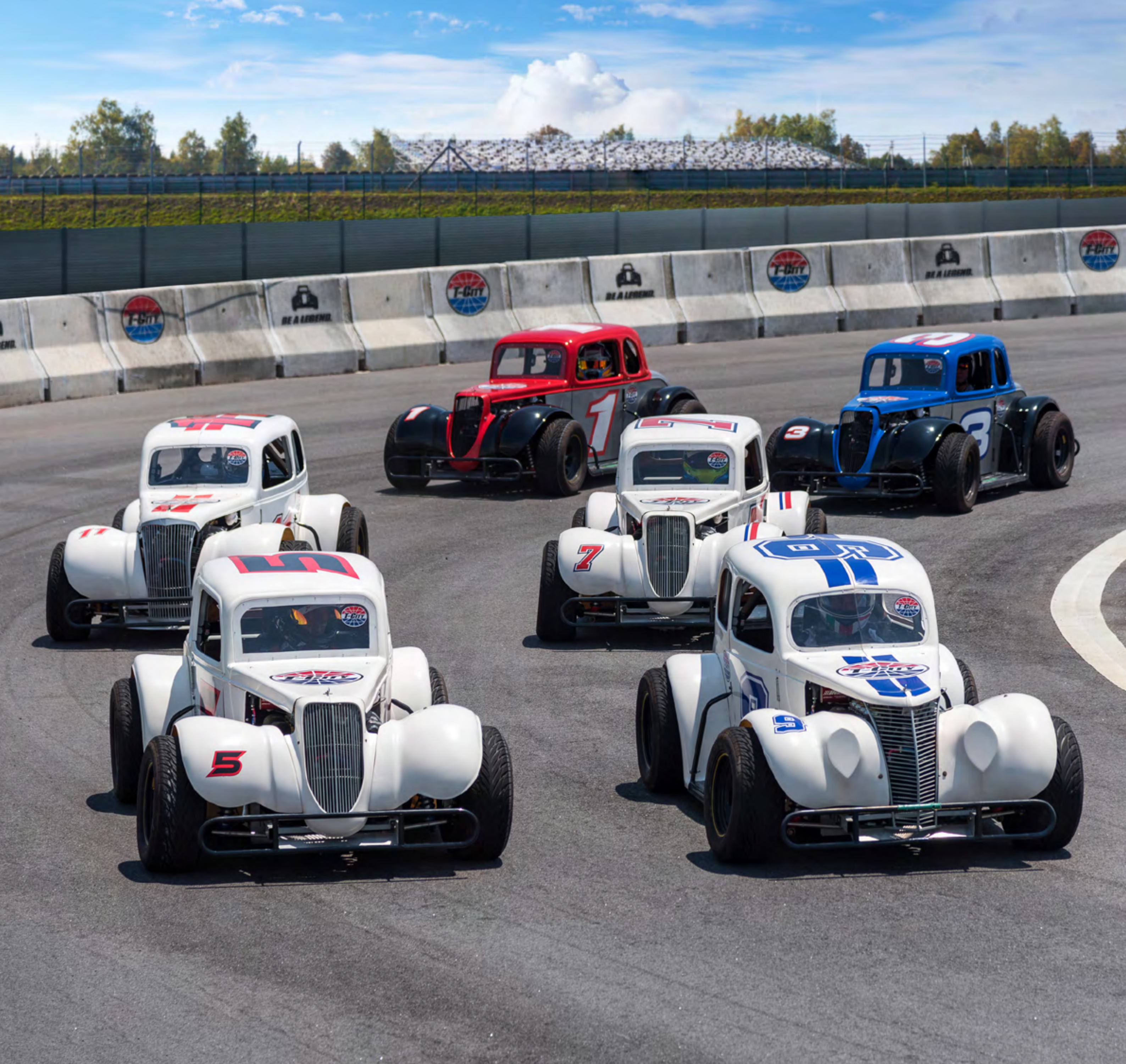
GOODLAND GROUP LIMITED
良園集團

FORGING AHEAD WITH

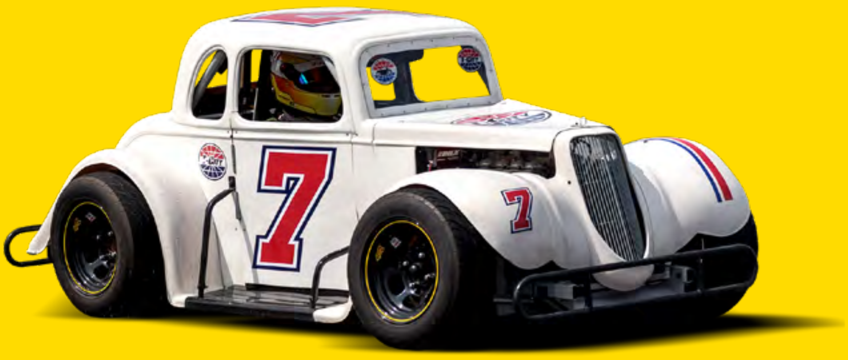
POWER AND STABILITY

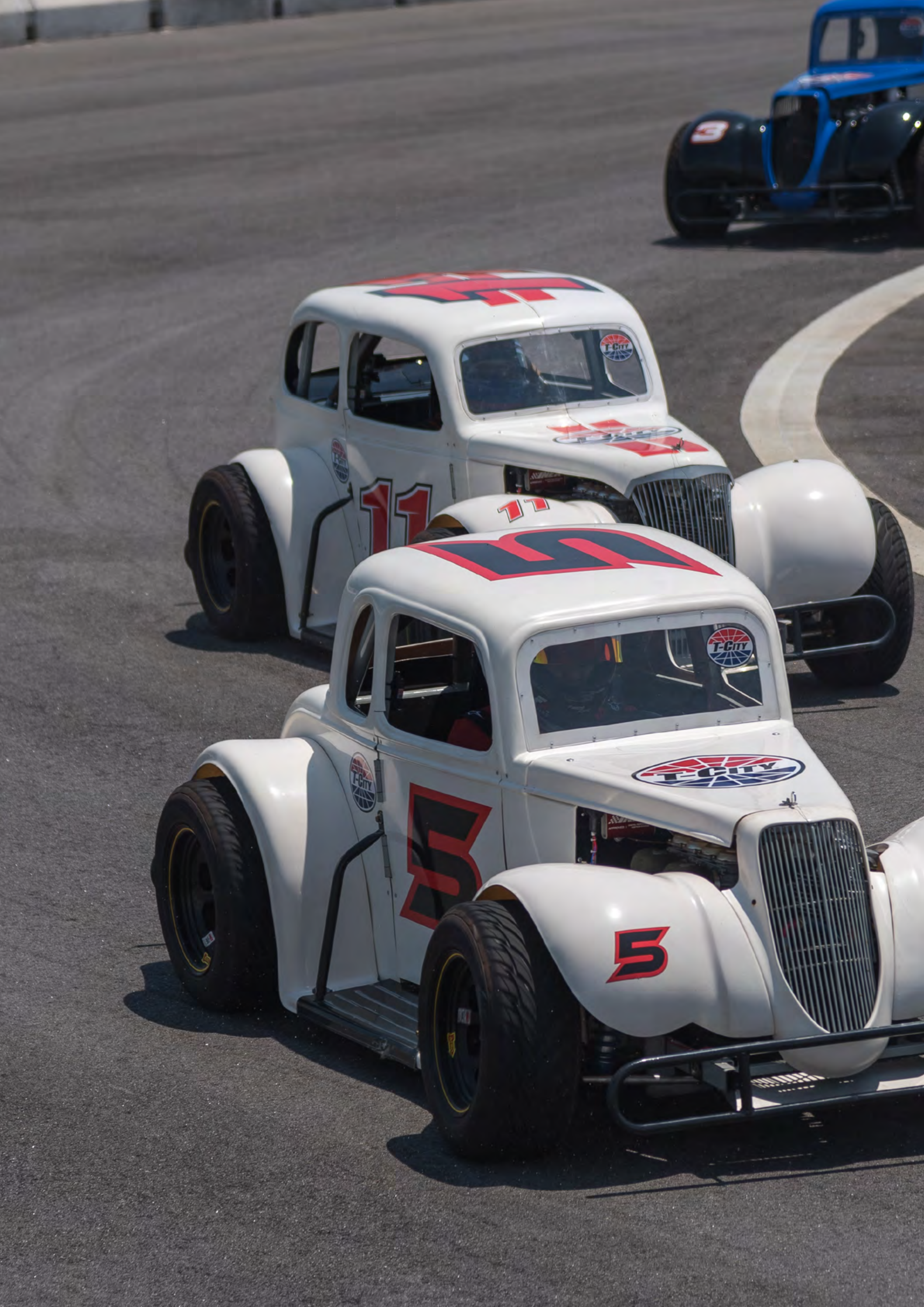
ANNUAL REPORT 2018

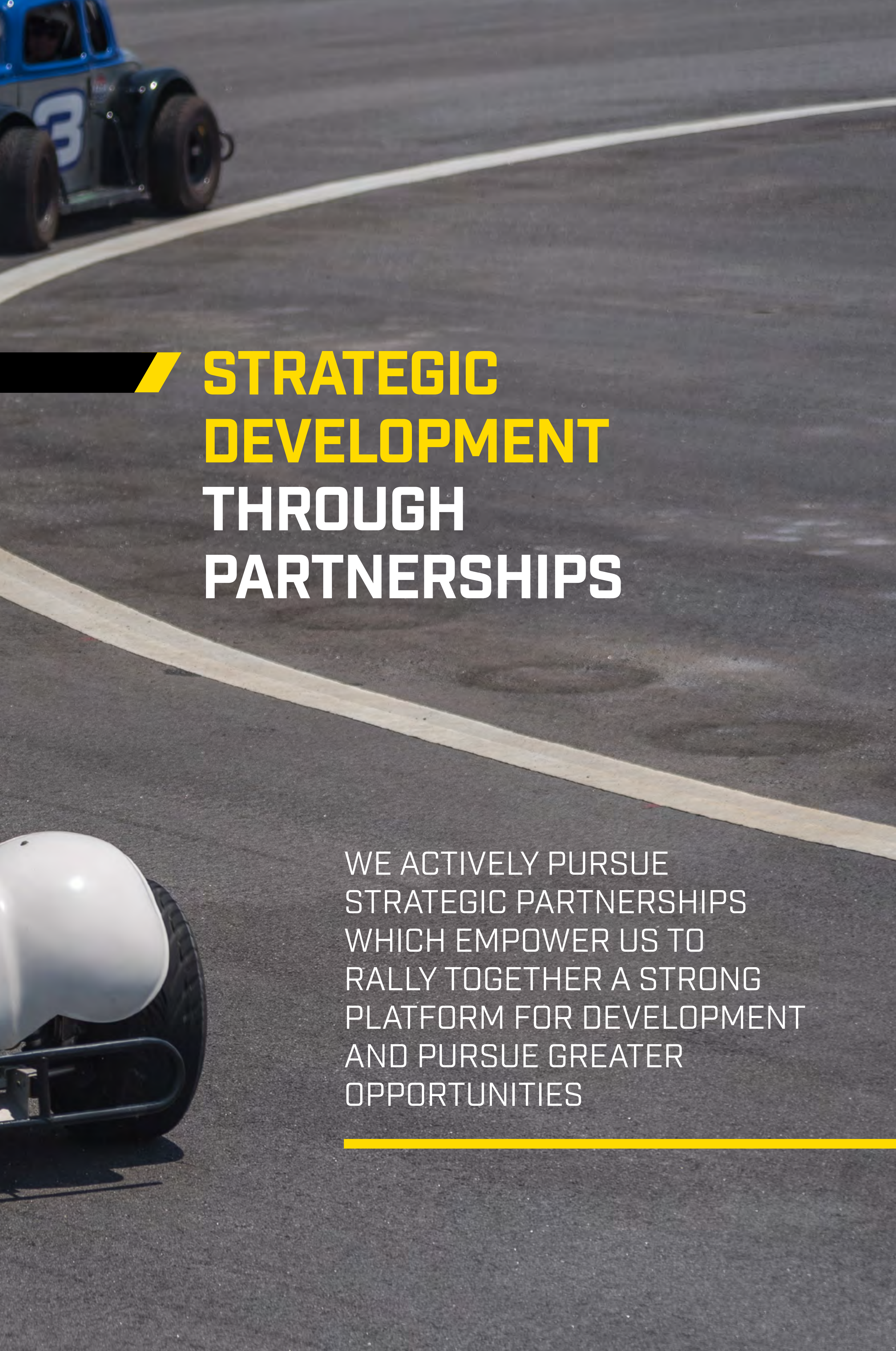


All Images of U.S. Legend Cars within this report is courtesy of U.S. Legend Cars International

OUR STRONG COMMITMENT TO DELIVERING EXCELLENCE ENABLES US TO REMAIN FOCUSED ON FORGING THE PATH AHEAD WITH POWER AND STABILITY DESPITE THE CHALLENGING OPERATING ENVIRONMENT




3
11
T-CITY
5
T-CITY
T-CITY
5
5



STRATEGIC DEVELOPMENT THROUGH PARTNERSHIPS

WE ACTIVELY PURSUE STRATEGIC PARTNERSHIPS WHICH EMPOWER US TO RALLY TOGETHER A STRONG PLATFORM FOR DEVELOPMENT AND PURSUE GREATER OPPORTUNITIES

FINANCIAL
HIGHLIGHTS

REVENUE ($'000)

2018 - **30,971**

2017 - 69,820

2016 - 52,283

PROFIT/(LOSS) BEFORE TAX ($'000)

2018 - **4,069**

2017 - 2,922

2016 - (3,952)

PROFIT/(LOSS) AFTER TAX ($'000)

2018 - **5,411**

2017 - 17,673

2016 - (3,886)

PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS ($'000)

2018 - **5,416**

2017 - 12,142

2016 - (3,867)

Metric	2018	2017	2016
TOTAL ASSETS ($'000)	343,085	376,538	426,822
TOTAL LIABILITIES ($'000)	85,456	124,996	191,402
CASH & BANK BALANCE ($'000)	8,300	25,075	30,231
SHAREHOLDERS' EQUITY* ($'000)	203,956	199,466	189,072
NET PROFIT MARGIN (%)	17.47	25.31	(7.43)
EARNINGS/(LOSS) PER SHARE - BASIC (CENTS)	1.50	3.37	(1.09)
EARNINGS/(LOSS) PER SHARE - DILUTED (CENTS)	1.50	3.37	(1.09)
NAV PER SHARE (CENTS)	56.56	55.30	52.42

* Shareholders' Equity is represented as Equity attributable to owners of the Company.

