year is as follows:

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Beginning of financial year	58,205	58,910	(61)	(107)
Currency translation differences	(288)	1,011	–	–
Effect of change in tax rate	(1,088)	(3,428)	–	6
Charged to income statement	7,495	1,565	–	–
(Credited)/charged to hedging reserve [Note 33(b)]	(206)	147	61	40
End of financial year	64,118	58,205	–	(61)

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of \$14.85 million (2009: \$23.86 million) and capital allowances of \$0.02 million (2009: \$0.02 million) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and unutilised capital allowances in their respective countries of incorporation. These tax losses have no expiry date except for an amount of \$8.09 million which will expire between 2011 and 2015. The capital allowances have no expiry date.

Deferred income tax liabilities have not been recognised for the withholding and other taxes that will be payable on the unremitted earnings of overseas subsidiaries totalling \$4.59 million at 31 December 2010 (2009: \$3.97 million) as the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

26. DEFERRED INCOME TAXES (continued)

The movement in deferred income tax liabilities and assets (prior to offsetting of balances within the same tax jurisdiction) is as follows:

The Group	Accelerated	Effects arising	Other	Total
Deferred income tax liabilities	tax depreciation	on fair valuation	of assets	of assets
	\$'000	\$'000	\$'000	\$'000
2010				
Beginning of financial year	7,632	52,630	(92)	60,170
Currency translation differences	(21)	(305)	–	(326)
Reclassification	4	–	132	136
Effect of change in tax rate	(296)	(839)	–	(1,135)
(Credited)/charged to income statement	(219)	7,883	290	7,954
End of financial year	7,100	59,369	330	66,799
2009				
Beginning of financial year	6,437	54,495	(163)	60,769
Currency translation differences	40	1,006	–	1,046
Effect of change in tax rate	(452)	(3,095)	9	(3,538)
Charged to income statement	1,607	224	5	1,836
Charged to hedging reserve	–	–	57	57
End of financial year	7,632	52,630	(92)	60,170

Notes to the Financial Statements

For the financial year ended 31 December 2010

26. DEFERRED INCOME TAXES (continued)

The Group	Deferred	Provisions	Fair value	Other	Total
Deferred income tax assets	revenue		losses		
	\$'000	\$'000	\$'000	\$'000	\$'000
2010					
Beginning of financial year	(440)	(1,395)	(130)	–	(1,965)
Currency translation differences	–	20	–	18	38
Reclassification	–	–	(136)	–	(136)
Effect of change in tax rate	47	–	–	–	47
Charged/(credited) to income statement	85	(90)	–	(454)	(459)
Charged to hedging reserve	–	–	(206)	–	(206)
End of financial year	(308)	(1,465)	(472)	(436)	(2,681)
2009					
Beginning of financial year	(593)	(969)	(297)	–	(1,859)
Currency translation differences	–	(35)	–	–	(35)
Effect of change in tax rate	40	54	16	–	110
Charged/(credited) to income statement	113	(445)	61	–	(271)
Charged to hedging reserve	–	–	90	–	90
End of financial year	(440)	(1,395)	(130)	–	(1,965)

The deferred income tax assets above are fully set off against deferred income liabilities of the same taxable entities within the Group.

The Company	Fair value
Deferred income tax assets	losses
	\$'000
2010	
Beginning of financial year	(61)
Charged to hedging reserve	61
End of financial year	–
2009	
Beginning of financial year	(107)
Effect of change in tax rate	6
Charged to hedging reserve	40
End of financial year	(61)

27. TRADE AND OTHER PAYABLES - CURRENT

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Trade payables to:				
Non-related parties	25,158	22,044	58	59
Joint ventures	–	–	1	–
Subsidiaries	–	–	7,208	7,238
	25,158	22,044	7,267	7,297
Engineering, retrofitting and construction contracts:				
Accruals for costs incurred	30,640	40,738	–	–
Due to customers [Note 13]	4	3	–	–
	30,644	40,741	–	–
Accruals for operating expenses	21,832	16,529	6,219	4,234
Accruals for interest expense	1,682	1,514	1,151	1,175
Retentions	568	1,273	–	–
Unearned revenue	2,892	4,307	–	–
Tenancy deposits	8,857	3,164	–	–
Other	3,549	5,329	8	18
	95,182	94,901	14,645	12,724

28. BORROWINGS

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
<u>Current</u>				
Bank overdrafts	108	969	–	–
Bank loans	10,250	4,750	2,500	2,500
	10,358	5,719	2,500	2,500
<u>Non-current</u>				
Bank loans	262,885	147,768	42,000	42,000
Term loan	31,952	31,805	–	–
Secured Rated Bonds 2009 [see 29(a)]	122,851	122,275	–	–
	417,688	301,848	42,000	42,000
Total borrowings	428,046	307,567	44,500	44,500

Notes to the Financial Statements

For the financial year ended 31 December 2010

28. BORROWINGS (continued)

(a) Security granted

Total borrowings include secured facilities of \$425.55 million (2009: \$305.07 million) and \$42.00 million (2009: \$42.00 million) for the Group and Company respectively. Borrowings for the Group and Company are secured by legal mortgages over the Group's investment properties [Note 24], development property [Note 17] and certain leasehold properties [Note 25], together with other rights and interests relating thereto.

(b) Interest rate risks

(i) The weighted average effective interest rates of total bank loans and term loan at the balance sheet date are as follows:

	The Group		The Company	
	2010 % p.a.	2009 % p.a.	2010 % p.a.	2009 % p.a.
Singapore Dollar	2.33	2.87	1.01	1.26
Other	13.00	12.50	–	–

(ii) The interest rate swaps entered into by the joint ventures have effectively converted part of their floating rate borrowings for the duration of the swaps at the following effective fixed interest rates:

	Proportionate share %	2010 % p.a.	2009 % p.a.
Effective interest rate on:			
– \$25 million borrowings for five years from 24 April 2006	50	3.53	3.53
– \$40 million borrowings for five years from 24 April 2008	50	2.30	2.30
– \$11 million borrowings for five years from 24 April 2009	50	2.05	2.05

The Group's proportionate share of the notional amount of the swap contracts is \$38.00 million (2009: \$38.00 million) at the balance sheet date.

(iii) The interest rate swap entered into by the Company has effectively converted part of its floating rate borrowing for the duration of the swap at the following fixed interest rate:

	The Company	
	2010 % p.a.	2009 % p.a.
Effective interest rate on:		
– \$21 million borrowing for five years from 5 September 2007	3.26*	3.26

* As at 6 September 2010, the date the interest rate swap matured.

The exposure of current and non-current borrowings to currency and interest rate risks are disclosed in Note 43(a).

28. BORROWINGS (continued)

(c) Fair value of non-current bank loans and term loan

The carrying amounts of the bank loans at floating rates approximate their fair values. The fair value of the fixed rate term loan of \$32.50 million is based on discounted cash flows using a discount borrowing rate of 3.83% (2009: 5.45%) that approximates the market rate of return is \$34.79 million (2009: \$33.33 million).

The effective weighted average interest rates on bank loans at the balance sheet date are as follows:

	The Group		The Company	
	2010 % p.a.	2009 % p.a.	2010 % p.a.	2009 % p.a.
Bank loans	1.89	2.35	1.00	1.29
Term Loan	5.74	5.74	—	—

29. BONDS

- (a) The Secured Rated Bonds 2009 are issued by Winmall. Winmall is jointly-controlled by the Company and a joint venture partner. Accordingly, the Secured Rated Bonds 2009 issued by Winmall and the Term Loan have been brought into the consolidated financial statements of the Group at the Group's proportionate interest of 50%.

Details of the bonds (at the Group's 50% proportionate interest) at the end of the financial year are as follows:

	Face value		Contracted interest rate		Carrying amount	
	2010 \$'000	2009 \$'000	2010 % p.a.	2009 % p.a.	2010 \$'000	2009 \$'000
<u>Secured Rated Bonds 2009</u>						
Class AAA Floating Rate Bonds						
[see (b) below]	45,000	45,000	2.27	2.50	44,227	44,019
Class AAA Fixed Rate Bonds	40,000	40,000	4.24	4.24	39,312	39,128
Class AA Fixed Rate Bonds	20,000	20,000	4.69	4.69	19,656	19,564
Class A Floating Rate Bonds						
[see (b) below]	8,500	8,500	3.17	3.40	8,354	8,315
Class A Fixed Rate Bonds	11,500	11,500	5.14	5.14	11,302	11,249
	125,000	125,000			122,851	122,275

In addition, Winmall has issued Subordinated Bonds 2009 at par of \$102.50 million to the Company. This amount has been eliminated against the Subordinated Bonds 2009 of \$102.50 million at par held by the Company [Note 19(d)].