CHAIRMAN'S
STATEMENT

WE WILL CONTINUE TO MONITOR THE MARKET AND EXERCISE PRUDENCE WHEN EVALUATING OPPORTUNITIES TO ENSURE THAT THE GROUP IS WELL POSITIONED TO CAPITALISE ON OPPORTUNITIES TO DRIVE SUSTAINABLE GROWTH AND ENHANCE SHAREHOLDER VALUE

DEAR VALUED STAKEHOLDERS,

On behalf of the Board of Directors of Goodland Group Ltd, I am pleased to present to you the annual report for the financial year ended 30 September 2018 ("FY2018").

BUSINESS REVIEW

In Singapore, where the Group derives the majority of its revenue, the recent rounds of property cooling measures have increased the Additional Buyer's Stamp Duty ("ABSD") rates and tightened the loan-to-value ("LTV") limits on residential property purchases in an effort to moderate price increases in line with the economic fundamentals.

Despite the challenging operating environment, the Group completed and fully sold the units in *The Citron Residences* – located close to City Square Mall and Farrer Park MRT station - and *The Morris Residences* – a portfolio of three-storey freehold cluster terrace houses in Paya Lebar. In addition, the project from our 17%-owned associate company – *Sturdee Residences*, an elegant, high-rise tower which combines the best of modern architecture and upscale housing – also contributed significantly to the Group's results in FY2018 and we expect this contribution to continue in the financial year ending 30 September 2019 ("FY2019").

The Group posted revenue of S$31.0 million in FY2018 compared to S$69.8 million in the financial year ended 30 September 2017 ("FY2017") due to the recognition of projects of higher development value in the previous year. The Group registered profit attributable to shareholders of S$5.4 million in FY2018 compared to S$12.1 million in the previous year, partly due to share of profits of associates, offset by lower gross profit and adjustment of deferred tax liabilities in FY2017 arising from the change in applicable real property gain tax rate from 15% to 5% in respect of Malaysian properties which are held for more than five years.

FY2018 earnings per share was 1.50 Singapore cents from 3.37 Singapore cents in FY2017, while net asset value per share as at 30 September 2018 increased to 56.56 Singapore cents from 55.30 Singapore cents in the previous year.

We will continue to monitor the market and exercise prudence when evaluating opportunities to ensure that the Group is well positioned to capitalise on opportunities to drive sustainable growth and enhance shareholder value.

PROJECTS IN THE PIPELINE

In Singapore, Goodland continued to remain highly disciplined, selective and strategic in creating a solid development pipeline to enhance our earnings visibility. In FY2018, we continued to bolster our landed housing portfolio with the acquisition of several terrace and semi-detached properties for redevelopment. In addition, the freehold high-rise residential developments at 1 Meyer Place and 9 Amber Road which are located in prime district 15, are on course to be launched in 2019. These projects are held by our associate companies and we expect them to contribute to the Group's results in the coming years.

As part of our strategy to diversify and supplement our earnings with recurring cash flows, we have also generated higher leasing income with the increase in tenancy at the Goodland Group Building at 3 Kim Chuan Lane.

In Malaysia, we expect the redevelopment of the conservation houses in Penang to be completed in 2019.

AWARDS AND ACCOLADES

Goodland is honoured to have been recognised in the Singapore 1000 conferred by DP Information Group. The award recognises public listed companies for their impressive performance in sales turnover and net profit, relative to their peers. This achievement underscores the Group's resolute commitment to strive for growth and excellence for its shareholders.

CORPORATE SOCIAL RESPONSIBILITY

At Goodland, we are constantly looking at initiatives to support the communities in which we live and work. I am proud to report that we have continued our longstanding commitment to actively contribute back to society. In FY2018, we participated in several social responsibility programs including contribution to *Wat Ananda Metyarama Thai Buddhist Temple* which gives back to the youth community and donated wheelchairs to the Kwong Wai Shiu Hospital. We are also delighted to continue our involvement in corporate and institutional community events such as the *SGX Bull Charge Charity Golf 2018* and *Ren Ci Vegetarian Food Fiesta 2017*.

OUTLOOK FOR 2019

The property market in Singapore is expected to remain challenging in the next 12 months. In view of the competitive environment, the Group will exercise prudence when replenishing our land bank in light of rising land and project development costs. We will continue to monitor supply and demand in the Singapore property market and refine our investment strategy.

The Group remains committed to the Singapore market, whilst actively exploring opportunities overseas.

DIVIDEND

To appreciate our shareholders for your unwavering support over the years, the Board is pleased to recommend and propose a final one-tier tax exempt cash dividend of 0.3 Singapore cent per share. Subject to shareholders' approval at our upcoming Annual General Meeting scheduled on 29 January 2019, the final dividend will be paid to shareholders on or around 1 March 2019. This will bring the total cash dividend payout for FY2018 to 1.05 Singapore cent per share.

THE BOARD AND MANAGEMENT

The Board members and I would like to extend a warm welcome to our new Non Executive Independent Directors, Mr Charles Chong You Fook and Mr Irving Choh Thian Chee, who joined our Board in 2018.

Mr Charles Chong You Fook brings with him a wealth of experience serving in various senior leadership positions for more than 30 years. We look forward to his continued contribution as the Lead Independent Director, the Chairman of the Nominating Committee as well as a member of the Remuneration and Audit Committees.

Mr Irving Choh Thian Chee is an established lawyer with more than 20 years of experience in legal practice. We are confident that his deep expertise will serve us well in his role as a member of the Nominating, Remuneration and Audit Committees.

WORD OF APPRECIATION

Finally, I would like to express my heartfelt appreciation to our Board members, customers and business partners for their continuous support for the Group. I would also like to thank our management team and staff for their dedication and relentless hard work during the year.

I look forward to working closely with my fellow Board members and our management team to continue to deliver more value to our business partners, stakeholders and shareholders in 2019.

Ben Tan Chee Beng
Executive Chairman

CEO'S
STATEMENT

OUR STRATEGY IS TO REMAIN FOCUSED ON EXPLORING NEW BUSINESS OPPORTUNITIES GLOBALLY WHILE ADDING NEW INVESTMENT PROPERTIES TO OUR EXISTING PORTFOLIO IN ORDER TO DIVERSIFY OUR SOURCES OF INCOME

DEAR VALUED STAKEHOLDERS,

In 2018, the nascent recovery in the Singapore private residential sector was significantly affected by the additional property cooling measures introduced in the latter half of the year. Notwithstanding the challenging market conditions, the Group continued to focus on proactively augmenting our land bank with prudent acquisitions and forging business partnerships which will stand us in good stead.

FINANCIAL PERFORMANCE

The Group's revenue at S$31.0 million in the financial year ended 30 September 2018 ("FY2018") was mainly driven by sales recognition of the Group's residential projects which includes *The Morris Residences*, our award winning residential project comprising 10 units of freehold strata terrace houses. The revenue of S$69.8 million in the financial year ended 30 September 2017 ("FY2017") was S$38.8 million higher than the year under review due to the recognition of projects of higher development value.

In line with the decrease in revenue, the Group recorded a decrease in cost of sales by S$30.9 million to S$29.5 million in FY2018 from S$60.4 million in FY2017. Sale of development properties with lower margins contributed to a decrease of 8.6% in gross profit margin to 4.9% in FY2018 from 13.5% in FY2017, which translated into gross profit of S$1.5 million in FY2018 compared to S$9.5 million in the previous year.

Administrative expenses remained relatively stable at S$5.6 million in FY2017 and FY2018. Finance costs decreased from S$1.7 million in FY2018 to S$1.4 million in FY2018.

Other operating income increased by S$0.6 million to S$1.7 million in FY2018 from S$1.1 million in FY2017, mainly due to fair value gain on investment properties and receipt of proceeds from a legal suit. Share of results of associate companies changed by S$8.8 million to a profit of S$8.4 million in FY2018 compared to a loss of S$0.4 million in FY2017, mainly from the development project, *Sturdee Residences*.

The Group also recorded a tax credit of S$1.3 million in FY2018 as compared to a tax credit of S$14.8 million in FY2017. This was mainly due to utilisation of group tax relief arising from the adjustment of deferred tax liabilities arising from the change in applicable real property gain tax rate from 15% to 5% in respect of Malaysian properties which are held for more than five years.

Net asset value per share attributable to shareholders for FY2018 was 56.56 Singapore cents, compared to 55.30 Singapore cents in the previous year. As of 30 September 2018, Goodland's net assets stood at S$257.6 million with cash and cash equivalent of S$8.3 million as compared to S$251.5 million and S$25.1 million respectively in the previous year.

OPERATING REVIEW

In the year under review, the Group completed the sale of units in *The Citron Residences* and *The Morris Residences*. *Sturdee Residences*, a high-rise condominium project with 305 residential units under our associate company has contributed significantly to the Group's results in FY2018. These successful projects are testament to the Group's commitment to deliver marquee projects amidst the challenging operating environment.

The Group also undertook several initiatives to develop our business and replenish our land bank, including the acquisition of 10 properties which are slated for redevelopment and the additional subscription of shares in an associate company which acquired Parkway Mansion, a freehold residential development at 9 Amber Road located in the established East Coast residential area in an en bloc deal, with the intention to redevelop the property into a high-rise development. These transactions provide a steady pipeline of residential projects which will contribute to the Group's results in the years to come.

REGIONAL INVESTMENTS

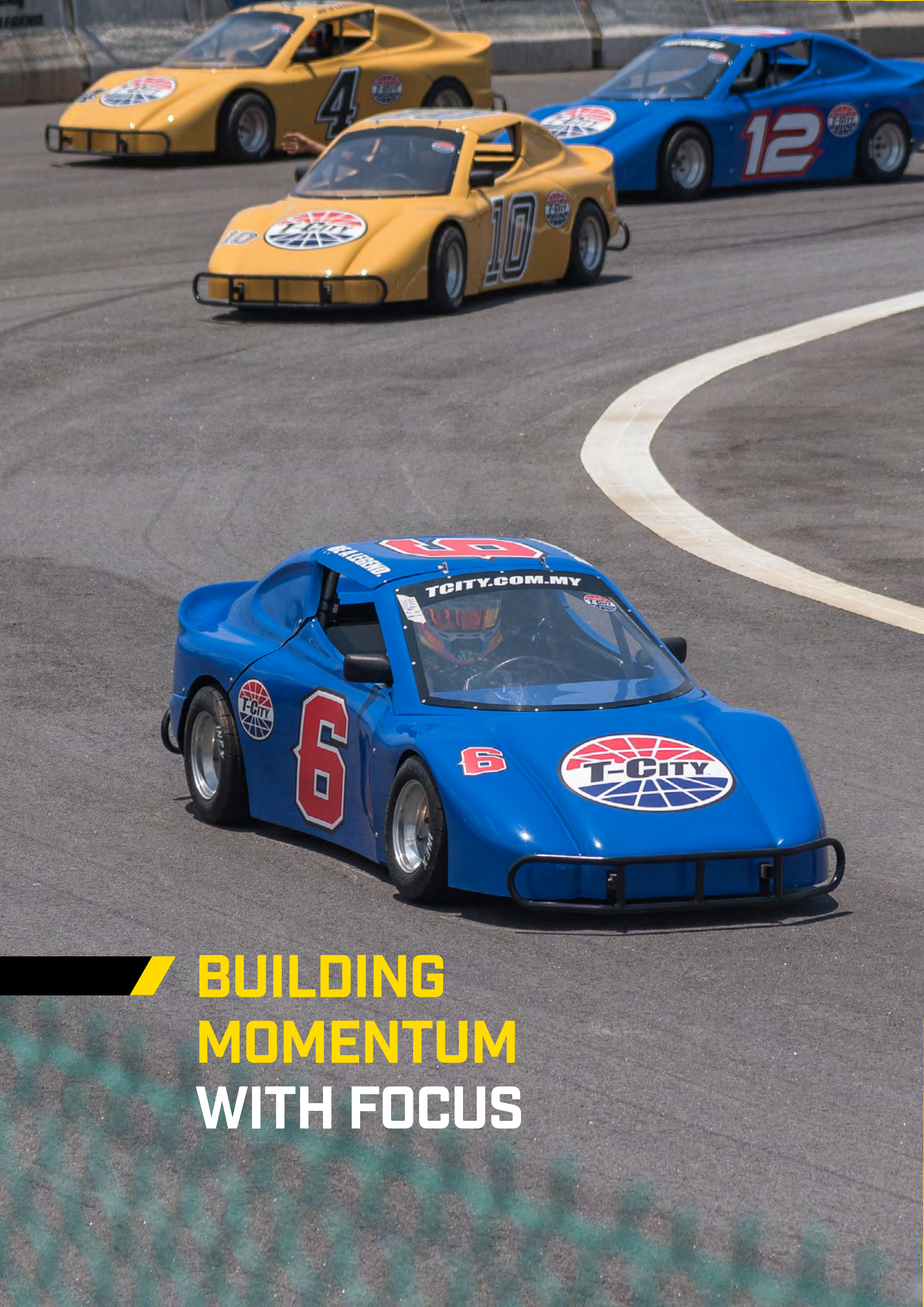
The redevelopment of the Group's project comprising three conservation houses located in Georgetown, the capital city of Penang in Malaysia is progressing well. We expect the redevelopment of these properties to be completed by the first quarter of the financial year ending 30 September 2019 ("FY2019").

GOING FORWARD

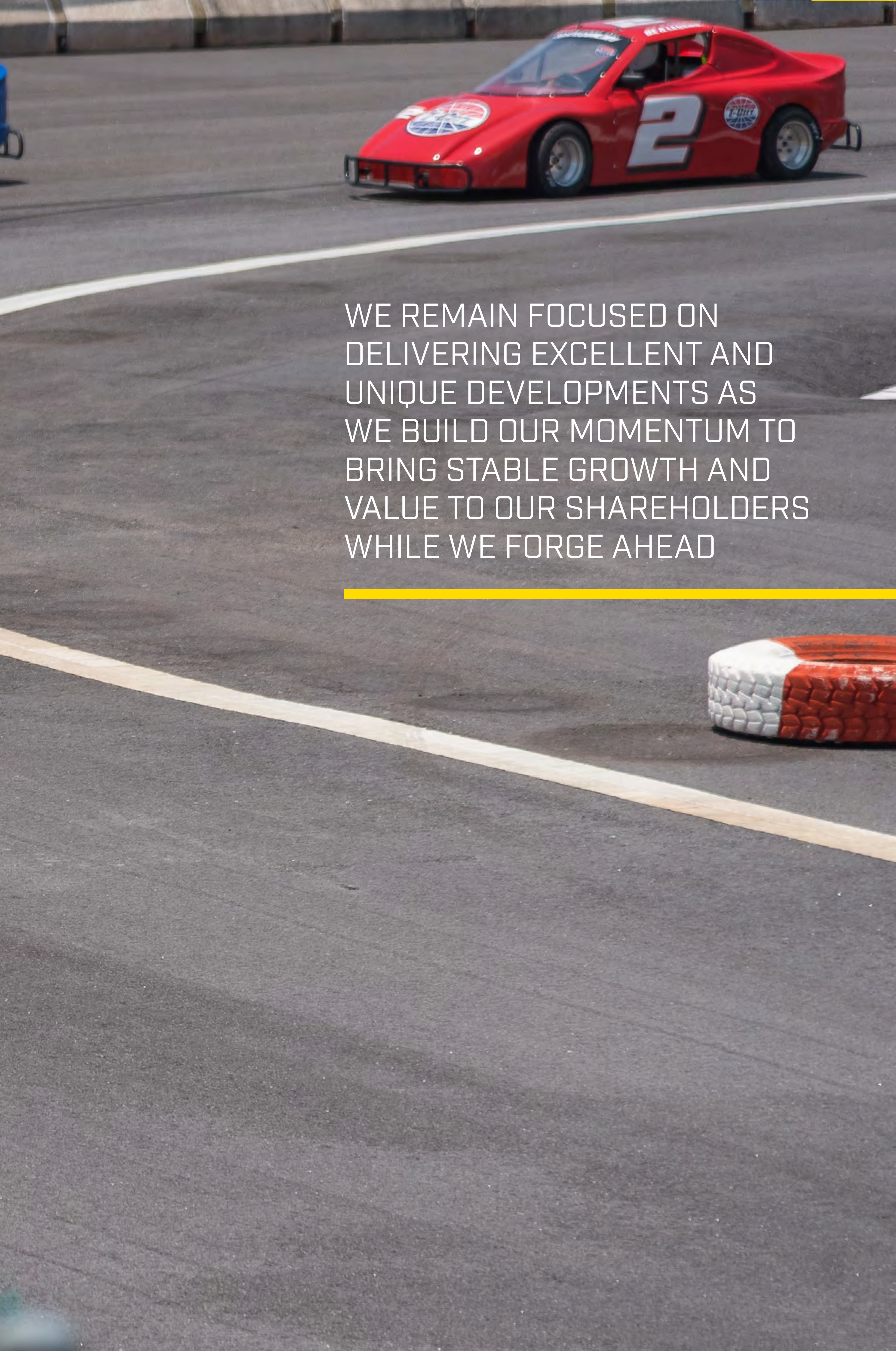
We will continue to strive to become a global player and position ourselves as the premier housing developer. Our strategy is to remain focused on exploring new business opportunities globally while adding new investment properties to our existing portfolio in order to diversify our sources of income. We will also continue to innovate construction technology and strengthen our expertise in order to sustain our competitive edge.

We thank you and look forward to your continued support.

Dr Alvin Tan Chee Tiong
Chief Executive Officer



BUILDING MOMENTUM WITH FOCUS



WE REMAIN FOCUSED ON
DELIVERING EXCELLENT AND
UNIQUE DEVELOPMENTS AS
WE BUILD OUR MOMENTUM TO
BRING STABLE GROWTH AND
VALUE TO OUR SHAREHOLDERS
WHILE WE FORGE AHEAD

BOARD OF DIRECTORS

BEN TAN CHEE BENG

EXECUTIVE CHAIRMAN

Appointed as the Executive Director on 6 May 2004, Mr Tan is the Chairman of the Board of Directors, and is primarily responsible for overseeing the strategic direction and investment of the Group.

He was last re-elected on 18 February 2016.

Prior to joining the Group, Mr Tan worked as a civil engineer with the Housing and Development Board, Singapore. In July 1994, he was appointed as a director of Goodland Development Pte Ltd, which commenced operations as a building and civil engineering company undertaking both private projects and public infrastructure works.

Together with the other cofounder, Dr Alvin Tan, they expanded the company's business operations to include property development.

Mr Tan holds a Bachelor of Engineering (Civil) degree from the National University of Singapore.

DR ALVIN TAN CHEE TIONG

CHIEF EXECUTIVE OFFICER

Appointed as the Executive Director on 6 May 2004, Dr Tan is the Chief Executive Officer and the Managing Director of the Group, and is primarily responsible for the overall management, performance, as well as for the formulation of corporate strategies of the Group. Under his leadership, the Group has seen a significant expansion in its holdings, and a substantial increase in capital base.

He was re-elected on 18 February 2016.

Dr Tan possesses more than 20 years of industry experience in both the construction and property development businesses. In January 1993, he became a cofounder and a director of Goodland Development Pte Ltd, which started as a building and civil engineering firm undertaking both private and public work projects.

Together with the other cofounder, Mr Ben Tan, he continued growing the business of the company to include property development in 1994.

Apart from his commitment to the Group, Dr Tan participates in community work. He serves as a grassroots leader in Ponggol East Single Member Constituency as a Patron of the Ponggol East Citizens' Consultative Committee. He also serves as a grassroots leader in Marine Parade Group Representation Constituency as a Patron of the Braddell Heights Community Club Management Committee. He was conferred the Public Service Medal (PBM) by the President of Singapore in the 2016 National Day Awards.

Dr Tan holds a First Class (Honours) Degree in Construction Management from RMIT University Australia and a Doctorate in Business Administration from Apollos University, Montana, USA.

MELANIE TAN BEE BEE

EXECUTIVE DIRECTOR

Ms Melanie Tan was appointed as the Executive Director on 19 August 2009 and was last re-elected on 25 January 2017. Ms Tan has an accounting background, and is responsible for overseeing the finances of the Group, its strategic investments, acquisitions and finance, including the Company's initial public offering. She joined the Group as Financial Controller in 1995.

Ms Tan also oversees the Group's human resource and administration, and drives service innovation within the Group.

CHARLES CHONG YOU FOOK

LEAD INDEPENDENT DIRECTOR

Mr. Charles Chong was appointed as the Lead Independent Director on 13 August 2018.

Mr. Chong was engaged as a Consultant at SIA Engineering Company from August 2015 to June 2018. Prior to that, he served as the Vice President, Quality and Safety at SIA Engineering Company from July 2004 to July 2015. Over the years, he advised several companies in his capacity as board member, including International Engine Component Overhaul Pte Ltd from April 2006 to October 2016, Messier Services Asia Pte Ltd from January 2010 to May 2016 and Pan Asia Pacific Aviation Services Ltd from February 2012 to June 2016. Mr. Chong studied aircraft engineering at Sydney Technical College in Australia on a Qantas Airways Scholarship. He is a qualified aircraft maintenance engineer and served overseas postings with SIA in Dubai, Bahrain, Seattle and Toulouse.

Mr. Chong has been a Member of Parliament (MP) since September 1988. He was elected MP for Sembawang Group Representation Constituency (GRC) from 1988 to 1991, Eunos GRC from 1991 to 1996, Pasir Ris GRC from 1997 to 2001, Pasir Ris-Punggol GRC from 2001 to 2011 and Joo Chiat Single Member Constituency (SMC) from 2011 to 2015. He currently represents Punggol East SMC, and has done so since 2015. He has served as Deputy Speaker of Parliament since 2011.

Mr. Chong served as Chairman of Pasir Ris - Punggol Town Council; North East Community Development Council; National Police Cadet Corps Council; Singapore Institute of Aerospace Engineers; Singapore Quality Institute and National Productivity Association.

DR WU CHIAW CHING

INDEPENDENT DIRECTOR

Dr Wu Chiaw Ching was appointed as the Independent Director on 19 August 2009 and was last re-elected on 25 January 2017. Dr Wu is the Managing Partner of Wu Chiaw Ching & Company.

Dr Wu is a fellow member of the Institute of Singapore Chartered Accountants, the Association of Chartered Certified Accountants, United Kingdom and Certified Public Accountants, Australia. In addition, Dr Wu is a member of the Singapore Institute of Directors.

Dr Wu is presently an Independent Director of GDS Global Limited, a company listed on the SGX Catalist and LHT Holdings Limited, a company listed on the Mainboard of the SGX-ST.

BOARD OF DIRECTORS

RAYMOND LYE HOONG YIP

INDEPENDENT DIRECTOR

Mr Raymond Lye was appointed as the Independent Director on 19 August 2009 and was last re-elected on 25 January 2018. Mr Lye holds a Bachelor of Laws (Hons) from the National University of Singapore and has been in legal practice since 1990. In January 2014, he founded Union Law LLP and become its Managing Partner. He was an Executive Director of CitiLegal LLC from April 2010 to December 2013. Prior to that, Mr Lye served as a Magistrate and Deputy Registrar of the State Courts before going into private practice.

His areas of expertise include civil and criminal litigation, commercial work, business disputes including shareholder/director/partner/employment law, building and construction law, family law and intellectual property rights. Mr Lye also serves as an Independent Director on the boards of 800 Super Holdings Limited and SK Jewellery Group Limited, companies listed on the SGX-Catalist.

He is also active in community and public service. Mr Lye is currently the Chairman of the English Programme Advisory Committee of the Infocomm Media Development Authority and Deputy President of the Strata Titles Board. He is also a Resource Panel member of the Government Parliamentary Committee on Defence and Foreign Affairs, and the Chairman of the Punggol East Citizens Consultative Committee. He was also conferred the Public Service Medal (PBM) and the Public Service Star (BBM) by the President of Singapore in the 1998 and 2008 National Day Awards.

IRVING CHOH THIAN CHEE

INDEPENDENT DIRECTOR

Mr Irving Choh was appointed as the Independent Director on 10 May 2018. He is the Managing Director of Optimus Chambers LLC, a Singapore law firm, and has more than 20 years of experience in legal practice, specializing in commercial litigation and international arbitration.

Mr Choh has a Bachelor of Law (Honours) degree from the University of Buckingham, UK and a mediator with the Singapore Mediation Centre.

He is presently an Independent Director of A-Sonic Aerospace Limited, a company listed on the Mainboard of the SGX-ST.

KEY MANAGEMENT

KENNETH HOR SWEE LIANG

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Mr Kenneth Hor was appointed as the Group Financial Controller on 1 February 2012 and as the Group Company Secretary on 10 February 2012. Mr Hor was re-designated as Chief Financial Officer on 1 February 2013.

Mr Hor has more than 20 years of experience in the financial and accounting profession. Prior to joining the Group, Mr Hor worked at an international public accounting firm; at local and foreign financial institutions in Singapore and Hong Kong; at a leading aviation communications, engineering and systems integration US multinational company covering the Asia-Pacific region, including China, India, Korea, Japan, South East Asia and Australia; and at a public listed manufacturing company in Singapore with presence in Indonesia.

Mr Hor holds a Bachelor of Accountancy degree from the Nanyang Technological University and is a Chartered Accountant of Singapore.

MINDY TAN

DIRECTOR (PROPERTY)

Ms Mindy Tan was appointed as the Director (Property) and has been overseeing the Group's property division since July 2009.

She has more than 20 years of real estate experience and has been successful in conceptualising the design, sales and marketing, leasing and managing the Group's portfolio of properties.

Ms Tan is a registered appraiser in Lands and Buildings, licensed by the Inland Revenue Authority of Singapore and a Certified Property and Facility Manager registered with Association of Property & Facility Managers. She holds a Bachelor of Science (Honours) in Estate Management from the University of Reading, United Kingdom and is also a Member of Singapore Institute of Surveyors and Valuers (SISV) and a Member of Association of Property & Facility Managers (APFM).

JENNIFER GALON TEOLOGO

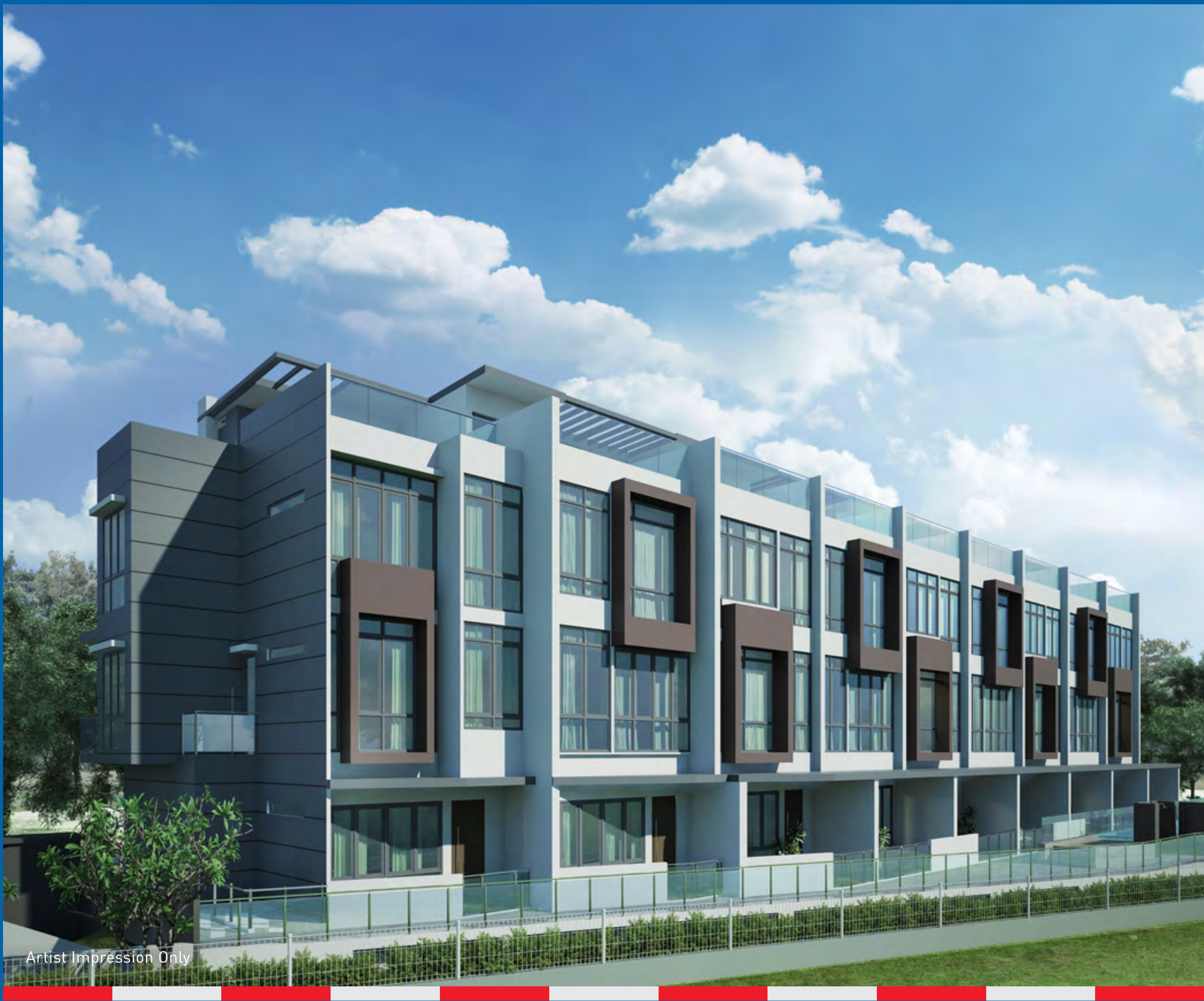
HUMAN RESOURCE AND PUBLIC RELATIONS OFFICER

Ms Jennifer Galon Teologo is the Human Resource and Public Relations Officer, and is responsible for recruiting, orienting and training of staff. She provides guidance and direction to ensure that public relations and communications programs reflect corporate objectives.