The interest rates relating to floating rate bonds shown in the table above are the floating rates prevailing at the balance sheet date.

Notes to the Financial Statements

For the financial year ended 31 December 2010

29. BONDS (continued)

- (b) On 27 April 2009, Winmall entered into the following interest rate swap contracts to swap the interest rates of the floating rate bonds from floating rates to fixed rates:
- (i) 5-year swap on \$90 million (Group's proportionate share: \$45 million) of Class AAA Floating Rate Bonds due 2014 from a floating rate to an effective fixed rate of 4.33% per annum; and
 - (ii) 5-year swap on \$17 million (Group's proportionate share: \$8.50 million) of Class A Floating Rate Bonds due 2014 from a floating rate to an effective fixed rate of 5.23% per annum.
- (c) The carrying amounts of the Secured Floating Rate Bonds 2009 approximate their fair values. The fair values of the Secured Fixed Rate Bonds 2009 is \$74.34 million (2009: \$72.22 million) and this is determined using indicative bid prices of the bonds ranging from \$103.13 to \$105.94 (2009: \$100.53 to \$101.70) provided by the Group's bankers at the balance sheet date.

30. PROVISION FOR WARRANTIES

A provision is recognised at the balance sheet date for expected warranty claims based on past experience with the customers and are for projects that have been completed or closed.

Movement in provision for warranties during the financial year is as follows:

	The Group	
	2010 \$'000	2009 \$'000
Beginning of financial year	2,413	3,398
Provision made during financial year [Note 5]	1,503	508
Write-back of provision during financial year [Note 5]	(1,206)	(1,461)
Utilisation during financial year	(2)	(32)
End of financial year	2,708	2,413

31. OTHER PAYABLES AND LIABILITIES – NON-CURRENT

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Deferred golf membership income [see (a) below]	1,236	1,645	–	–
Tenancy deposits	9,803	13,610	–	–
Deferred income	40	99	–	–
Loan from a non-controlling shareholder of a subsidiary [see (b) below]	16,755	–	–	–
Loan from a joint venture – non-trade [see (c) below]	–	–	166,500	166,500
Other	2,530	2,991	–	–
	30,364	18,345	166,500	166,500

- (a) The deferred golf membership income represents golf membership entrance fees received net of accumulated amortisation of \$7.28 million (2009: \$6.88 million).
- (b) The loan from a non-controlling shareholder of a subsidiary is unsecured, bears interest fixed at 1.36% (2009: Nil) per annum and repayment is not expected to be made within twelve months from the balance sheet date. The carrying amount of the loan approximates its fair value.
- (c) The loan from a joint venture is unsecured, bears interest at 3.78% (2009: 3.78%) per annum and is repayable on 27 October 2020 subject to certain conditions for repayments provided for in the Shareholders' Loan Agreement. The fair value of the loan from a joint venture which is based on discounted cash flow using a discount rate of 3.82% (2009: 4.05%) that approximates the market rate of return is \$167.56 million (2009: \$164.30 million).
- (d) The carrying amounts of other payables and liabilities (excluding deferred golf membership income and deferred income) approximate their fair values.

32. SHARE CAPITAL OF GUTHRIE GTS LIMITED

- (a) Issued ordinary share capital, fully paid

	No. of shares	Amount	
	Issued share capital '000	Issued share capital \$'000	Total share capital \$'000
2010 and 2009			
Beginning and end of financial year	1,077,937	244,405	244,405

All issued shares are fully paid. There is no par value for these ordinary shares.

Notes to the Financial Statements

For the financial year ended 31 December 2010

32. SHARE CAPITAL OF GUTHRIE GTS LIMITED (continued)

(b) Share options

Share options are granted to employees of the Group under Guthrie GTS Share Option Scheme (2002).

Guthrie GTS Share Option Scheme (2002)

The Guthrie GTS Share Option Scheme (2002) (the "2002 Scheme") in respect of unissued ordinary shares in the Company was approved by the shareholders of the Company at an Extraordinary General Meeting held on 31 May 2002.

A grantee may exercise an option during the option period which commences twelve months after the date the option is granted in respect of options that are granted at the average market prices of the shares of the Company based on the middle market quotations computed from the daily highest and lowest transacted prices of the shares, as quoted and shown in the daily official list issued by the Singapore Exchange, for the three market days prior to the offering date and expiring not later than one hundred and twenty months from the date of grant, by notice in writing to the Company accompanied by a remittance for the aggregate subscription cost.

For options that are granted at a discount to the average market prices of the shares of the Company based on the middle market quotations computed from the daily highest and lowest transacted prices of the shares, as quoted and shown in the daily official list issued by the Singapore Exchange, for the three market days prior to the offering date, a grantee may exercise an option during the option period which commences twenty four months after the date the option is granted and expiring not later than sixty months from the date of grant, by notice in writing to the Company accompanied by a remittance for the aggregate subscription cost.

Notwithstanding the above provisions, the option period for options granted to non-executive directors shall expire not later than sixty months from the date of grant.

The options may be exercised in whole or in part. The options are settled in equity.

The persons to whom the options have been granted under the 2002 Scheme may also participate in any other share incentive schemes implemented by any other company in the Group if under the rules of that schemes, he is eligible to participate in it.

During the financial year, no options were granted pursuant to the 2002 Scheme, and no ordinary shares (2009: Nil) were allotted and issued by virtue of the exercise of options to take up unissued shares of the Company.

There were no options on ordinary shares of the Company outstanding at the beginning and end of the financial year.

The weighted average share price during the financial year was \$0.38 (2009: \$0.31).

33. REVALUATION AND OTHER RESERVES

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
<u>Composition:</u>				
Fair value reserve	56,384	48,993	–	–
Hedging reserve	(2,572)	(1,431)	–	(296)
Currency translation reserve	(26,830)	(23,267)	–	–
Asset revaluation reserve	180	189	–	–
Capital redemption reserve	10,000	10,000	–	–
Capital reserve	4,334	4,334	134,150	134,150
	41,496	38,818	134,150	133,854

Movements in revaluation and other reserves during the financial year are as follows:

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
(a) <u>Fair value reserve</u>				
Beginning of financial year	48,993	39,199	–	–
Fair value gains on financial assets, available-for-sale [Note 20]	5,640	9,794	–	–
Reclassification to income statement [Note 5]	1,751	–	–	–
End of financial year	56,384	48,993	–	–
(b) <u>Hedging reserve</u>				
Beginning of financial year	(1,431)	(2,197)	(296)	(486)
Cash flow hedges	(1,212)	862	357	236
Effect of change in tax rate	–	(24)	–	(6)
Deferred tax on fair value (gains)/ losses [Note 26]	206	(147)	(61)	(40)
Share of an associate's reserve [Note 21]	(135)	75	–	–
End of financial year	(2,572)	(1,431)	–	(296)
(c) <u>Currency translation reserve</u>				
Beginning of financial year	(23,267)	(27,804)	–	–
Net currency translation differences of financial statements of foreign subsidiaries	(4,102)	10,784	–	–
Share of an associate's reserve [Note 21]	(769)	(3,675)	–	–
Non-controlling interest	1,308	(2,572)	–	–
End of financial year	(26,830)	(23,267)	–	–

Notes to the Financial Statements

For the financial year ended 31 December 2010

33. REVALUATION AND OTHER RESERVES (continued)

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
(d) <u>Asset revaluation reserve</u>				
Beginning of financial year	189	198	–	–
Release to retained earnings	(9)	(9)	–	–
End of financial year	180	189	–	–
(e) <u>Capital redemption reserve</u>				
Beginning and end of financial year	10,000	10,000	–	–
(f) <u>Capital reserve</u>				
Beginning of financial year	4,334	161	134,150	134,150
Share of an associate's reserve [Note 21]	–	4,173	–	–
End of financial year	4,334	4,334	134,150	134,150

Capital redemption reserve arose from the redemption of cumulative preference shares in a joint venture in 2001.