Ms Teologo has a Bachelor of Science in Accountancy from the University of St. La Salle, the Philippines, and a Masters in Business Administration from the University of Negros Occidental - Recoletos, the Philippines. Ms Teologo is also a member of the Philippine Institute of Certified Public Accountants.

COMPLETED
PROJECTS

THE CITRON AND THE CITRON RESIDENCES



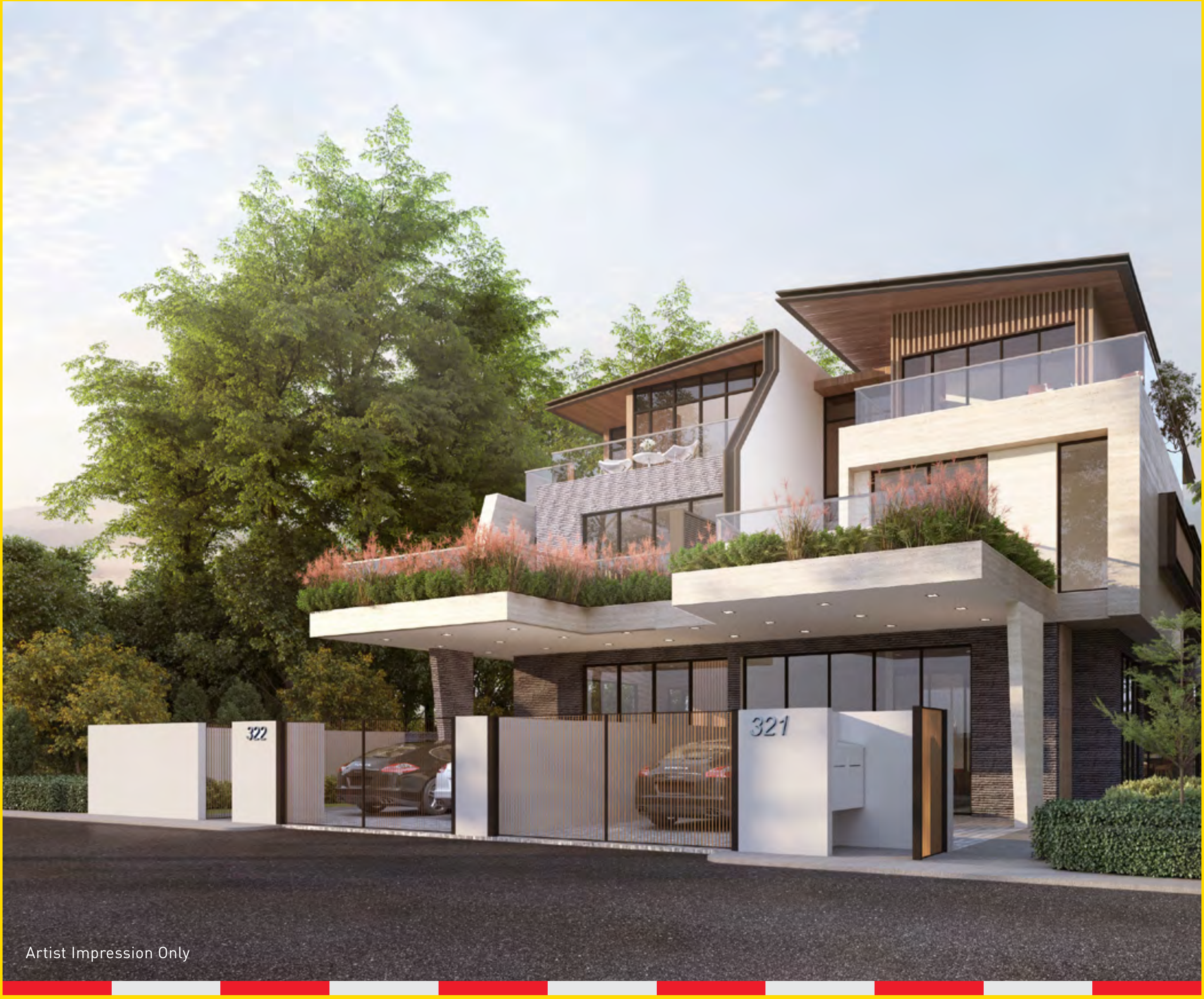
THE MORRIS RESIDENCES

COMPLETED
PROJECTS


Artist Impression Only

JALAN TANJONG

SELECTED ON-GOING
PROJECTS



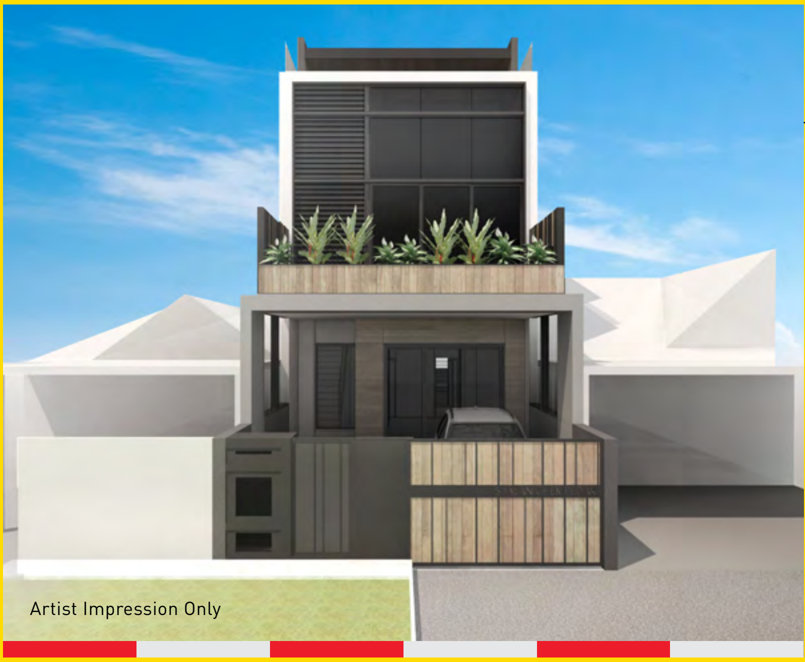
BEDOK ROAD

SELECTED ON-GOING
PROJECTS

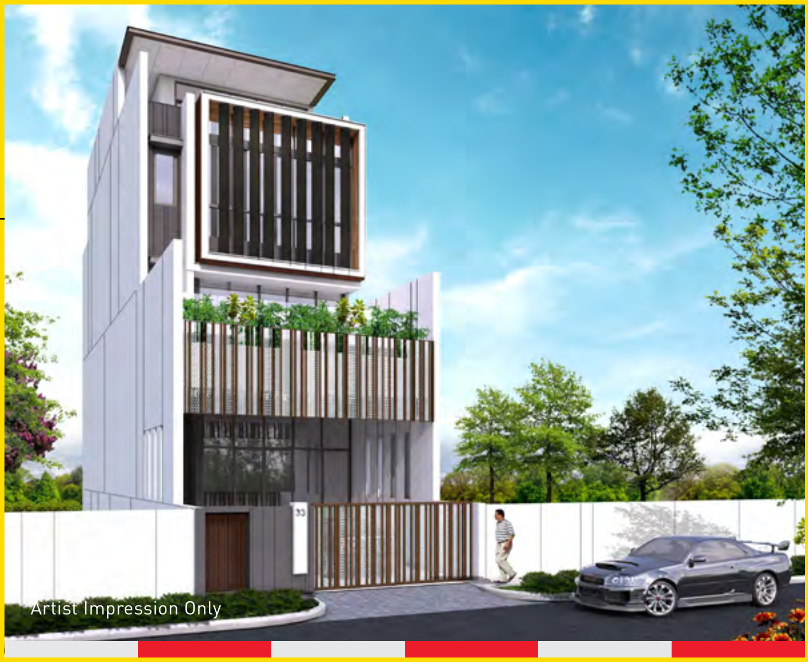
Artist Impression Only

STURDEE RESIDENCES

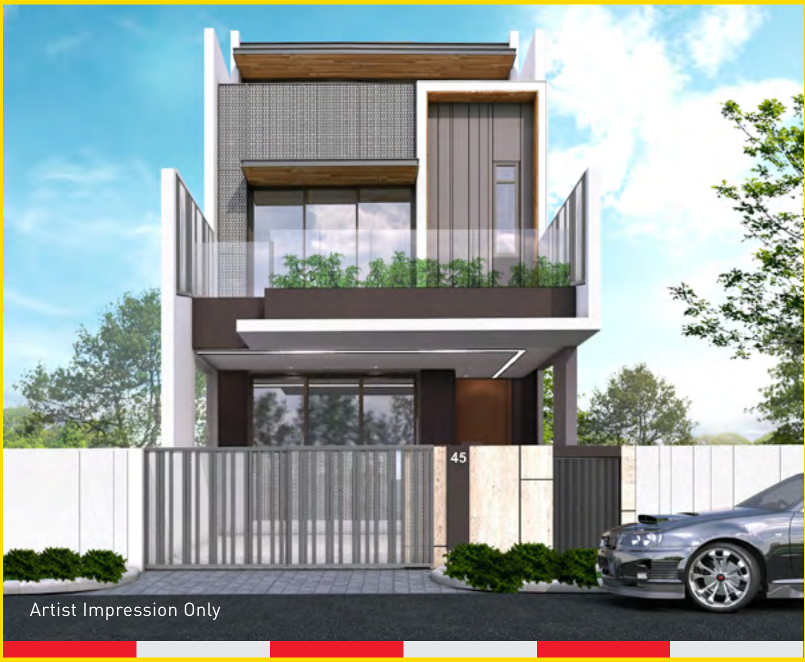
A JOINT VENTURE PROJECT



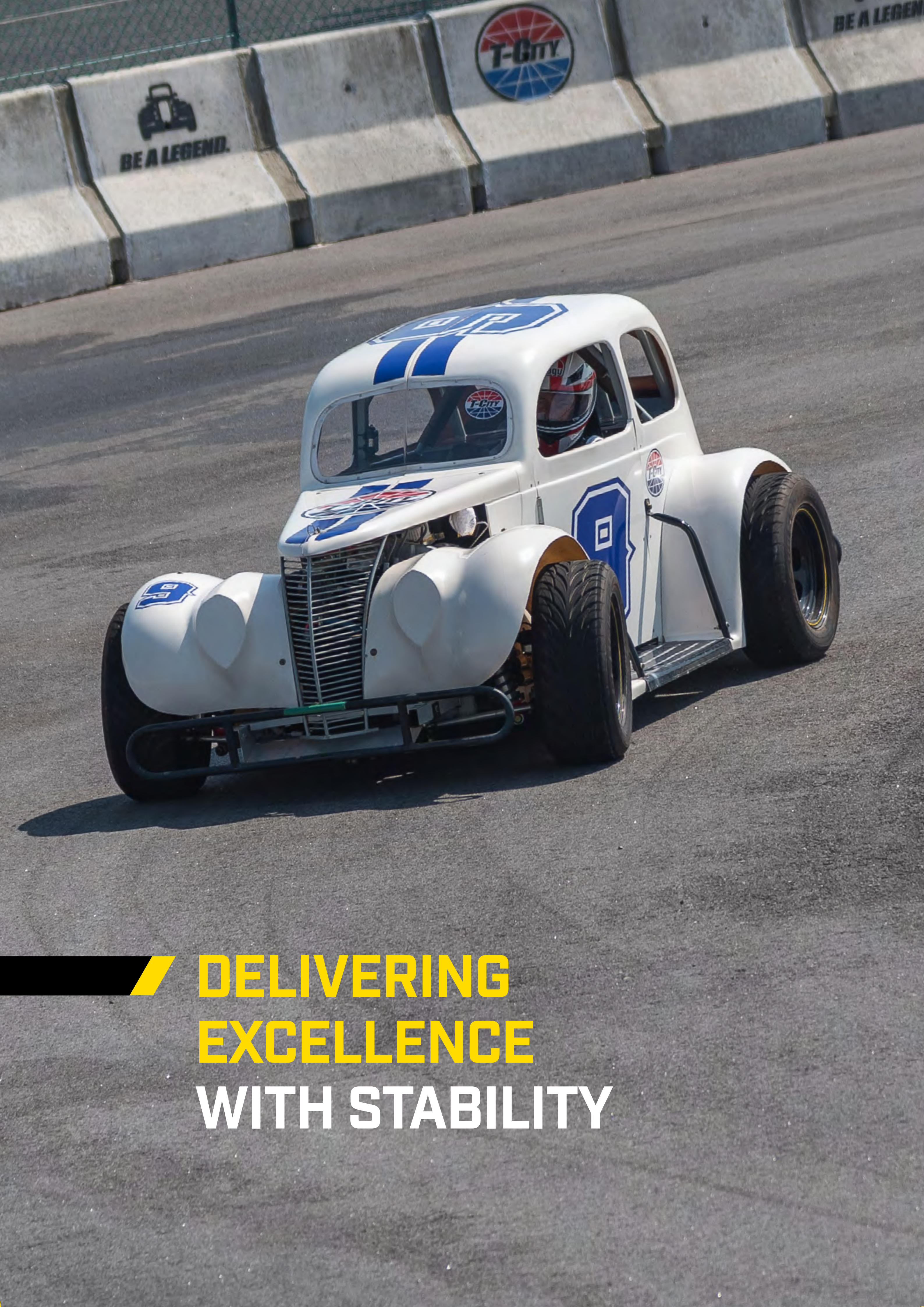
JALAN CHEMPEDAK



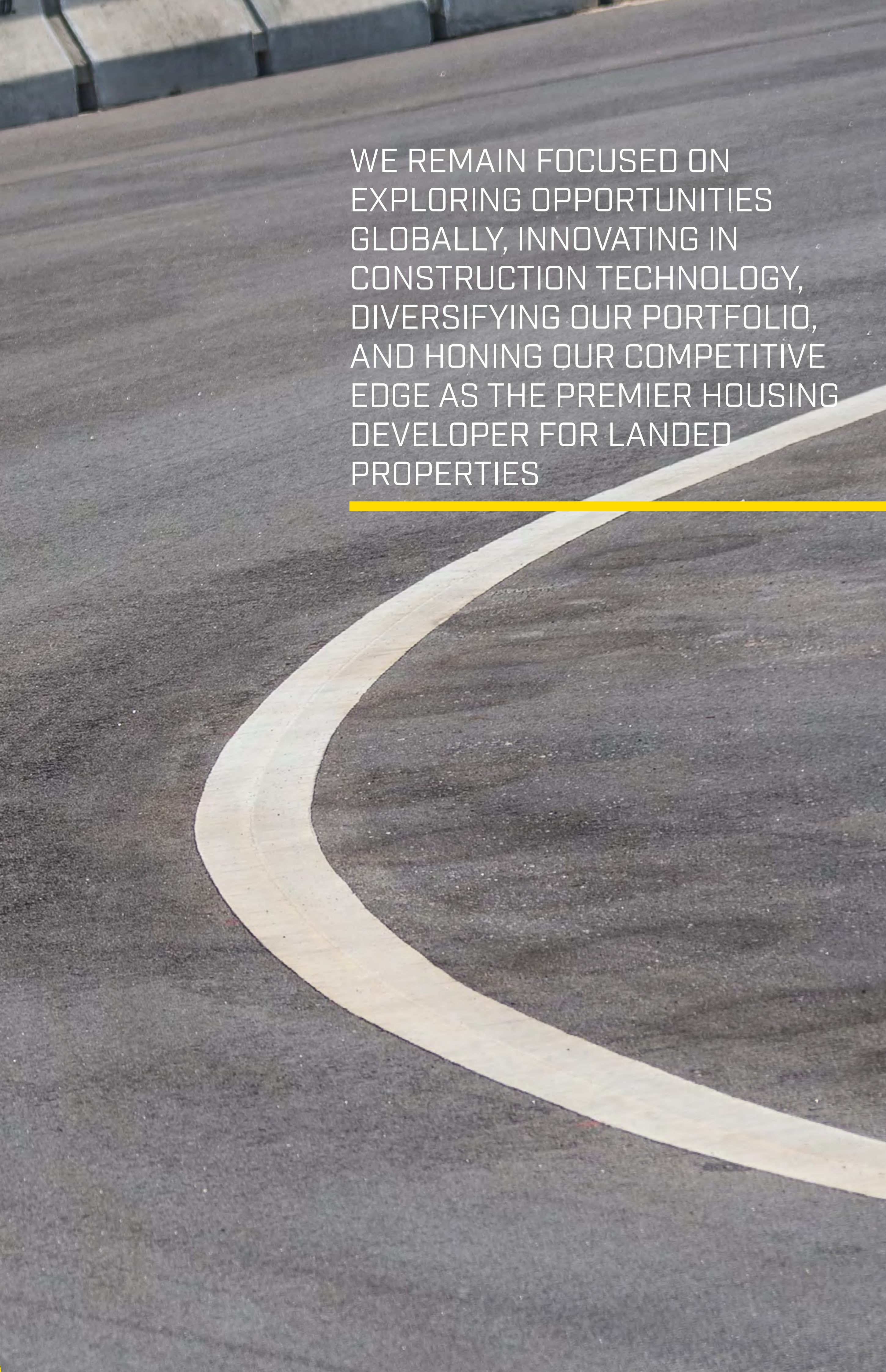
SIRAT ROAD



CARDIFF GROVE



DELIVERING EXCELLENCE WITH STABILITY



WE REMAIN FOCUSED ON EXPLORING OPPORTUNITIES GLOBALLY, INNOVATING IN CONSTRUCTION TECHNOLOGY, DIVERSIFYING OUR PORTFOLIO, AND HONING OUR COMPETITIVE EDGE AS THE PREMIER HOUSING DEVELOPER FOR LANDED PROPERTIES

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Ben Tan Chee Beng
Executive Chairman

Dr Alvin Tan Chee Tiong
Chief Executive Officer and Group Managing Director

Melanie Tan Bee Bee
Executive Director

Charles Chong You Fook
Lead Independent Director

Dr Wu Chiaw Ching
Independent Director

Raymond Lye Hoong Yip
Independent Director

Irving Choh Thian Chee
Independent Director

AUDIT COMMITTEE

Dr Wu Chiaw Ching (Chairman)
Charles Chong You Fook
Raymond Lye Hoong Yip
Irving Choh Thian Chee

NOMINATING COMMITTEE

Charles Chong You Fook (Chairman)
Raymond Lye Hoong Yip
Dr Wu Chiaw Ching
Irving Choh Thian Chee
Dr Alvin Tan Chee Tiong

REMUNERATION COMMITTEE

Raymond Lye Hoong Yip (Chairman)
Charles Chong You Fook
Dr Wu Chiaw Ching
Irving Choh Thian Chee

COMPANY SECRETARY

Kenneth Hor Swee Liang, CA
Claudia Teo Kwee Yee

REGISTERED OFFICE

3 Kim Chuan Lane
#07-01 Goodland Group Building
Singapore 537069
Tel: +65 6289 0003
Fax: +65 6289 3818
www.goodlandgroup.com.sg

SHARE REGISTRAR

B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

CORPORATE SECRETARIAL AGENT

Tricor HEP Corporate Services Pte Ltd
80 Robinson Road
#02-00
Singapore 068898

AUDITORS

Foo Kon Tan LLP
Public Accountants and Chartered Accountants
24 Raffles Place
#07-03 Clifford Centre
Singapore 048621

Partner-in-charge
Ang Soh Mui
(since financial year ended 30 September 2018)

CORPORATE GOVERNANCE REPORT

The Board of Directors (the **"Board"**) of Goodland Group Limited (the **"Company"** and together with its subsidiaries, the **"Group"**) and the management (the **"Management"**) of the Company are committed to upholding high standards of corporate governance, to promote corporate transparency and to protect and enhance shareholders' interests, and is guided by the principles and guidelines of the Singapore Code of Corporate Governance 2012 (the **"Code"**) issued by the Singapore Council on Corporate Disclosure and Governance.

This corporate governance report (the **"Report"**) outlines the Group's corporate governance practices and activities that are in place during the financial year ended 30 September 2018 (**"FY2018"**), with specific references made to the principles and guidelines of the Code.

The Board confirms that, for FY2018, the Company has generally adhered to the principles and guidelines set out in the Code, except where otherwise stated. Where there have been deviations from the Code, the Company has sought to provide an appropriate explanation for each deviation in this Report.

BOARD MATTERS

The Board's Conduct of its Affairs
Principle 1: Effective Board to lead and control the company

The Board has the responsibility to oversee the business affairs of the Group and provide oversight, strategic direction and entrepreneurial leadership. It reviews the Group's financial performance, establishes the corporate strategies, sets overall business direction and goals and monitors the performance of these goals to enhance shareholders' value. The Board also has separate and independent access to the Company's senior management and reviews the performance of the Management. In addition, the principle functions of the Board also include, inter alia, the following:

(i) identifying the key stakeholder groups and recognising that their perceptions affect the Group's reputation;

(ii) setting the Group's values and standards (including ethical standards) and ensuring that obligations to shareholder and other stakeholders are understood and met; and

(iii) considering sustainability issues relating to the environment and social factors as part of the strategic formulation of the Group.

The fiduciary responsibilities of the Board include:

(i) to conduct itself with proper due diligence and care;

(ii) to act in good faith;

(iii) to comply with applicable laws; and

(iv) to act in the best interests of the Company and its shareholders at all times.

The Board is also responsible for the overall corporate governance of the Group. The Board has formed three committees, namely: (i) the Audit Committee (**"AC"**), (ii) the Remuneration Committee (the **"RC"**) and (iii) the Nominating Committee (the **"NC"**) (collectively, the **"Board Committees"**), to assist in the execution of its responsibility. The Board delegates specific responsibilities to the Board Committees. The Board Committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis.

The Board will meet at least quarterly every year to coincide with the announcement of the Group's quarterly and full year financial results, with optional meetings scheduled as and when necessary. Board approval is specifically required for the below matters:

Financial results announcements;

(a) Annual report and accounts;

(b) Dividend payment to shareholders;

(c) Interested person transactions;

(d) Major acquisition or disposal;

(e) Corporate strategies and financial restructuring; and

(f) Transactions of a material nature.

The Company's Constitution allows the Board meetings to be conducted in the form of telephone conferencing or other methods of simultaneous communication by electronic or telegraphic means without a member being in the physical presence of another member or members.

During FY2018, the number of Board and Board Committee meetings held and the attendance of each Board member were as follows:-

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
Name of Director	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**
Ben Tan Chee Beng	4	4	NA	NA	NA	NA	NA	NA
Dr Alvin Tan Chee Tiong	4	4	NA	NA	1	1	NA	NA
Melanie Tan Bee Bee	4	4	NA	NA	NA	NA	NA	NA
Dr Wu Chiaw Ching	4	4	4	4	3	3	2	2
Raymond Lye Hoong Yip	4	4	4	4	3	3	2	2
Irving Choh Thian Chee [2]	1	1	1	1	1	1	NA	NA
Charles Chong You Fook [3]	NA	NA	NA	NA	NA	NA	NA	NA
Wong Ming Kwong [1]	1	1	1	1	1	1	1	1

NA : Not applicable

Notes:

[1] Mr Wong Ming Kwong retired as a Director of the Company on 25 January 2018.

[2] Mr Irving Choh Thian Chee is appointed a Director of the Company on 10 May 2018.

[3] Mr Charles Chong You Fook is appointed a Director of the Company on 13 August 2018.

All Board members are provided with regular updates on the changes in the relevant laws and regulations and financial reporting standards to enable them to make well-informed decisions and to ensure they are competent in carrying out their expected roles and responsibilities. In addition, members of the Board are encouraged to attend relevant courses and seminars so as to keep themselves updated on developments and changes in financial and regulatory requirements, and the business environment and outlook.

Newly appointed Directors will be provided a formal letter setting out their duties and obligations and given an orientation program with materials provided to familiarise themselves with the profile of the Group and the Management, business and organisational structure of the Group, and strategic plans and mission of the Company. In addition, the newly-appointed Directors will undergo relevant training to enhance their skills and knowledge, particularly on new laws, regulations and changing risks affecting the Group's operations. First-time Directors will be required to attend training in areas such as accounting, legal and industry-specific knowledge as appropriate.

The Company shall be responsible for arranging and funding the training of Directors.

During FY2018, Mr. Charles Chong You Fook and Mr. Irving Choh Thian Chee were appointed to the Board and Mr. Wong Ming Kwong retired as a Director of the Company at the close of the Company's Annual General Meeting held on 25 January 2018.

Board Composition and Balance
Principle 2: Strong and independent Board

Currently, the Board comprises seven members, of whom four are Independent Directors, thereby fulfilling the Code's recommendation that Independent Directors make up at least one-third of the Board. The Independent Directors, namely Mr. Charles Chong You Fook, Dr. Wu Chiaw Ching, Mr. Raymond Lye Hoong Yip and Mr. Irving Choh Thian Chee have confirmed that they do not have any relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the directors' independent judgment of the Group's affairs with a view to the best interest of the Company. The independence of the Independent Directors will be reviewed annually by the NC based on the guidelines set forth in the Code. The NC has reviewed and determined that the said Directors are independent.

The Board comprises the following members:

Ben Tan Chee Beng	Executive Chairman
Dr. Alvin Tan Chee Tiong	Chief Executive Officer and Group Managing Director
Melanie Tan Bee Bee	Executive Director
Dr. Wu Chiaw Ching	Independent Director
Raymond Lye Hoong Yip	Independent Director
Irving Choh Thian Chee	Independent Director (appointed on 10 May 2018)
Charles Chong You Fook	Lead Independent Director (appointed on 13 August 2018)
Wong Ming Kwong	Non-Executive Director (retired on 25 January 2018)

The Board members possess core competencies such as financial, accounting, legal, management experiences and industry knowledge. The current composition enables the Management to benefit from a diverse and objective external perspective on issues raised before the Board. The Board considers that its Directors possess the necessary competencies to lead and govern the Company effectively.

The Board is of the opinion that, given the scope and nature of the Group's operations, the present size of the Board is appropriate in facilitating effective decision making.

The NC is of the view that the present Board comprises persons who as a group provide capabilities required for the Board to be effective. Key information regarding the Directors is set out on pages 12 to 14 of the Annual Report.

Non-executive Directors review the performance of Management in meeting agreed goals and objectives. They bring independent judgment to Management's proposals or decisions on business activities and transactions involving conflicts of interest and other complexities.

To facilitate a more effective check on the Management, non-executive Directors meet regularly without the presence of the Management.

Dr Wu Chiaw Ching and Mr Raymond Lye Hoong Yip have served on the Board beyond nine (9) years from the date of their first appointments.

The Nomination Committee has performed a rigorous review and the factors taken into consideration to assess and determine the independence of Dr Wu Chiaw Ching and Mr Raymond Lye Hoong Yip including but not limited to the following:

a) they have no relationship with the Company's related corporations, substantial shareholders or its officers and Management that could impair their fair judgment;

b) they have continued to demonstrate independence in character and judgment when discharging their duties as Independent Directors and in their conduct of the Board's affairs.

c) the Board noted instances of constructive challenge and probing of management by Dr Wu Chiaw Ching and Mr Raymond Lye Hoong Yip at Board meetings; and

d) they have gained valuable insight and understanding of the Company through their involvement with the Company and these together with their expertise will continue to greatly benefit the Company through their impartial and autonomous views.

The Board is of the view that Dr Wu Chiaw Ching and Mr Raymond Lye Hoong Yip should continue to be deemed independent notwithstanding having been on the Board for more than 9 years. The Board nevertheless will, on a continual basis, review the need for progressive refreshing of its Board.

Chairman and Chief Executive Officer
Principle 3: Clear division of responsibilities to ensure a balance of power and authority

The chairman of the Board (**"Executive Chairman"**) and the chief executive officer (**"CEO"**) of the Company are separate persons. Mr. Ben Tan Chee Beng is the Executive Chairman and Dr. Alvin Tan Chee Tiong, brother of Mr. Ben Tan Chee Beng, is the CEO.

The Executive Chairman is responsible for:

- leading Board discussions and deliberation;
- ensuring Board meetings are held when necessary;
- setting meeting agendas;
- ensuring that Directors receive complete and timely information;
- ensuring effective communication with shareholders; and
- promoting high standards of corporate governance and ensuring compliance with the Group's guidelines on corporate governance.

The CEO is responsible for:

- the day-to-day management of the business;
- setting business directions and ensuring operating efficiency of the Group;
- overseeing the execution of the Group's corporate and business strategy set out by the Board; and
- ensuring that the Directors are kept updated and informed of the Group's business.