The Company's capital reserve arose from the distribution of the asset revaluation reserve by a joint venture to the Company through a capital reduction exercise in 2004.

34. RETAINED EARNINGS

Movement in retained earnings for the Company during the financial year is as follows:

	The Company	
	2010 \$'000	2009 \$'000
Beginning of financial year	14,152	24,136
Net profit	29,478	11,575
Dividends paid out of profit in respect of the preceding financial year	(13,474)	(21,559)
End of financial year	30,156	14,152

Movement in retained earnings for the Group is shown in the Consolidated Statement of Changes in Equity.

35. DIVIDENDS

At the forthcoming Annual General Meeting to be held on 28 April 2011, the following dividend will be recommended. These financial statements do not reflect this dividend payable which will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2011.

	The Group	
	2010	2009
	\$'000	\$'000
Proposed first and final exempt (one-tier) ordinary dividend of 1.25 cents (2009: 1.25 cents) per share	13,474	13,474
Proposed special exempt (one-tier) dividend of 1.25 cents (2009: Nil) per share	13,474	–
	26,948	13,474

Final dividends paid since the end of the Company's preceding financial year amounted to \$13.47 million (2009: \$21.56 million).

36. COMMITMENTS

(a) Operating lease commitments – where the Group is a lessee

The Group leases properties from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

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

	The Group	
	2010	2009
	\$'000	\$'000
Not later than one year	418	392
Between one and five years	657	948
Later than five years	537	577
	1,612	1,917

Included in the above operating lease commitments are certain annual lease payments amounting to \$1.48 million (2009: \$1.73 million) which are subject to rental revisions every year.

Notes to the Financial Statements

For the financial year ended 31 December 2010

36. COMMITMENTS (continued)

- (b) Operating lease commitments – where the Group is a lessor

The Group leases office and retail properties to non-related parties under non-cancellable operating lease agreements. The leases run for a period of one to five years, with options to renew after these periods. Lease payments are usually fixed during the lease periods. There are also arrangements made with certain tenants to pay contingent rents computed based on their gross turnover achieved during the lease periods.

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

	The Group	
	2010	2009
	\$'000	\$'000
Not later than one year	52,879	53,761
Between one and five years	38,056	61,713
	90,935	115,474

- (c) Commitments not provided for in the financial statements at balance sheet date excluding the Group's share of commitments of joint ventures [Note 22] are as follows:

	The Group	
	2010	2009
	\$'000	\$'000
Subscription to a property fund	737	1,018
Expenditure on a development property	162,869	–
Expenditure on short term leasehold properties and property, plant and equipment	3,604	9,589
	167,210	10,607

37. CONTINGENT LIABILITIES

- (a) 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 twelve months.
- (b) The Company issued corporate guarantees to banks for the borrowings of certain subsidiaries. These bank borrowings amounted to \$79.30 million (2009: \$5.50 million) at the balance sheet date.

38. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Executive Committee ("Exco") that are used to make strategic decisions.

The Exco comprises the Group Managing Director, Deputy Group Managing Director and the Executive Directors in charge of the business segments. The Exco considers the business from a business segment perspective. Management manages and monitors the business in the three primary segments: Properties, Engineering and Leisure.

38. SEGMENT INFORMATION (continued)

The segment information provided to the Exco for the reportable segments is as follows:

Financial year ended

31 December 2010

	Property \$'000	Engineering \$'000	Leisure \$'000	Other \$'000	Consolidated \$'000
REVENUE					
External	82,500	172,167	40,396	–	295,063
Inter-segment	239	81	–	–	320
	82,739	172,248	40,396	–	295,383
Elimination					(320)
					295,063
SEGMENT RESULTS					
Segment results	46,266	14,500	3,626	(30)	64,362
Fair value gains on investment properties	62,944	–	8,523	–	71,467
Unallocated corporate expenses					(8,727)
					127,102
Share of results of associates	5,251	2,934	–	284	8,469
Profit before income tax					135,571
Income tax expense					(16,826)
Total profit					118,745
SEGMENT ASSETS					
Segment assets	1,054,892	111,559	133,321	195	1,299,967
Investments in associates	41,862	9,529	–	3,816	55,207
Deferred income tax assets					493
Unallocated assets					68,174
Total assets					1,423,841
SEGMENT LIABILITIES					
Segment liabilities	431,667	62,925	13,580	256	508,428
Tax liabilities/deferred income tax liabilities					76,321
Unallocated liabilities					50,817
Total liabilities					635,566
OTHER SEGMENT ITEMS					
Interest income	(2,210)	(377)	(260)	(97)	(2,944)
Interest expense	12,169	–	13	871	13,053
Depreciation	401	765	8,282	99	9,547
Capital expenditure on:					
Property, plant and equipment	135	103	9,023	6	9,267
Investment properties	310	–	1,031	–	1,341
Amortisation of prepayment for operating lease	–	207	–	–	207
Amortisation of deferred golf membership revenue	–	–	(409)	–	(409)

Notes to the Financial Statements

For the financial year ended 31 December 2010

38. SEGMENT INFORMATION (continued)

The segment information provided to the Exco for the reportable segments is as follows:

Financial year ended

31 December 2009

	Property \$'000	Engineering \$'000	Leisure \$'000	Other \$'000	Consolidated \$'000
REVENUE					
External	165,341	219,213	38,737	–	423,291
Inter-segment	239	20	–	–	259
	<u>165,580</u>	<u>219,233</u>	<u>38,737</u>	<u>–</u>	<u>423,550</u>
Elimination					(259)
					<u>423,291</u>
SEGMENT RESULTS					
Segment results	45,864	13,093	236	84	59,277
Fair value gains/(losses) on investment properties	5,490	–	(741)	–	4,749
Unallocated corporate expenses					(5,883)
					<u>58,143</u>
Share of results of associates	17,992	(341)	–	250	17,901
Profit before income tax					<u>76,044</u>
Income tax expense					(6,779)
Total profit					<u>69,265</u>
SEGMENT ASSETS					
Segment assets	838,001	112,556	128,517	213	1,079,287
Investments in associates	37,747	7,269	–	3,900	48,916
Tax recoverable/deferred income tax assets					214
Unallocated assets					46,905
Total assets					<u>1,175,322</u>
SEGMENT LIABILITIES					
Segment liabilities	293,107	68,252	14,255	273	375,887
Tax liabilities/deferred income tax liabilities					68,850
Unallocated liabilities					49,360
Total liabilities					<u>494,097</u>
OTHER SEGMENT ITEMS					
Interest income	(1,660)	(332)	(525)	(95)	(2,612)
Interest expense	11,791	–	6	1,026	12,823
Depreciation	413	767	6,898	98	8,176
Capital expenditure on:					
Property, plant and equipment	367	308	10,821	11	11,507
Investment properties	603	–	1,894	–	2,497
Amortisation of prepayment for operating lease	–	310	–	–	310
Amortisation of deferred golf membership revenue	–	–	(523)	–	(523)

38. SEGMENT INFORMATION (continued)

Revenues between segments are carried out at arm's length. Inter-segment revenues are eliminated on consolidation. The revenue from external parties reported to the Exco is measured in a manner consistent with that in the consolidated income statement.

The Exco assesses the performance of the operating segments based on a measure of earnings before share of results of associates and tax ("EBIT").

Reportable segments' assets

The amounts provided to the Exco with respect to total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the Exco monitors mainly the investment and development properties, property, plant and equipment, financial assets, available-for-sale, financial assets, at fair value through profit or loss, prepayments and deposits, inventories and contract work-in-progress, receivables and cash and cash equivalents attributable to each segment. All assets are allocated to reportable segments other than tax recoverable and deferred income tax assets.

Reportable segments' liabilities

The amounts provided to the Exco with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than current and deferred income tax liabilities.

Unallocated assets represent corporate assets which comprise mainly property, plant and equipment, other receivables, deposits and prepayments and cash and cash equivalents while unallocated liabilities represent corporate liabilities which comprise mainly trade and other payables and borrowings.