Although the Executive Chairman and the CEO are siblings, the Board is of the view that the process of decision making by the Board is independent and is based on collective decisions without any individual or group of individuals exercising any considerable concentration of power or influence. With the establishment of the various Board Committees which are chaired by Independent Directors, the Board is of the view that there are adequate accountability safeguards to ensure an appropriate balance of power and authority for good corporate governance.

For good corporate governance, the Board has appointed Mr. Charles Chong You Fook as the Lead Independent Director of the Company to address the concerns of the shareholders and employees in the event the normal interactions with the Executive Chairman and the CEO or the Chief Financial Officer (**"CFO"**) of the Company could not satisfactorily resolve their concerns or where such channel of communications is considered inappropriate.

Led by the Lead Independent Director, the Independent Directors meet periodically without the presence of the other Directors, and the Lead Independent Director provides feedback to the Executive Chairman after such meetings.

BOARD COMMITTEES

Nominating Committee

Board membership
Principle 4: Formal and transparent process for appointment and re-appointment of directors

The NC comprises Mr. Charles Chong You Fook, Dr. Wu Chiaw Ching, Mr. Raymond Lye Hoong Yip, Mr. Irving Choh Thian Chee and Dr. Alvin Tan Chee Tiong where the majority, including the Chairman of the NC, is independent. The Chairman of the NC is Mr. Charles Chong You Fook, the Lead Independent Director.

The NC is responsible for:

(a) making recommendation to the Board on the appointment of new directors with the appropriate profile having regards to their expertise, experiences, industry background, track record and competencies;

(b) reviewing the Board structure, size and composition and making recommendation to the Board;

(c) re-nomination and re-election of the Directors having regard to the Director's contribution and performance;

(d) determining on an annual basis whether or not a Director is independent; and

(e) conducting annual assessment of the effectiveness of the Board and individual director; and

(f) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director.

The NC decides on how the Board's performance is to be evaluated and proposes objective performance criteria, subject to the approval of the Board, which address how the Board has enhanced long-term shareholders' value.

The NC establishes the process for assessing the effectiveness of the Board and for assessing the contribution by each individual Director to the effectiveness of the Board. Each member of the NC shall abstain from voting on any resolutions and making any recommendations or participating in any deliberations in respect of the assessment of his performance or re-nomination as Director.

Where a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the NC in consultation with the Board, determines the selection criteria and selects candidates with appropriate expertise and experience. The search and nomination process for new Directors, if any, will be through contacts and recommendations that go through the normal selection process for the right candidate. Upon the review and recommendations of the NC to the Board, the new Directors will be appointed by way of a board resolution.

All Directors are subject to re-nomination and re-election at regular intervals of at least once every three years. At each annual general meeting (**"AGM"**) of the Company, at least one third (or the number nearest to a third) of the Directors are required to retire from office and to submit themselves for re-election. However, a retiring Director is eligible for re-election at the meeting at which he retires.

The NC recommended to the Board that the following Directors be nominated for re-election at the forthcoming AGM:

Mr Ben Tan Chee Beng (retiring pursuant to Regulation 98)
Dr Alvin Tan Chee Tiong (retiring pursuant to Regulation 98)
Mr Irving Choh Thian Chee (retiring pursuant to Regulation 102)
Mr Charles Chong You Fook (retiring pursuant to Regulation 102)

In making the recommendation, the NC had considered the said Director's overall contributions and performance.

There is no alternate Director appointed on the Board.

The Board believes that each individual director is best placed to determine and ensure that he is able to devote sufficient time and attention to discharge his duties and responsibilities as director of the Company, bearing in mind his other commitments. In considering, the nomination of directors for re-election and re-appointment, the NC will take into account, amongst others, the competing time commitments faced by the directors with multiple board memberships.

When a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his/her duties as a Director of the Company. The NC noted that Board and Board Committee meetings are scheduled in advance to facilitate the Directors' scheduling of their commitments. There was full attendance at the Board and Board Committee meetings during FY2018.

Given the above, the NC is of the view that such multiple board representations do not hinder them from carrying out their duties as Directors. Instead, the NC considers these Directors would widen the expertise and experience of the Board and give it a broader perspective. As such, the NC does not presently consider it necessary to determine the maximum number of listed company board representations which any of the Directors may hold, and is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Company.

The NC meets at least once a year. Meetings of the NC can also be in the form of telephone conferencing or other methods of simultaneous communication by electronic or telegraphic means without a member being in the physical presence of another member or members and participation in a meeting.

Board performance
Principle 5: Formal assessment of the effectiveness of the Board as a whole and the contribution by each director

The NC evaluates the performance of the Board, the Board committees and individual directors based on performance criteria set by the Board.

The criteria for assessing the Board's and individual Director's performance include Board composition and size, board processes, accountability, standard of conduct and performance of its principle functions and fiduciary duties, and guidance to and communication with the Management. The level of contribution to Board meetings and other deliberations are also considered.

The NC is responsible for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director. The NC proposes objective performance criteria which are approved by the Board. The performance criteria include comparison with industry peers, how the Board has enhanced long-term shareholders' value and the Company's share price performance vis-à-vis the Singapore Straits Times Index or a benchmark index of its industry peers. Other performance criteria may include return on equity. These performance criteria will not be changed from year to year and where circumstances deem it necessary for any of the criteria to be changed, the onus will be on the Board to justify such changes.

Review of the Board's performance is undertaken collectively and individually by the Board annually. The evaluation exercise is carried out annually by way of performance evaluation checklists which are circulated to the Board members for completion and thereafter, for the NC to review and determine the actions required to improve the corporate governance of the Company and effectiveness of the Board and Board Committees as a whole.

The evaluation of individual directors aims to assess whether each director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for Board and Board Committee meetings, and any other duties). The Executive Chairman will act on the results of the performance evaluation, and where appropriate, propose new members be appointed to the Board or seek the resignation of directors, in consultation with the NC.

The NC has assessed the current Board's performance to-date and is of the view that the performance of the Board as a whole was satisfactory. Although some of the Board members have multiple board representations, the NC is satisfied that sufficient time and attention have been given by the Directors to the Group.

No external facilitator was engaged for the evaluation process in FY2018.

Access to information
Principle 6: Provision of complete, adequate and timely information prior to board meetings and on an on-going basis

On an on-going basis, Management provides the Board with complete, adequate and timely information and Board papers prior to Board meetings. Requests for information from the Board are dealt with promptly by the Management. The Management is also involved in preparing the Board papers and can provide additional insight into the matters to be discussed. As such, the Management is invited to attend the Board meetings at the request of the Board.

The Board also receives regular updates on the Group's performance and business activities. Where a decision has to be made, the necessary information is provided to the Directors to enable them to make informed decisions.

The Board has separate and independent access to senior management and the Company Secretary at all times. The Company Secretary is present at all Board meetings to ensure that Board's procedures are followed and the relevant rules and regulations are complied with. The Management deals with requests for information from the Board promptly and consults the Board members regularly whenever necessary and appropriate. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Should the Directors, whether individually or as a group, require independent advice on specific issues, they may engage independent professionals at the Company's expense to enable them to discharge their duties with adequate knowledge on the matters being deliberated.

Remuneration Committee

Remuneration Matters
Principle 7: Formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors

The RC comprises Mr. Raymond Lye Hoong Yip, Dr. Wu Chiaw Ching, Mr. Irving Choh Thian Chee and Mr. Charles Chong You Fook, *where all members, including the Chairman, are independent*. The Chairman of the RC is Mr. Raymond Lye Hoong Yip.

The RC is responsible for:

(a) reviewing and recommending to the Board a framework of remuneration for the Board and Senior Management;

(b) considering the various disclosure requirements for Directors' remuneration; and

(c) reviewing and recommending to the Board for approval by shareholders, the remuneration of Non-Executive Directors.

The RC reviews the Company's obligations arising in the event of termination of an executive Director's and key management personnel's service contracts, to ensure that such contracts contain fair and reasonable termination clauses that are not overly generous. The RC also aims to be fair and avoid rewarding poor performance.

The RC recommends to the Board a framework of remuneration for the Directors and executive officers, and determines specific remuneration packages for the Executive Chairman and each Executive Director. The RC submits its recommendations to the Board for endorsement. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind are covered by the RC. Each member of the RC shall abstain from voting on any resolutions and making recommendations or participating in any deliberations in respect of his remuneration package.

During FY2018, the RC did not require the service of an external remuneration consultant.

Level and mix of remuneration
Principle 8: Appropriate remuneration to attract, retain and motivate directors and key management

The RC performs an annual review and ensures that the remuneration packages are comparable within the industry and with similar companies and will also take into consideration the Group's relative performance and the contributions and responsibilities of the individual Directors.

The Company's Executive Directors do not receive Directors' fees. Instead, the Executive Directors are paid a basic salary and a variable component which is the performance-related bonus, based on the performance of the Group as a whole and their individual performance. Having reviewed and considered the variable components of the Executive Directors and the key management personnel, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of their remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss. In addition, the Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

The non-executive Director and Independent Directors are compensated based on fixed Directors' fees taking into consideration their contributions, responsibilities and time spent, and they are not over-compensated to the extent where their independence may be compromised. Their fees are recommended by the RC and endorsed by the Board for approval by the shareholders of the Company at the AGM and paid after the necessary approval has been obtained. The Company does not have any share-based compensation schemes or any long-term scheme involving the offer of shares in place to encourage the non-executive Director and Independent Directors to hold shares in the Company.

On 24 September 2009, the Company entered into separate service agreements with Mr. Ben Tan Chee Beng, Dr. Alvin Tan Chee Tiong and Ms. Melanie Tan Bee Bee in relation to their appointment as Executive Chairman, CEO and Executive Director respectively. The service agreements were valid for an initial period of three years from the date the Company was admitted to the Official List of Catalist, being 8 October 2009, and thereafter shall be renewed annually on such terms and conditions as may be mutually agreed between the parties. The service agreements have been renewed accordingly based on the same terms and conditions.

While the Company does not have any share-based compensation scheme or any long-term scheme involving the offer of shares or options in place, the RC recognises that long-term incentive schemes are generally encouraged for Executive Directors and key management personnel, and will evaluate the costs and benefits of long-term incentive schemes and consider implementing such schemes in future.

Disclosure on Remuneration

Principle 9: Clear disclosure on remuneration policy, level and mix of remuneration

The details of the remuneration packages of the Directors, the CEO and top five key management personnel for FY2018 are as follows:

Remuneration of Directors and CEO

Remuneration Bands	Salary %	Variable or Performance-related Income/ Bonus %	Fees %	Other Benefits %	Total %
S$500,000 to below S$750,000					
Ben Tan Chee Beng	89	11	–	–	100
Dr. Alvin Tan Chee Tiong	89	11	–	–	100
S$250,000 to below S$500,000					
Melanie Tan Bee Bee	88	12	–	–	100
Below S$250,000					
Charles Chong You Fook	–	–	100	–	100
Dr. Wu Chiaw Ching	–	–	100	–	100
Raymond Lye Hoong Yip	–	–	100	–	100
Irving Choh Thian Chee	–	–	100	–	100

Remuneration of top four key management personnel

The top four key management personnel of the Group (excluding CEO in the above table) in each remuneration band are:

Remuneration Bands	Salary %	Variable or Performance-related Income/ Bonus %	Fees %	Other Benefits %	Total %
Below S$250,000					
Koh Chin Kim	80	20	–	–	100
Mindy Tan Bee Leng	79	21	–	–	100
Kenneth Hor Swee Liang	82	18	–	–	100
Jennifer Galon Teologo	83	17	–	–	100

In the above table, Mdm. Koh Chin Kim is the mother, and Ms. Mindy Tan Bee Leng is the sister, of the Executive Directors, Mr. Ben Tan Chee Beng, Dr. Alvin Tan Chee Tiong and Ms. Melanie Tan Bee Bee.

In view of the confidentiality and commercial sensitivity attached to remuneration matters, as well as the competitive environment and the nature of the industry which may adversely affect the Group's ability to retain talent, the Board is of the view that full disclosure of the actual remuneration of each Director, the CEO and top four key management personnel pursuant to Rule 1207(15) and Rule 1207(12) of the listing manual (the **"Listing Manual"**) of the Singapore Exchange Securities Trading Limited (the **"SGX-ST"**) and Guideline 9.2 of the Code would not be in the interests of the Company, and can be exploited by competitors. The Board is also of the view that a disclosure of the aggregate total remuneration paid to the top four key management personnel (who are not Directors or the CEO) would not be in the interests of the Company, for the same reasons. The remuneration of its Directors, the CEO and its top four key management personnel (who are not Directors or the CEO) of the Company are disclosed in bands of S$250,000.

Save for the above-mentioned, none of the employees who are immediate family members of a Director or the CEO received remuneration exceeding S$50,000 during FY2018.

While the Company currently does not have any employee share option scheme, the RC recognises the benefits of long-term incentive schemes and will evaluate the costs of such schemes and consider implementing such schemes in future.

Remuneration of the Executive Directors and key management personnel commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: Board to present balanced and understandable assessment of the company's performance, position and prospects

The Board is accountable to shareholders and disseminates information on the Group's performance, position and prospects through the quarterly and full year results announcements via SGXNET and the annual reports. The Board also furnishes timely information and ensures full disclosure of material information to shareholders.

The Management provides the Board with management accounts of the Group's performance, position and prospects on a quarterly basis and as and when deemed necessary for FY2018.

Risk Management and Internal Controls

Principle 11: Sound system of internal controls

The AC will ensure that a review of the effectiveness of the Group's material internal controls, including financial, operational, compliance controls and risk management is conducted annually. The AC will review the audit plans, and the findings of the auditors and will ensure that the Group follows up on auditors' recommendations raised, if any, during the audit process. In its review of the external auditors' examination and evaluation of the system of internal controls to the extent as reviewed by them to form an opinion on the financial statements, no significant weakness in the system has come to the attention of the AC to cause them to believe that the system of internal controls is inadequate.

The Company believes that the system of internal controls and risk management maintained by the Management and that was in place throughout FY2018 and up to the date of this Report provides reasonable, but not absolute assurance against material financial misstatements or loss, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with relevant legislation, regulations and best practices, and the identification and containment of business risk.

The Board reviews, at least annually, the overall adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls, with the assistance of the Management and the internal and external auditors.

For FY2018, the Board has received assurance from the CEO and the CFO that:

(a) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances;

(b) the system of internal controls in place for the Group is adequate and effective to address financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations; and

(c) the risk management systems in place for the Group are adequate and effective to address risks which the Group considers relevant and material to its operations.

Board opinion on internal controls and risk management systems

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by the Management, various Board Committees and the Board, the Board, in concurrence with the AC, is of the opinion that the Group's internal controls addressing financial, operational, compliance and information technology risks, and risk management systems were adequate and effective as at 30 September 2018. These controls are and will be continually assessed for improvement.