Capital expenditure comprises additions to property, plant and equipment and investment properties.

Revenue from major business segments

Revenue from external customers is derived mainly from the following three major business segments

- (i) Property – investment and management of retail and commercial properties as well as development of residential properties for sale.
- (ii) Engineering – undertaking of engineering contracts.
- (iii) Leisure – investment in and operation of hotels.

Geographical information

	Revenue		Non-current assets*	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Singapore	254,317	384,373	765,644	730,105
Indonesia	37,185	34,746	112,013	105,766
Other countries	3,561	4,172	10,895	10,440
	295,063	423,291	888,552	846,311

* Does not include other receivables, financial assets, available-for-sale, derivative financial assets and deferred income tax assets

Notes to the Financial Statements

For the financial year ended 31 December 2010

38. SEGMENT INFORMATION (continued)

Geographical information (continued)

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

- (i) Singapore – the Company is headquartered and has operations in Singapore. The operations in this area are principally investment in retail and other properties, development of residential properties for sale, property asset management, undertaking of engineering contracts, trading, provision of maintenance services and investment holding.
- (ii) Indonesia – the operations in this area are principally investment in commercial properties and hotels and operation of hotels and a golf resort.
- (iii) Other countries – the operations in this area are principally investment in a commercial property and the ownership and operation of a hotel and investment holding.

In the current financial year, there is no single customer that accounted for more than 10% of Group's revenue. In the previous financial year, total revenues of approximately \$97.32 million were derived from two external customers that individually accounted for more than 10% of Group's revenue. These revenues are attributable to the undertaking of engineering contracts.

39. LIST OF ASSOCIATES

Name of company	Principal activities (Place of incorporation and business)	Effective equity interest held by the Group	
		2010 %	2009 %
Guthrie United Arab Emirates Engineering.LLC ^(a) ^(c)	Undertaking of engineering contracts and the provision of project management services (United Arab Emirates)	49	49
TEK Guthrie Pte Ltd ^(b)	Manufacturer of moulds, tools and dies and metal stamping (Singapore)	36.87	36.87
BIDV Tower Joint Venture Company ^(b) ^(c)	Property development and investment (Vietnam)	36	36
ARMF II (Tampines) Pte Ltd ^(b) ^(c)	Property development and investment (Singapore)	20	20

(a) Audited by PricewaterhouseCoopers, United Arab Emirates.

(b) Audited by firms other than PricewaterhouseCoopers.

(c) Held by subsidiaries.

40. LIST OF JOINT VENTURES

Name of company	Principal activities (Place of incorporation and business)	Effective equity interest held by the Group	
		2010 %	2009 %
AsiaMalls Management Pte Ltd ^{(b) (d)}	Real estate management (Singapore)	50	50
AsiaMalls Management (South East Asia) Pte Ltd ^{(b) (d)}	Real estate management (Singapore)	50	50
Guthrie-SV Pte Ltd ^(f)	Investment holding (Singapore)	50	—
Guthrie-SV (Commercial A) Pte Ltd ^{(e) (f)}	Property investment (Singapore)	50	—
Guthrie-SV (Commercial) Pte Ltd ^{(e) (f)}	Property investment (Singapore)	50	—
Guthrie-SV (Retail 1) Pte Ltd ^{(e) (f)}	Property investment (Singapore)	50	—
Guthrie-SV (Retail) Pte Ltd ^{(e) (f)}	Property investment (Singapore)	50	—
Heartland Retail Holdings Pte Ltd ^(a)	Property investment (Singapore)	50	50
Jurong Point Land Realty Pte Ltd ^(a)	Property investment (Singapore)	50	50
Jurong Point Real Estate Pte Ltd ^(a)	Property investment (Singapore)	50	50
Jurong Point Realty Limited ^(a)	Property development and investment (Singapore)	50	50
Jurong Point Venture Pte Ltd ^(a)	Property investment (Singapore)	50	50
Prestige Realty Pte Ltd ^(a)	Investment holding (Singapore)	50	50
Starmall Property Management Pte Ltd ^(a)	Property management (Singapore)	50	50
SMCP Pte Ltd ^{(a) (e)}	Car park management and operation services (Singapore)	50	50
Winmall Limited ^{(a) (c)}	Special purpose financing (Singapore)	50	50
Centris Resources Pte Ltd ^{(b) (e)}	Property investment (Singapore)	25	25
Centris Venture Pte Ltd ^{(b) (e)}	Property investment (Singapore)	25	25
Prime Point Realty Development Pte Ltd ^{(b) (e)}	Property development and investment (Singapore)	25	25

(a) Audited by PricewaterhouseCoopers LLP, Singapore.

(b) Audited by firms other than PricewaterhouseCoopers.

(c) This special purpose entity has been proportionately consolidated in the Group's financial statements as the Company has 50% share of its residual benefits.

(d) Held by subsidiaries.

(e) Held by a joint venture.

(f) These joint ventures were incorporated on 1 December 2010.

Notes to the Financial Statements

For the financial year ended 31 December 2010

41. LIST OF SUBSIDIARIES

Name of company	Principal activities (Place of incorporation and business)	Effective equity interest held by the Group	
		2010 %	2009 %
Craig Development Pte Ltd ^{(a) (d)}	Property investment (Singapore)	100	100
GTS Detico Co. Ltd ^(c)	Hotel operations (Lao)	100	100
Guthrie (Anshan) Pte Ltd ^{(a) (d)}	Investment holding (Singapore)	100	100
Guthrie Cathay Pte Ltd ^{(a) (d)}	Property investment (Singapore)	100	100
Guthrie Consultancy Services Pte Ltd ^(a)	Provision of business management and consultancy services (Singapore)	100	100
Guthrie Construction & Retrofitting (S) Pte Ltd ^(a)	Investment trading and provision of construction and retrofitting consultancy services (Singapore)	100	100
Guthrie (DBP) Pte Ltd ^(a)	Investment holding (Singapore)	100	100
Guthrie (HBT) Pte Ltd ^(a)	Investment holding (Singapore)	100	100
Guthrie Engineering (S) Pte Ltd ^(a)	Undertaking of engineering and building contracts and trading in related products (Singapore)	100	100
Guthrie FMC Pte Ltd ^{(a) (d)}	Provision of maintenance and upkeeping services (Singapore)	100	100
Guthrie International Holdings Pte Ltd ^(a)	Investment holding (Singapore)	100	100
Guthrie Lao Investment Ltd ^{(b) (d)}	Investment holding (Hong Kong)	100	100
Guthrie Mall Management Services Co., Ltd ^{(c) (d)}	Real estate management (Taiwan)	100	100
Guthrie Marketing (S) Pte Ltd ^{(a) (d)}	Provision of bonded warehousing facilities (Singapore)	100	100
Guthrie Overseas Investments (HK) Limited ^(b)	Investment holding (Hong Kong)	100	100
Guthrie Overseas Investments Pte Ltd ^(a)	Investment holding (Singapore)	100	100

41. LIST OF SUBSIDIARIES (continued)

Name of company	Principal activities (Place of incorporation and business)	Effective equity interest held by the Group	
		2010 %	2009 %
Guthrie Overseas Investments (Indonesia) Pte Ltd ^(a)	Investment holding (Singapore)	100	100
Guthrie Properties (S) Pte Ltd ^(a)	Property investment and real estate consultancy (Singapore)	100	100
Guthrie (Shenyang) Pte Ltd ^{(a) (d)}	Investment holding (Singapore)	100	100
Guthrie SK Land Pte Ltd ^{(a) (d)}	Property development (Singapore)	60	–
International Hotel & Resort Marketing Pte Ltd ^(a)	Provision of marketing services to golf clubs and hotels (Singapore)	100	100
Bloomhill Holdings Pte Ltd ^{(b) (d)}	Investment holding (Singapore)	80	80
Guthrie Thailand Co Limited ^{(b) (d)}	Undertaking of engineering and construction services (Thailand)	74	74
PT Wisma Nusantara International ^{(d) (e)}	Hotel operations, leasing of office and building management (Indonesia)	75.97	75.97
PT Guthrie Jaya Indah Island Resort ^{(d) (e)}	Resort developer and operator (Indonesia)	75.50	75.50

(a) Audited by PricewaterhouseCoopers LLP, Singapore.