The Board acknowledges that it is responsible for the governance of risks and the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as the system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, losses, fraud or other irregularities. The Board will, on a continuing basis, endeavour to further enhance and improve the Group's system of internal controls and risk management policies.

Risk Management and Processes

Information relating to risk management, objective and policies is set out on pages 110 to 115 of the Annual Report.

Audit Committee
Principle 12: Establishment of an Audit Committee with written terms of reference

The AC comprises Dr. Wu Chiaw Ching, Mr. Charles You Fook, Mr. Raymond Lye Hoong Yip and Mr. Irving Choh Thian Chee, where all members including the Chairman, are independent. The Chairman of the AC is Dr. Wu Chiaw Ching.

The AC members bring with them many years of managerial and professional experience in the areas of finance and business management to sufficiently discharge the AC's functions. The Board is satisfied that the members of the AC, collectively, have relevant accounting and related financial management expertise or experience and are appropriately qualified to discharge their responsibilities. The AC carried out its functions in accordance with the Companies Act, Cap. 50 of Singapore (**"Companies Act"**) and its terms of reference.

The AC assists the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that the Management creates and maintains an effective control environment in the Group. The AC provides a channel of communication between the Board, Management and external auditors on matters relating to audit.

The AC meets at least four times a year. In FY2018, the AC shall meet at least once on a quarterly basis to discuss and review the following where applicable:

(a) Reviews with the external auditors, the audit plan, the evaluation of the system of internal accounting controls, the audit report, the assistance given by the Company's officers to the external auditors and the scope and results of the internal audit procedures;

(b) Reviews with the internal auditors, the internal audit plan, the evaluation of the adequacy of internal accounting controls and the internal audit report before submission of such report to the Board;

(c) Reviews the annual consolidated financial statements of the Group before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual and any other relevant statutory or regulatory requirements;

(d) Reviews the internal control procedures and ensures co-ordination between the external auditors and the Management, reviews the assistance given by the Management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the Management, where necessary);

(e) Reviews and discuss with the external and internal auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;

(f) Considers the appointment or re-appointment of the external and internal auditors and matters relating to the resignation or dismissal of the auditors;

(g) Reviews interested person transactions (if any) and potential conflicts of interest (if any) falling within the scope of Chapter 9 of the Listing Manual;

(h) Undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(i) Generally undertakes such other functions and duties as may be required by statute or the Listing Manual, or by such amendments as may be made thereto from time to time; and

(j) Reviews the Group's key financial risk areas, with a view to provide independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, announced immediately via SGXNET.

In addition, all transactions with related parties shall comply with the requirements of the Listing Manual. The Directors shall abstain from voting in any contract or arrangement or proposed contract or proposed arrangement in which he has a personal material interest.

Apart from the duties listed above, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results or financial position or both.

The AC also has the power to investigate any matter brought to its attention, within its terms of reference, with the power to obtain professional advice at the Company's expense.

The AC has full access to and co-operation of the Management, has full discretion to invite any Director or executive officer to attend the meetings and has been given reasonable resources to enable it to discharge its functions.

The AC meets with the external auditors and internal auditors, without the presence of the Management, at least once a year.

The Company has appointed a suitable auditing firm to meet its audit obligations, having regard to the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit. Foo Kon Tan LLP was appointed as the Company's external auditors on 26 October 2015. Ms. Ang Soh Mui is the audit engagement partner-in-charge of the audit of the Company from the reporting year ended 30 September 2018. The Company confirms that Rule 712 of the Listing Manual is complied with.

The AC is satisfied with the independence and objectivity of the external auditor and recommends to the Board the nomination of Foo Kon Tan LLP for re-appointment at the forthcoming AGM. The AC is also satisfied with the level of co-operation rendered by the Management to the external auditors and the adequacy of the scope and quality of their audits.

For FY2018, the amount of audit fees payable by the Group to the external auditors, Foo Kon Tan LLP would be approximately S$148,260. There were no non-audit services rendered by the Group's external auditors, Foo Kon Tan LLP.

The auditors of the Company's subsidiaries and associated companies are disclosed in note 6 and 7 to the financial statements in the Annual Report. The Company confirms that Rules 712 and 715 of the Listing Manual have been complied with.

The AC has incorporated "whistle blowing" procedures as part of the Company's system of internal controls. This is to provide a channel for employees of the Group to report in good faith and in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting and other matters. The objective of the policy is to ensure that there is independent investigation of such matters and that appropriate follow up actions will be taken. For FY2018, there were no reports received.

The AC takes measures to keep abreast of the changes to accounting standards and issues which have impact on financial statements with updates provided or training conducted by professionals or external consultants.

The Board, with concurrence of the AC, is satisfied with the adequacy of the Company's internal controls, including financial, operational and compliance controls, risk management system as at 30 September 2018.

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the AC.

Internal Audit
Principle 13: Establishment of an internal audit function that is independent of the function it audits

The AC is aware of the need to establish a system of internal controls within the Group to safeguard the shareholders' interests and the Group's assets, and to manage risk.

The size of the operations of the Group does not warrant the Group having an in-house internal audit function.

The internal audit function is outsourced to a professional consultancy firm, Crowe Horwath First Trust Risk Advisory Pte. Ltd. The AC decides on the timing of the commissioning of the internal audit function from time to time and ensures that adequate resources are directed to carry out those plans. The internal auditor has full access to all of the Group's documents, records, properties and personnel, including access to the AC. During FY2018, the internal auditor had carried out its function according to the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The internal auditor have conducted an annual review in accordance with their audit plans, of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC has also reviewed the effectiveness of actions taken by the Management on the recommendations made by the internal auditor in this respect. The AC is satisfied that the internal auditor is adequately resourced and has the appropriate standing within the Group. The AC is also satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience.

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES
Principle 14: Treat all shareholders fairly and equitably and recognize, protect and facilitate exercise of shareholders' rights
Principle 15: Regular, effective and fair communication with shareholder

In line with the continuing obligations of the Group pursuant to the Listing Manual and the Companies Act, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Group.

Shareholders are entitled to and encouraged to attend all general meetings to stay informed of the Company's goals and strategies and to ensure a high level of accountability. The Board is satisfied that shareholders have been given the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders are informed of shareholders' meetings through notices contained in annual reports or circulars sent to all shareholders. These notices are also published in the newspapers and posted onto the SGXNET. The shareholders are informed of the rules, including voting procedures, which govern general meetings of shareholders.

The Constitution of the Company allows a shareholder to appoint one or two proxies to attend and vote on behalf of the shareholder. The Constitution of the Company currently does not allow a shareholder to vote in absentia. Shareholders who hold shares through nominees are allowed, upon prior request through their nominees, to attend the general meetings of shareholders as observers without being constrained by the two-proxy rule.

While the Company does not have a dedicated investor relations team, the Company recognises the importance of regular, effective and timely communication with the shareholders. The Board is mindful of its obligation to provide timely and fair disclosure of material information to shareholders. Shareholders are kept abreast of results and other material information concerning the Group through regular and timely dissemination of information via SGXNET announcements, annual reports, and various other announcements made during the year. The Company does not practice selective disclosure but in the event where there is inadvertent disclosure made to a select group, the Company endeavours to make the same disclosure publicly to all others as promptly as possible.

All materials on the quarterly, half-yearly and full year financial results are available on the Company's website – www.goodlandgroup.com.sg. The comprehensive website, which is updated regularly, also contains various others investor related information on the Company which serves as an important resource for investors.

The Company's general meetings are the principal forum for dialogues with its shareholders where the Board and Management address shareholders' concerns, if any. The Company may also solicit views or inputs of shareholders during general meetings.

The Company does not have a formal dividend policy. Any declaration and payment of dividends will depend on, inter alia, the Group's operating results, business and financial conditions, cash flow, capital requirements and other factors deemed relevant by the Board. There can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in the future.

The Company has on 9 February 2018, 11 May 2018 and 8 August 2018, declared and paid a total interim tax-exempt (one-tier) cash dividends of 0.75 Singapore cent (**"Interim Dividend"**). The Board has proposed, for Shareholders' approval at the AGM, a tax-exempt (one-tier) final cash dividend of 0.3 Singapore cent, which together with the Interim Dividend represent a total dividend of 1.05 Singapore cent per share for FY2018.

CONDUCT OF SHAREHOLDERS' MEETING

Principle 16: Greater shareholder participation at AGMs

All shareholders of the Company will receive the notice of the AGM and the notice will also be advertised in the newspaper. The Executive Chairman and the other Directors will attend the AGM and are available to answer questions from the shareholders. The external auditors will also be present to assist the Directors in addressing any relevant queries from shareholders. The Board considers the AGM as the main forum where dialogue with shareholders can be effectively conducted.

The Company's Constitution allows a member of the Company to appoint one or two proxies to attend and vote at its general meetings. Shareholders who hold shares through nominees are allowed, upon prior request through their nominees, to attend the general meetings of shareholders as observers without being constrained by the two-proxy rule.

The Company has not amended the Constitution to provide for other methods of voting in absentia due to security and integrity concerns. The Company noted that provision for such other methods of voting in absentia would also require a costly system of authentication to ensure the integrity of information and the identity of shareholders in telephonic and electronic media.

The Company Secretary prepares the minutes of all general meetings which record questions and comments from shareholders together with the responses of the Board and Management. These minutes are available to shareholders upon their request.

Resolutions are, as far as possible, structured separately and may be voted on independently. All resolutions are also voted by poll and the detailed results of the poll voting on each resolution tabled at the AGM, including the total number of votes cast for or against each resolution tabled, would be announced immediately at the AGMs and via SGXNET thereafter. The Company is of the view that manual poll voting is currently sufficient for the purpose of obtaining shareholders' approval at general meetings. The Company will continue to assess the costs and benefits of employing the electronic poll voting system in future.

DEALING IN COMPANY'S SECURITIES

In line with Rule 1207(19) of the Listing Manual on Dealing in Securities, the Group has adopted an internal code of conduct to provide guidance to its Directors, and employees with regard to dealings in the Company's securities. Directors and employees of the Company should not deal in Company's securities on short term considerations or when they are in possession of unpublished price sensitive information. They are also not allowed to deal in the Company's securities during the period commencing two weeks before the announcement of the Company's results for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial results. The Directors and employees are also required to adhere to the provisions of the Companies Act, and any other relevant regulations with regard to their securities transactions.

The Company has complied with Rule 1207(19) of the Listing Manual.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported to the AC which will review, at least twice a year, to ensure that they are carried out at arm's length, not prejudicial to the interest of the Group and its minority interests and in accordance with the established procedures. When a potential conflict of interest arises, the Director concerned will not participate in discussions and will refrain from exercising any influence over other members of the Board.

The Group does not have a general mandate for recurrent interested person transactions.

During the year under review, save for the information disclosed below, there were no other interested person transactions which exceeds S$100,000 in value.

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S$100,000.00 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)	Description of the transaction entered into with the interested person during the financial period under review	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S$100,000.00)
Tan Chee Beng ("Mr Tan") [1]	S$192,365	As at 30 September 2018, construction works on common infrastructures on the entire plot of land covering the Included Plots and Excluded Plots had been carried out. The construction costs attributable to Citrine Capital Pte Ltd ("Citrine Capital") for the Excluded Plots recharged by the Group to Citrine Capital is S$192,365 for the period under review. Further details are as set out in the Circular dated 15 Sep 2014.	Nil

Note:

[1] Mr. Tan is an "Interested Person" within the meaning of Chapter 9 of the SGX-ST Listing by virtue of the following:

(a) Mr. Tan is an executive director and the Executive Chairman of the **Company**;
(b) Mr. Tan is deemed a controlling shareholder of the **Company**; and
(c) Mr. Tan is deemed to have a 100% equity interest in **Citrine Capital**, a private company incorporated in Singapore.

MATERIAL CONTRACTS

Same as otherwise disclosed in Interested Person Transaction, there was no material contract or loan entered into between the Company and any of its subsidiaries involving interests of the CEO, Director or controlling shareholder, either still subsisting at the end of FY2018 or if not then subsisting, entered into since the end of the previous financial year.

DIRECTORS' STATEMENT

For the financial year ended 30 September 2018

We are pleased to submit this statement to the members of the Company together with the audited financial statements for the financial year ended 30 September 2018.

In our opinion,

(a) the accompanying financial statements of the Group and the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2018 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards; 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

NAMES OF DIRECTORS

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

Ben Tan Chee Beng
Dr Alvin Tan Chee Tiong
Melanie Tan Bee Bee
Dr Wu Chiaw Ching
Raymond Lye Hoong Yip
Irving Choh Thian Chee (Appointed on 10 May 2018)
Charles Chong You Fook (Appointed on 13 August 2018)

DIRECTORS' INTEREST IN SHARES OR DEBENTURES

According to the register kept by the Company for the purposes of Section 164 of the Act, particulars of interests of directors who held office at the end of the financial year (including those of their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

	Direct interest		Deemed interest	
	As at 1.10.2017	**As at 30.9.2018**	**As at 1.10.2017**	**As at 30.9.2018**
The Company				
Ordinary shares				
Ben Tan Chee Beng [1][2]	27,795,000	27,795,000	255,534,994	255,534,994
Alvin Tan Chee Tiong [1][3]	22,917,400	22,917,400	260,412,594	260,412,594
Melanie Tan Bee Bee [1]	21,208,700	21,208,700	262,121,294	262,121,294
Wong Ming Kwong [4]	–	–	4,760,000	–

DIRECTORS' INTEREST IN SHARES OR DEBENTURES (CONT'D)

Notes:

(1) Mr Ben Tan Chee Beng, Dr Alvin Tan Chee Tiong and Ms Melanie Tan Bee Bee are siblings. Their mother is Mdm Koh Chin Kim. Each of Mr Ben Tan Chee Beng, Dr Alvin Tan Chee Tiong and Ms Melanie Tan Bee Bee is deemed interested in all the shares held by their family members.
(2) Mr Ben Tan Chee Beng is deemed interested in 14,000,000 ordinary shares held in the name of DB Nominees (S) Pte Ltd, 79,000,794 shares held in the name of Citrine Capital Pte Ltd and 56,500,000 shares held in the name of Hong Leong Finance Nominees Pte Ltd through Citrine Capital Pte Ltd.
(3) Dr Alvin Tan Chee Tiong is deemed interested in 16,128,100 ordinary shares held in the name of DB Nominees (S) Pte Ltd.
(4) Mr Wong Ming Kwong resigned as Independent Director of the Company on 25 January 2018.