(b) Not audited by member firms of PricewaterhouseCoopers. Rule 718 of the SGX Listing Manual does not apply.

(c) Audit not required under the laws in the country of incorporation.

(d) Held by subsidiaries.

(e) Audited by Kantor Akuntan Publik Tanudiredja Wibisana & Rekan, PricewaterhouseCoopers, Indonesia.

Note: The above list does not include subsidiaries that are dormant, in liquidation and insignificant investment holding companies.

Notes to the Financial Statements

For the financial year ended 31 December 2010

42. INVESTMENT PROPERTIES

Brief description, location and usage	Approximate total lettable area (sq.m)	Tenure	Group's Interest
A 4-storey office building with retail outlets on the ground level and a basement car-park, known as Guthrie House, located at 1 Fifth Avenue, Singapore.	6,920	Freehold	100%
Adjoining 25th storey office units within a 25-storey retail-cum-office complex, known as Chinatown Point, located at 133 New Bridge Road, Singapore.	903	99-year leasehold title from 12/11/80	100%
Part 5/part 12-storey commercial-cum-residential building with a basement car-park known as Craig Place, located at 20 Craig Road, Singapore comprising the following:	830	99-year leasehold title from 22/5/97	100%
– 3 units of retail outlets; and	830		
– 206-lot multi-storey car-park station.	N/A		
A 30-storey office building with a multi-storey car-park, known as Wisma Nusantara, located at Jalan M.H. Thamrin, Jakarta, Indonesia.	30,055	Leasehold titles expiring between 20/2/2012 to 23/6/2033	75.97%
A 6-storey commercial complex with 3 levels of basement car-parks, known as Jurong Point, located at 1 Jurong West Central 2, Singapore.	35,705	Leasehold title expiring on 30/11/2092	50%
Retail premises on the 1st and 2nd storeys of a 4-storey HDB commercial building located at Block 712 Ang Mo Kio Avenue 6, Singapore.	2,228	86-year leasehold title from 1/7/93	50%
Retail premises on the basement and 1st storey of a part 2/part 3-storey HDB commercial building located at Block 166 Bukit Merah Central, Singapore.	2,800	83-year leasehold title from 1/3/96	50%
Retail premises on the 1st and 2nd storeys of a 3-storey HDB commercial building located at Block 451 Clementi Avenue 3, Singapore.	2,483	84-year leasehold title from 1/1/95	50%

42. INVESTMENT PROPERTIES (continued)

Brief description, location and usage	Approximate total lettable area (sq.m)	Tenure	Group's Interest
Retail premises on the 1st, 2nd and 3rd storeys of a 4-storey HDB commercial building, known as Heartland Kovan Mall located at Block 205 Hougang Street 21, Singapore.	7,987	90-year leasehold title from 1/4/93	50%
Retail premises on the 1st and 2nd storeys of a 4-storey HDB commercial building located at Block 209 New Upper Changi Road, Singapore.	2,844	86-year leasehold title from 1/7/92	50%
Retail premises on the 1st and 2nd storeys of a 2-storey HDB commercial building located at Block 192 Toa Payoh Lorong 4, Singapore.	2,226	79-year leasehold title from 1/7/92	50%
Retail premises on the 1st storey of a 3-storey HDB commercial building located at Block 306 Ubi Avenue 1, Singapore.	893	89-year leasehold title from 1/11/95	50%
A 4-storey commercial complex with 3 levels of basement car-parks, known as Jurong Point, located at 63 Jurong West Central 3, Singapore.	29,183	99-year leasehold title from 21/6/06	25%

43. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses financial instruments such as currency forwards, interest rate swaps and foreign currency borrowings to hedge certain financial risk exposures.

The Executive Directors of each of the Group's main divisions are responsible for setting the objectives and underlying principles of financial risk management. Detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies are established, in accordance with the objectives and underlying principles approved by the Executive Directors.

Financial risk management at the Company level is carried out in accordance with the policies set by the Deputy Group Managing Director. The evaluation and hedging of financial risk of individual entities in the Group are performed by management of the respective entities.

Notes to the Financial Statements

For the financial year ended 31 December 2010

43. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk

(i) *Currency risk*

The Group operates in Asia with dominant operations in Singapore and Indonesia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies") such as the Singapore Dollar ("SGD"), Indonesia Rupiah ("IDR"), Euro and United States Dollar ("USD").

Currency risk arises when transactions are denominated in foreign currencies. To manage the currency risk, individual Group entities selectively enter into currency forwards with its bankers.

The Group's risk management policy is to hedge unmatched foreign currency exposure relating to import purchases and revenue for amount in excess of \$0.05 million (2009: \$0.05 million).

The Group's currency exposure based on the information provided to key management is as follows:

	SGD \$'000	IDR \$'000	USD \$'000	EURO \$'000	Other \$'000	Total \$'000
At 31 December 2010						
Financial assets						
Cash and cash equivalents	187,422	6,235	10,906	1,004	1,831	207,398
Trade and other receivables and deposits	68,966	1,064	2,964	245	801	74,040
	<u>256,388</u>	<u>7,299</u>	<u>13,870</u>	<u>1,249</u>	<u>2,632</u>	<u>281,438</u>
Financial liabilities						
Borrowings	(427,938)	(108)	–	–	–	(428,046)
Other financial liabilities	(108,946)	(5,134)	(2,291)	(264)	(2,285)	(118,920)
	<u>(536,884)</u>	<u>(5,242)</u>	<u>(2,291)</u>	<u>(264)</u>	<u>(2,285)</u>	<u>(546,966)</u>
Net financial (liabilities)/assets	(280,496)	2,057	11,579	985	347	(265,528)
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	282,941	(2,433)	(210)	–	609	
Less: Currency forwards	–	–	–	(1,179)	–	
Currency exposure	2,445	(376)	11,369	(194)	956	

43. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD \$'000	IDR \$'000	USD \$'000	EURO \$'000	Other \$'000	Total \$'000
At 31 December 2009						
Financial assets						
Cash and cash equivalents	152,136	5,864	11,520	82	1,719	171,321
Trade and other receivables and deposits	61,521	1,083	1,161	185	631	64,581
	<u>213,657</u>	<u>6,947</u>	<u>12,681</u>	<u>267</u>	<u>2,350</u>	<u>235,902</u>
Financial liabilities						
Borrowings	(306,598)	(969)	–	–	–	(307,567)
Other financial liabilities	(94,984)	(4,619)	(2,500)	(1,335)	(939)	(104,377)
	<u>(401,582)</u>	<u>(5,588)</u>	<u>(2,500)</u>	<u>(1,335)</u>	<u>(939)</u>	<u>(411,944)</u>
Net financial (liabilities)/assets	(187,925)	1,359	10,181	(1,068)	1,411	<u>(176,042)</u>
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	191,713	(1,741)	(254)	–	(685)	
Less: Currency forwards	–	–	(446)	385	–	
Currency exposure	<u>3,788</u>	<u>(382)</u>	<u>9,481</u>	<u>(683)</u>	<u>726</u>	

If the USD changes against the SGD by 6% (2009: 4%) with all other variables including tax rate being held constant, the increase/decrease in the profit after tax will be \$0.57 million (2009: \$0.31 million).

At the balance sheet date, the Group does not have significant currency exposure arising from its inter-company balances except for net SGD-denominated payables by certain subsidiaries with functional currencies in USD and Thai Baht ("THB"), amounting to \$17.23 million (2009: \$17.23 million) and \$1.66 million (2009: \$1.77 million) respectively.

At the balance sheet date, the Group does not have significant currency exposure arising from its financial assets, available-for-sale except for an amount of \$5.99 million (2009: \$6.25 million) that is denominated in USD. If the USD changes against the SGD by 6% (2009: 4%) with all other variables including tax rate being held constant, the increase/decrease in other comprehensive income will be \$0.36 million (2009: \$0.25 million).

Notes to the Financial Statements

For the financial year ended 31 December 2010

43. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) *Currency risk (continued)*

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. It is presently not the Group's policy to hedge the currency exposure to the net assets of the Group's foreign operations. The net assets/(liabilities) of the Group's foreign operations at the end of the financial year were as follows:

	2010	2009
	\$'000	\$'000
IDR	73,813	68,691
USD	2,382	2,531
Other	(1,316)	(57)
	74,879	71,165

Other than cash and cash equivalents, the Company's financial assets and financial liabilities are substantially denominated in Singapore Dollar which is also its functional currency. The Company is not exposed to significant currency risk.

(ii) *Cash flow and fair value interest rate risks*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group and the Company have significant interest-bearing assets and borrowings, the income and operating cash flows are affected by changes in market interest rates.

The Group's interest-bearing assets comprised mainly of short term deposits with financial institutions. The Company's interest-bearing assets comprised mainly of short term deposits with financial institutions and receivables due from related companies. These assets are exposed to cash flow interest rate risk. As at 31 December 2010 and 31 December 2009, these exposures are not significant. If the SGD interest rates increase/decrease by 0.20% (2009: 0.20%) with all other variables including tax rate being held constant, the increase/decrease in the profit after tax will be \$0.25 million (2009: \$0.25 million).

Whilst the Group's borrowings in fixed rate instruments and/or variable-rate instruments hedged to fixed rate using floating-to-fixed interest rate swaps amounted to about 45% of total borrowings, the Group is constantly reviewing its exposure to cash flow interest rate risks arising mainly from unhedged variable-rate borrowings. The Company's exposure to cash flow interest rate risks arises mainly from non-current borrowings. The Group uses mainly floating-to-fixed interest rate swaps to manage its cash flow interest rate risks.

If the SGD interest rates increase/decrease by 0.50% (2009: 0.50%) with all other variables including tax rate being held constant, the increase/decrease in the profit after tax will be \$0.98 million (2009: \$0.39 million).

43. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security deposits where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the respective entity's management based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management. The Group's trade receivables comprise 2 debtors (2009: 2 debtors) that individually represented more than 4% and in aggregate less than 20% (2009: 15%) of trade receivables.

The maximum exposure to credit risk for each class of financial instruments in certain entities in the Group which hold security deposits from their customers is the carrying amount of that class of financial instruments presented on the balance sheet less the amount of the security deposits. As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except for financial guarantees disclosed in Note 37(a).

Major classes of financial assets of the Group and the Company exposed to credit risk are bank deposits and trade and other receivables. The Company's trade and other receivables comprise mainly non-trade amounts due from subsidiaries and joint ventures.

The credit risk for trade receivables based on the information provided to key management is as follows:

	<u>The Group</u>	
	2010	2009
	\$'000	\$'000
<hr/>		
<u>By geographical areas</u>		
Singapore	20,112	29,652
Indonesia	1,408	1,380
Other	903	1,239
	22,423	32,271
<hr/>		
<u>By segment</u>		
Property	5,476	17,149
Engineering	15,242	13,367
Leisure	1,705	1,755
	22,423	32,271
<hr/>		

Notes to the Financial Statements

For the financial year ended 31 December 2010

43. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(i) *Financial assets that are neither past due nor impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with reputable banks. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group. Other receivables that are neither past due nor impaired comprise mainly loan to an associate with sound financial position.

(ii) *Financial assets that are past due and/or impaired*

The age analysis of trade receivables past due but not impaired is as follows:

	The Group	
	2010 \$'000	2009 \$'000
Past due 1 to 30 days	5,331	3,358
Past due 31 to 60 days	1,367	1,857
Past due 61 to 90 days	820	905
Past due over 90 days	1,348	1,059
	8,866	7,179

The carrying amount of trade and other receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

	The Group	
	2010 \$'000	2009 \$'000
Gross amount	5,563	6,799
Less: Allowance for impairment	(5,213)	(5,899)
	350	900
Beginning of financial year	5,899	7,198
Currency translation differences	(7)	5
Allowance made during the year	208	217
Allowance utilised during the year	(25)	(1,226)
Write-back of allowance during the year	(862)	(295)
End of financial year	5,213	5,899

The impaired trade and other receivables arise mainly from a loan to a third party, contracts and sales of goods and services revenue due from customers who are in financial difficulties.

The Company's trade and other receivables comprise mainly receivables from subsidiaries and joint ventures. There was no significant past due and/or impaired amount as at 31 December 2010 and 31 December 2009.

43. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

The table below analyses the maturity profile of the financial liabilities (including derivative financial liabilities) of the Group and the Company based on contractual cash flows without discounting.

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000
The Group				
At 31 December 2010				
Net-settled interest rate swaps	(1,784)	(1,582)	(1,775)	–
Gross-settled currency forwards				
– Receipts	1,219	–	–	–
– Payments	(1,179)	–	–	–
Borrowings	(21,984)	(55,409)	(362,759)	(31,038)
Other financial liabilities	(92,290)	(6,020)	(21,338)	(12)
	(116,018)	(63,011)	(385,872)	(31,050)
At 31 December 2009				
Net-settled interest rate swaps	(2,287)	(1,576)	(2,972)	–
Gross-settled currency forwards				
– Receipts	828	–	–	–
– Payments	(843)	–	–	–
Borrowings	(15,766)	(17,792)	(288,522)	(34,338)
Other financial liabilities	(90,594)	(7,356)	(6,399)	(29)
	(108,662)	(26,724)	(297,893)	(34,367)
The Company				
At 31 December 2010				
Borrowings	(2,909)	(42,071)	–	–
Other financial liabilities	(20,939)	(6,294)	(18,882)	(196,832)
Financial guarantee contracts	(79,300)	–	–	–
	(103,148)	(48,365)	(18,882)	(196,832)
At 31 December 2009				
Net-settled interest rate swaps	(530)	–	–	–
Borrowings	(3,060)	(592)	(42,143)	–
Other financial liabilities	(19,018)	(6,294)	(18,882)	(203,126)
Financial guarantee contracts	(5,500)	–	–	–
	(28,108)	(6,886)	(61,025)	(203,126)

Notes to the Financial Statements

For the financial year ended 31 December 2010

43. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

The Group and Company manage liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments, having an adequate amount of committed credit facilities and the ability to close market positions at a short notice.

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The Group's current strategy, unchanged from 2009, is to maintain gearing ratios not exceeding 60%. The Company's strategy is to have sufficient cash and cash equivalents and bank facilities balanced with other forms of capital to enable the Company to fund its working capital as well as for new investments.

The gearing ratio is calculated as net debt divided by total capital and reserves attributable to equity holders of the Company less intangible assets. Net debt is calculated as borrowings less cash and cash equivalents. Total capital is defined as equity less intangible assets.

	The Group	
	2010	2009
	\$'000	\$'000
Net debt	220,648	136,246
Total equity attributable to equity holders	763,401	657,627
Gearing ratio	29%	21%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2010 and 2009.

43. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value measurements

The following table presents assets & liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

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

The following table presents the assets and liabilities measured at fair value.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
The Group				
2010				
Assets				
Financial assets at fair value through profit or loss				
– Trading securities	110	–	–	110
Derivatives used for hedging	–	40	–	40
Financial assets, available-for-sale				
– Equity securities	–	4,525	85,920	90,445
Total assets	110	4,565	85,920	90,595
Liabilities				
Derivatives used for hedging	–	(2,945)	–	(2,945)
2009				
Assets				
Financial assets at fair value through profit or loss				
– Trading securities	110	–	–	110
Derivatives used for hedging	–	133	–	133
Financial assets, available-for-sale				
– Equity securities	–	–	84,805	84,805
Total assets	110	133	84,805	85,048
Liabilities				
Derivatives used for hedging	–	2,021	–	2,021

Notes to the Financial Statements

For the financial year ended 31 December 2010

43. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value measurements (continued)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
The Company				
2010				
Liabilities				
Derivatives used for hedging	–	–	–	–
2009				
Liabilities				
Derivatives used for hedging	–	513	–	513

The fair value of financial instruments traded in active markets (such as trading securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are traded in an inactive market is determined by using valuation techniques based on observable market data. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date. These instruments are included in Level 2 and comprise derivative financial instruments. In infrequent circumstances, where a valuation technique for these instruments is based on unobservable inputs, such instruments are included in Level 3 and comprise available-for-sale investments.

43. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value measurements (continued)

The following table presents the changes in Level 3 instruments.

	Financial assets, available-for-sale	
	2010 \$'000	2009 \$'000
Opening balance	84,805	74,168
Additions of Level 3 securities	–	843
Gains recognised in fair value reserve	5,640	9,794
Transfers	(4,525)	–
Closing balance	85,920	84,805

During the financial year ended 31 December 2010, the Group transferred a financial asset, available-for-sale from Level 3 to Level 2 as the fair value of the financial asset, available-for-sale was determined using the agreed sales price of that financial asset, available-for-sale.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of current borrowings approximates their carrying amounts.

44. IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The Company's immediate holding company is GA 1821 Pte. Ltd., incorporated in Singapore. The ultimate holding company is Dornier Profits Ltd., incorporated in the Territory of the British Virgin Islands.

Notes to the Financial Statements

For the financial year ended 31 December 2010

45. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2011 or later periods and which the Group has not early adopted. The Group's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Group is set out below:

- (a) Amendments to FRS 24 - Related party disclosures
(effective for annual periods beginning on or after 1 January 2011).

The amendment clarifies and simplifies the definition of a related party. However, the revised definition of a related party will also mean that some entities will have more related parties and will be required to make additional disclosures.

Management is currently considering the revised definition to determine whether any additional disclosures will be required and has yet to put systems in place to capture the necessary information. It is therefore not possible to disclose the financial impact, if any, of the amendment on the related party disclosures.

- (b) INT FRS 115 - Agreements for the Construction of Real Estate
(effective for annual periods beginning on or after 1 January 2011).

The interpretation clarifies whether FRS 18 'Revenue' or FRS 11 'Construction Contracts' should be applied to particular transactions. Contracts accounted for under FRS 18 are regarded as agreements for the rendering of services if the developer is not required to acquire and supply construction materials and as such not within the scope of FRS 11. Such contracts are accounted for using the percentage-of-completion method if the relevant criteria in FRS 18 are met. Other contracts are regarded as contracts for the sale of goods. The percentage-of-completion method applies to such contracts only when the developer transfers both control and significant risks and rewards of ownership of the work-in-progress as construction progresses. Otherwise, revenue is recognised only at the point where control and significant risks and rewards transfer to the buyer, typically, when the property is delivered to the buyer.

The interpretation applies retrospectively, from the beginning of the earliest comparative period presented, for annual periods beginning on or after 1 January 2011. Management is still in the process of assessing the impact of INT FRS 115. It is therefore not possible to disclose the financial impact of the INT FRS 115.

- (c) Amendments to FRS 12 - Income taxes
(effective for annual periods commencing on or after 1 January 2012)

The amendment introduces a presumption that an investment property is recovered entirely through sale. Accordingly, unless the presumption is rebutted, the measurement of the deferred tax liability or deferred tax asset shall reflect the tax consequences of recovering the carrying amount of the investment property entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Previously, the Group had recognised deferred tax liability on its investment properties on the basis through use.

Management is still in the process of assessing the amendment to FRS 12 to determine the impact on the financial statements and whether additional disclosures will be required. It is therefore not possible to disclose the financial impact of the amendment to FRS 12.

45. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

Other new standards and amendments to existing standards and interpretations that are relevant to the Group but not expected to have any significant impact to the Group are as follows:

- (i) Amendments to FRS 32 Financial instruments: Presentation – classification of rights issues (effective for annual periods beginning on or after 1 February 2010).
- (ii) Amendments to INT FRS 114 – prepayments to a minimum funding requirement (effective for annual periods beginning on or after 1 January 2011).
- (iii) INT FRS 119 – Extinguishing financial liabilities with equity instruments (effective for annual periods beginning on or after 1 July 2010).

46. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Guthrie GTS Limited on 28 March 2011.

Statistics of Shareholdings

As at 15 March 2011

Class of shares : Ordinary shares
 Voting rights : One vote per share

The Company does not hold any treasury shares.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	474	3.68	178,614	0.02
1,000 - 10,000	7,771	60.31	38,707,050	3.59
10,001 - 1,000,000	4,619	35.85	166,405,986	15.44
1,000,001 and above	20	0.16	872,646,081	80.95
Total	12,884	100.00	1,077,937,731	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	DBS Nominees Pte Ltd	615,509,845	57.10
2.	GA 1821 Pte Ltd	152,926,275	14.19
3.	United Overseas Bank Nominees Pte Ltd	27,941,606	2.59
4.	Morph Investments Ltd	25,327,000	2.35
5.	OCBC Nominees Singapore Pte Ltd	12,340,160	1.14
6.	Citibank Nominees Singapore Pte Ltd	7,574,716	0.70
7.	Raffles Nominees (Pte) Ltd	7,067,700	0.66
8.	HSBC (Singapore) Nominees Pte Ltd	3,325,160	0.31
9.	Phillip Securities Pte Ltd	2,785,019	0.26
10.	UOB Kay Hian Pte Ltd	2,316,900	0.21
11.	Loh Ah Lay Richard	2,281,000	0.21
12.	OCBC Securities Private Ltd	2,005,500	0.19
13.	Chiam Hock Poh	1,962,000	0.18
14.	Wong Hon Fai	1,670,000	0.15
15.	Tan Peng Kim	1,610,000	0.15
16.	Leh Bee Hoe	1,483,000	0.14
17.	HL Bank Nominees (S) Pte Ltd	1,316,000	0.12
18.	Ong Kim Seng Harry	1,132,000	0.11
19.	Ho Juat Keng	1,056,000	0.10
20.	Lim & Tan Securities Pte Ltd	1,016,200	0.09
		872,646,081	80.95

SUBSTANTIAL SHAREHOLDERS

(As shown in the register of substantial shareholders)

Name	Direct/ Beneficial Interest	Deemed Interest	Total	%
Putra Masagung (“PM”) ¹	550,000	740,926,275	741,476,275	68.79
Yorkshire Ventures Limited (“Yorkshire”) ²	–	740,926,275	740,926,275	68.74
GA 1821 Pte. Ltd. (“GA1821”)	740,926,275	–	740,926,275	68.74
Onshore Finance Limited (“OFL”) ³	–	740,926,275	740,926,275	68.74
PT Alam Indah Bintan (“AIB”) ³	–	740,926,275	740,926,275	68.74
Pulau Holdings Pte Ltd (“PHPL”) ³	–	740,926,275	740,926,275	68.74
SuccessPro Ltd (“SPL”) ³	–	740,926,275	740,926,275	68.74
Verizon Land Limited (“VLL”) ³	–	740,926,275	740,926,275	68.74
Dornier Profits Limited (“DPL”) ³	–	740,926,275	740,926,275	68.74
Anthoni Salim (“AS”) ³	–	740,926,275	740,926,275	68.74

Notes:

- 1 By virtue of Section 7 of the Companies Act, Chapter 50, PM is deemed to have an interest in the shares held by GA1821.
- 2 By virtue of Section 7 of the Companies Act, Chapter 50, Yorkshire is deemed to have an interest in the shares held by GA1821.
- 3 By virtue of Section 7 of the Companies Act, Chapter 50, OFL, AIB, PHPL, SPL, VLL, DPL and AS are deemed to have an interest in the shares in which GA1821 has an interest.

RULE 723 OF THE SGX-ST LISTING MANUAL

Based on information available to the Company, approximately 29.63% of the issued ordinary shares of the Company is held by the public and accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-Second Annual General Meeting of Guthrie GTS Limited (the “Company”) will be held at Raffles Town Club, Dunearn 1 (Level 1), 1 Plymouth Avenue, Singapore 297753 on Thursday, 28 April 2011 at 10.00 a.m. to transact the following business:

A Ordinary Business

1. To receive and adopt the Directors' Report and audited Financial Statements for the financial year ended 31 December 2010 and the Independent Auditor's Report thereon. **Resolution 1**
2. To declare a first and final dividend of 1.25 cents per ordinary share one-tier tax exempt for the financial year ended 31 December 2010. **Resolution 2**
3. To declare a special dividend of 1.25 cents per ordinary share one-tier tax exempt for the financial year ended 31 December 2010. **Resolution 3**
4. To approve the payment of Directors' fees of S\$531,000 for the financial year ended 31 December 2010 (2009: S\$516,000). **Resolution 4**
5. To re-appoint Dr Albert Hong Hin Kay as a Director of the Company to hold office until the next Annual General Meeting of the Company pursuant to Section 153(6) of the Companies Act, Chapter 50.
(Note: Dr Albert Hong Hin Kay, if re-elected, will remain as the Chairman of the Remuneration and Nomination Committees, and a member of the Audit Committee. He is considered an independent non-executive Director.) **Resolution 5**
6. To re-elect Mr Ong Kin Bee as a Director of the Company following his retirement by rotation under Article 98 of the Articles of Association of the Company.
(Note: Mr Ong Kin Bee is an executive and non-independent Director.) **Resolution 6**
7. To re-elect Mr Hartono Gunawan as a Director of the Company following his retirement by rotation under Article 98 of the Articles of Association of the Company.
(Note: Mr Hartono Gunawan is a non-executive and non-independent Director.) **Resolution 7**
8. To re-elect Mr Tan Hang Huat as a Director of the Company following his retirement by rotation under Article 98 of the Articles of Association of the Company.
(Note: Mr Tan Hang Huat is a non-executive and non-independent Director.) **Resolution 8**
9. To re-appoint PricewaterhouseCoopers LLP as auditor of the Company and to authorise the Directors to fix their remuneration. **Resolution 9**

B Special Business

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:

10. “That authority be and is hereby given to the Directors of the Company to:

Resolution 10

- (a) (i) issue shares in the capital of the Company (“**shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”)) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares in the capital of the Company excluding treasury shares at the time this Resolution is passed, after adjusting for:
 - (i) new shares arising from the conversion or exercise of convertible securities;
 - (ii) new shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
 - (iii) any subsequent bonus issue, consolidation or subdivision of shares;

Notice of Annual General Meeting

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (4) (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."

11. "That the Directors of the Company be and are hereby authorised to offer and grant options under the Guthrie GTS Share Option Scheme (2002) (the "**Scheme**") and to allot and issue from time to time such number of ordinary shares of the Company as may be required to be issued pursuant to the exercise of the options, provided always that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed 15% of the total number of issued shares in the capital of the Company excluding treasury shares, from time to time."

Resolution 11

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

BY ORDER OF THE BOARD

Jerome Jansen
Company Secretary

Singapore, 13 April 2011

Notes

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.*
2. *The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 1 Fifth Avenue, #02-06/07 Guthrie House, Singapore 268802 at least forty-eight (48) hours before the time appointed for holding the meeting.*

EXPLANATORY NOTES TO SPECIAL BUSINESS

Ordinary Resolution 10, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting until the next Annual General Meeting, to issue shares in the Company and to make or grant instruments that might require shares to be issued and to issue shares in pursuance of such instruments, up to a limit not exceeding 50% of the total number of issued shares in the capital of the Company excluding treasury shares, of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders shall not exceed 20% of the total number of issued shares in the capital of the Company excluding treasury shares.

For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares in the capital of the Company excluding treasury shares at the time this Resolution is passed, after adjusting for (i) new shares arising from the conversion or exercise of convertible securities; (ii) new shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.

Ordinary Resolution 11, if passed, will empower the Directors of the Company to grant options and to issue shares in the Company pursuant to the exercise of options under the Guthrie GTS Share Option Scheme (2002) (the “**Scheme**”) provided that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed 15% of the total number of issued shares in the capital of the Company excluding treasury shares, from time to time.

Notice of Annual General Meeting

BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

The Board of Directors of the Company has recommended the payment of (i) a first and final dividend of 1.25 cents per ordinary share one-tier tax exempt (the **“First and Final Dividend”**), and (ii) a special dividend of 1.25 cents per ordinary share one-tier tax exempt (the **“Special Dividend”**), which will be proposed for members’ approval at the Forty-Second Annual General Meeting of the Company.

On 24 February 2011, the Company announced that, subject to the approval of members at the Forty-Second Annual General Meeting for the payment of the First and Final Dividend and the Special Dividend, the Share Transfer Books and Register of Members of the Company will be closed on 6 May 2011, for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 5 May 2011 will be registered before entitlements to the First and Final Dividend and the Special Dividend are determined. In respect of shares in securities accounts maintained with The Central Depository (Pte) Limited (**“CDP”**), the First and Final Dividend and the Special Dividend will be paid by the Company to CDP which will in turn distribute the dividend entitlements to holders of shares in accordance with its practice.

The First and Final Dividend and the Special Dividend, if approved by members at the Forty-Second Annual General Meeting, will be paid on 20 May 2011.

Proxy Form

42ND ANNUAL GENERAL MEETING

GUTHRIE GTS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration Number: 196800390N)

IMPORTANT: FOR CPF INVESTORS

1. For investors who have used their CPF monies to buy shares in Guthrie GTS Limited, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees. For CPF investors who wish to attend the Meeting as Observers, please refer to Note 7 overleaf.

I/We _____ (Name)
of _____ (Address)

being a member/members of Guthrie GTS Limited (the “Company”) hereby appoint:

Name of Proxy ^(Note 1)	NRIC/Passport No.	Proportion of shareholdings represented by proxy ^(Note 2)	
		No. of shares	%
Address			

and/or (delete as appropriate)

Name of Proxy ^(Note 1)	NRIC/Passport No.	Proportion of shareholdings represented by proxy ^(Note 2)	
		No. of shares	%
Address			

as my/our proxy/proxies to attend and vote for me/us on my/our behalf and, if necessary, to demand a poll at the Forty-Second Annual General Meeting of the Company (“AGM”) to be held at Raffles Town Club, Dunearn 1 (Level 1), 1 Plymouth Avenue, Singapore 297753 on Thursday, 28 April 2011 at 10.00 a.m., and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated with an “X” in the spaces provided hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion and as he/they will on any other matter arising at the AGM and at any adjournment thereof.

Resolution No.	Ordinary Business	For	Against
1	Adoption of the Directors' Report and audited Financial Statements and the Independent Auditor's Report thereon		
2	Declaration of a first and final dividend		
3	Declaration of a special dividend		
4	Approval of Directors' fees		
5	Re-appointment of Dr Albert Hong Hin Kay as a Director		
6	Re-election of Mr Ong Kin Bee as a Director		
7	Re-election of Mr Hartono Gunawan as a Director		
8	Re-election of Mr Tan Hang Huat as a Director		
9	Re-appointment of PricewaterhouseCoopers LLP as auditor		
Special Business			
10	Authority for Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50		
11	Authority for Directors to offer and grant options, allot and issue shares pursuant to the Guthrie GTS Share Option Scheme (2002)		

Dated this _____ day of _____ 2011

Signature(s) of Member(s)/Common Seal

Total number of
shares held ^(Note 3)

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes for Proxy Form

1. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies (who must not be the member himself) to attend and vote instead of him. A proxy need not be a member of the Company.

Completion and return of this instrument appointing a proxy or proxies 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 or proxies to the Meeting.

2. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding (expressed as a percentage of the whole or in case where this is not ascertainable, the number of shares) to be represented by each proxy. If no such percentage or number is specified, the first named proxy shall be deemed to represent 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named proxy, and in such event, the Company reserves the right to refuse to admit the second named proxy to the Meeting if the first named proxy attends the Meeting.
3. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), he should insert that number of shares. If the member has shares registered in his name in the Register of Members, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this instrument of proxy or proxies will be deemed to relate to all the shares held by the member.
4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 1 Fifth Avenue, #02-06/07 Guthrie House, Singapore 268802 at least 48 hours before the time appointed for holding the Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or 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 common seal or under the hand of its attorney or duly authorised officer. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
6. A corporation which is a member may, in accordance with Section 179 of the Companies Act, Chapter 50, authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting.
7. Agent banks acting on the request of CPF investors who wish to attend the Meeting as observers are required to submit in writing, a list with details of the investors' name(s), NRIC/Passport numbers, addresses and numbers of shares held. The list, signed by an authorised signatory of the agent bank, should reach the Company's registered office at least 48 hours before the time appointed for holding the Meeting.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on 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.

Guthrie GTS Limited

Company Registration No. 196800390N

1 Fifth Avenue
#02-06/07 Guthrie House
Singapore 268802