There was no change in the above-mentioned interests in shareholdings between the end of the current financial year and 21 October 2018, and further details are as follows:

	Direct interest		Deemed interest	
	No. of shares	%	No. of shares	%
Name of director				
Ben Tan Chee Beng	27,795,000	7.71	255,534,994	70.86
Alvin Tan Chee Tiong	22,917,400	6.35	260,412,594	72.22
Melanie Tan Bee Bee	21,208,700	5.88	262,121,294	72.69

Mr Ben Tan Chee Beng, Dr Alvin Tan Chee Tiong and Ms Melanie Tan Bee Bee, who by virtue of their interest in not less than 20% of the issued share capital of the Company, are deemed to have an interest in the shares of the wholly-owned subsidiaries held by the Company and in the following subsidiaries that are not wholly-owned by the Group.

	As at 1.10.2017	As at 30.9.2018
	No. of shares	No. of shares
Goodland Da-Qiao Pte. Ltd.	–	510,000
GPM Da-Qiao Builders Pte. Ltd.	–	51
T City (Ipoh) Sdn. Bhd.	350,000	350,000
Banyan Housing Development Sdn. Bhd.	72,000	72,000

There are no change to the above shareholdings as at 21 October 2018.

Except as disclosed in this statement, no directors who held office at the end of the financial year had an interest in the shares, warrants or debentures of the Company, or of related corporations, either at the beginning or at the end of the financial year.

SHARE OPTIONS

No options were granted during the financial year to take up unissued shares of the Company or of its subsidiaries.

No shares were issued during the financial year to which this report related by virtue of the exercise of options to take up unissued shares of the Company or of its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

DIRECTORS' STATEMENT

For the financial year ended 30 September 2018

AUDIT COMMITTEE

The Audit Committee ("AC") comprises four non-executive directors who are also independent directors. The Chairman of the AC is Dr Wu Chiaw Ching, and the members of the AC are Mr Raymond Lye Hoong Yip, Mr. Irving Choh Thian Chee and Mr. Charles Chong You Fook.

The AC carried out its functions in accordance with Section 201B(5) of the Act. In performing those functions, the AC:

(a) Reviews with the external auditors the audit plan, the evaluation of the system of internal accounting controls, the audit report, the assistance given by the Company's officers to the external auditors and the scope and results of the internal audit procedures;

(b) Reviews with the internal auditors the internal audit plan, the evaluation of the adequacy of internal accounting controls and the internal audit report before submission of such report to the Board;

(c) Reviews effectiveness of the Company's material internal controls, including financial, operational and compliance controls, information technology controls and risk management systems via reviews carried out by the internal auditors;

(d) Reviews the annual consolidated financial statements of the Group before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual and any other relevant statutory or regulatory requirements;

(e) Reviews the internal control procedures and ensure co-ordination between the external auditors and the management, review the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management, where necessary);

(f) Reviews and discuss with the external and internal auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;

(g) Considers the appointment or re-appointment of the external and internal auditors and matters relating to the resignation or dismissal of the auditors;

(h) Reviews interested person transactions and potential conflicts of interest falling within the scope of Chapter 9 of the SGX-ST Listing Manual;

(i) Undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(j) Generally undertakes such other functions and duties as may be required by statute or the SGX-ST Listing Manual, or by such amendments as may be made thereto from time to time; and

(k) Reviews the Group's key financial risk areas, with a view to provide independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, announced immediately via SGXNET.

The AC has recommended to the directors the nomination of Foo Kon Tan LLP for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting of the Company.

AUDIT COMMITTEE (CONT'D)

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, in concurrence with the AC, is of the view that the Group's internal controls addressing financial, operational, compliance, controls and information technology risks, and risk management systems were adequate as at 30 September 2018.

The AC convened four meetings during the year with full attendance from all members. The AC has also met with external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Corporate Governance Report in the Company's Annual Report.

In appointing our external auditors for the Company, its subsidiaries and significant associates, the Company has complied with Rules 712 and 715 of the SGX-ST Listing Manual.

INDEPENDENT AUDITOR

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

....
BEN TAN CHEE BENG

....
ALVIN TAN CHEE TIONG

Dated:

INDEPENDENT AUDITOR'S REPORT

To the members of Goodland Group Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Goodland Group Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 September 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 September 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Valuation of investment properties (Refer to Note 5 to the financial statements)</u>

Risk:

The Group's investment properties are stated at their fair values based on independent external valuations.

The valuation of investment properties requires significant judgement. Any input inaccuracies or unreasonable bases used in these judgements could result in a significant impact to the valuation.

Key Audit Matters (Cont'd)

Valuation of investment properties (Refer to Note 5 to the financial statements) (Cont'd)

Our response:

We have evaluated the competence, qualification and objectivity of management's external valuers, obtained an understanding of the work of management's external valuers; and evaluated the appropriateness of management's external valuers' work as audit evidence for the relevant assertion. We also read the terms of engagement of the external valuers with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work. Through our appointed auditor's expert, we considered the valuation methodologies used against those applied by the external valuers for similar property types. We have evaluated whether the auditor's expert has the necessary competence, capabilities and objectivity for our purposes.

We also considered the adequacy of the disclosure in the financial statements regarding the inherent degree of subjectivity and key assumptions used in the estimates. This includes the relationships between the key unobservable inputs to fair values.

Our findings:

The Group has a structured process in appointing valuers, and in reviewing and adopting their valuations. The valuation methodologies used are in line with generally-accepted market practices and the key assumptions used are within the range of market data. The approach to the methodologies and in deriving the assumptions in the valuations is supported by market practices and data and the disclosures included in Notes 5 and 34 to the financial statements are appropriate.

Valuation of development properties (Refer to Note 12 to the financial statements)

Risk:

Development properties are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price, less estimated costs of completion and selling expenses.

The determination of the estimated net realisable values of these development properties is critically dependent upon the Group's expectation of future selling prices which are affected by, amongst other things, demand and supply factors, interest rates, government policies and economic conditions. There is a risk that the estimate of net realisable values exceed future selling prices, resulting in a loss when these properties are sold.

Our response:

We assessed the Group's forecast selling prices by comparing these forecast selling prices to, where available, recently transacted sales prices of units in the same project as well as comparable properties. We focused our work on development projects with low margins.

Our findings:

We found that reasonable estimates were used in the determination of the net realisable values.

We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors 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 Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

The engagement partner on the audit resulting in this independent auditor's report is Ang Soh Mui.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore,

STATEMENTS OF FINANCIAL POSITION

As at 30 September 2018

		The Group			The Company	
	Note	30 September 2018	30 September 2017 (Restated)	1 October 2016	30 September 2018	30 September 2017
		$	$	$	$	$
ASSETS						
Non-Current Assets						
Property, plant and equipment	4	2,886,743	2,913,898	6,079,950	–	–
Investment properties	5	88,008,520	86,792,567	85,219,897	–	–
Subsidiaries	6	–	–	–	11,518,563	10,808,463
Associates	7	10,601,232	1,908,713	1,940,961	–	–
Available-for-sale financial asset	8	10,295,000	10,010,000	10,485,033	–	–
Deferred tax assets	9	59,176	301,401	854,955	–	–
		111,850,671	101,926,579	104,580,796	11,518,563	10,808,463
Current Assets						
Trade and other receivables	10	16,879,720	52,359,967	51,781,973	64,595,562	66,506,893
Other current assets	11	44,271	53,036	55,608	14,864	19,546
Development properties	12	205,589,605	196,951,567	240,034,588	–	–
Other financial assets	13	420,629	171,981	137,387	–	–
Cash and cash equivalents	14	8,299,699	25,074,755	30,231,047	4,575,041	1,822,346
		231,233,924	274,611,306	322,240,603	69,185,467	68,348,785
Total Assets		343,084,595	376,537,885	426,821,399	80,704,030	79,157,248
EQUITY						
Share capital	15	63,280,416	63,280,416	63,280,416	63,280,416	63,280,416
Treasury shares	16	(9,380,177)	(9,356,702)	(9,356,702)	(9,380,177)	(9,356,702)
Reserves	17	150,056,049	145,542,769	135,147,864	1,106,598	2,534,546
Equity attributable to owners of the Company		203,956,288	199,466,483	189,071,578	55,006,837	56,458,260
Non-controlling interests		53,672,102	52,075,469	46,347,889	–	–
Total Equity		257,628,390	251,541,952	235,419,467	55,006,837	56,458,260
Non-Current Liabilities						
Obligations under finance leases	18	132,587	51,118	89,073	–	–
Bank borrowings	19	14,786,924	15,264,576	17,601,957	–	–
Deferred tax liabilities	9	9,491,619	10,737,234	31,033,063	–	–
		24,411,130	26,052,928	48,724,093	–	–
Current Liabilities						
Obligations under finance leases	18	35,034	36,622	46,578	–	–
Convertible bonds		–	–	1,659,539	–	–
Trade and other payables	20	11,490,994	6,745,277	9,241,262	25,697,193	22,698,988
Bank borrowings	19	49,481,551	91,725,142	131,730,460	–	–
Current tax payable		37,496	435,964	–	–	–
		61,045,075	98,943,005	142,677,839	25,697,193	22,698,988
Total Liabilities		85,456,205	124,995,933	191,401,932	25,697,193	22,698,988
Total Equity and Liabilities		343,084,595	376,537,885	426,821,399	80,704,030	79,157,248

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 September 2018

	Note	Year ended 30 September 2018	Year ended 30 September 2017 (Restated)
		$	$
Revenue	3	30,970,908	69,820,406
Cost of sales		(29,454,312)	(60,362,516)
Gross profit		1,516,596	9,457,890
Other operating income	21	1,657,471	1,141,455
Finance income	22	29,540	23,342
Administrative expenses		(5,634,631)	(5,602,468)
Finance costs	23	(1,427,454)	(1,691,909)
Other operating expenses		(424,745)	(33,598)
Share of associates' results (net of tax)	7	8,352,536	(372,265)
Profit before taxation	24	4,069,313	2,922,447
Income tax	26	1,342,031	14,750,415
Profit after taxation		5,411,344	17,672,862
Item that may be reclassified subsequently to profit or loss			
Fair value changes of available-for-sale financial assets	8	285,000	(475,033)
Revaluation surplus resulting from the reclassification of property, plant and equipment to investment properties	4	–	1,524,835
Foreign currency translation differences		3,710,818	646,077
Other comprehensive income for the year, net of tax		3,995,818	1,695,879
Total comprehensive income for the year		9,407,162	19,368,741
Profit/(Loss) attributable to:			
Owners of the Company		5,415,993	12,141,899
Non-controlling interests		(4,649)	5,530,963
		5,411,344	17,672,862
Total comprehensive income attributable to:			
Equity holders of the Company		8,300,578	13,641,161
Non-controlling interests		1,106,584	5,727,580
		9,407,162	19,368,741
Earnings per share			
- Basic earnings per share (cents)	27	1.50	3.37
- Diluted earnings per share (cents)	27	1.50	3.37

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 September 2018

The Group	Share capital $	Treasury shares $	Acquisition reserve $	Currency translation reserve $	Equity reserve $	Fair value reserve $	Revaluation surplus reserve $	Merger reserve $	Retained earnings $	Total $	Non-controlling interests $	Total equity $
	Attributable to equity holders of the Company											
At 1 October 2016	63,280,416	(9,356,702)	78,743,302	(21,635,806)	228,811	6,718	1,699,316	(485,076)	76,590,599	189,071,578	46,347,889	235,419,467
Total comprehensive income / (loss) for the year												
Profit / (loss) for the year	–	–	–	–	–	–	–	–	12,141,899	12,141,899	5,530,963	17,672,862
Other comprehensive income												
Net change in fair value of available-for-sale financial assets	–	–	–	–	–	(475,033)	–	–	–	(475,033)	–	(475,033)
Revaluation surplus resulting from reclassification of property, plantand equipment to investment properties	–	–	–	–	–	–	1,524,835	–	–	1,524,835	–	1,524,835
Exchange differences arising from translation	–	–	–	449,460	–	–	–	–	–	449,460	196,617	646,077
Total other comprehensive income / (loss)	–	–	–	449,460	–	(475,033)	1,524,835	–	–	1,499,262	196,617	1,695,879
Total comprehensive income / (loss) for the year	–	–	–	449,460	–	(475,033)	1,524,835	–	12,141,899	13,641,161	5,727,580	19,368,741
Transactions with owners, recognised directly in equity												
Contributions by and distributions to owners												
Dividends paid (Note 35)	–	–	–	–	–	–	–	–	(3,246,256)	(3,246,256)	–	(3,246,256)
Total contributions by and distributions to owners and total transactions with owners	–	–	–	–	–	–	–	–	(3,246,256)	(3,246,256)	–	(3,246,256)
At 30 September 2017	63,280,416	(9,356,702)	78,743,302	(21,186,346)	228,811	(468,315)	3,224,151	(485,076)	85,486,242	199,466,483	52,075,469	251,541,952
At 30 September 2017, as reported	63,280,416	(9,356,702)	78,743,302	(21,186,346)	228,811	(468,315)	3,224,151	(485,076)	91,029,163	205,009,404	46,532,548	251,541,952
Prior year adjustment (Note 36)	–	–	–	–	–	–	–	–	(5,542,921)	(5,542,921)	5,542,921	–
As at 30 September 2017, as restated	63,280,416	(9,356,702)	78,743,302	(21,186,346)	228,811	(468,315)	3,224,151	(485,076)	85,486,242	199,466,483	52,075,469	251,541,952

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 September 2018

The Group	Share capital	Treasury shares	Acquisition reserve	Currency translation reserve	Equity reserve	Fair value reserve	Revaluation surplus reserve	Merger reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to equity holders of the Company											
	$	$	$	$	$	$	$	$	$	$	$	$
At 1 October 2017	63,280,416	(9,356,702)	78,743,302	(21,186,346)	228,811	(468,315)	3,224,151	(485,076)	85,486,242	199,466,483	52,075,469	251,541,952
Total comprehensive income / (loss) for the year												
Profit / (loss) for the year	–	–	–	–	–	–	–	–	5,415,993	5,415,993	(4,649)	5,411,344
Other comprehensive income												
Net change in fair value of available-for-sale financial assets	–	–	–	–	–	285,000	–	–	–	285,000	–	285,000
Exchange differences arising from translation	–	–	–	2,599,585	–	–	–	–	–	2,599,585	1,111,233	3,710,818
Total other comprehensive income	–	–	–	2,599,585	–	285,000	–	–	–	2,884,585	1,111,233	3,995,818
Total comprehensive income for the year	–	–	–	2,599,585	–	285,000	–	–	5,415,993	8,300,578	1,106,584	9,407,162
Transactions with owners, recognised directly in equity												
Contributions by and distributions to owners												
Purchase of treasury shares	–	(23,475)	–	–	–	–	–	–	–	(23,475)	–	(23,475)
Dividends paid (Note 35)	–	–	–	–	–	–	–	–	(3,787,298)	(3,787,298)	–	(3,787,298)
Acquisition of non-controlling interests	–	–	–	–	–	–	–	–	–	–	490,049	490,049
Total contributions by anddistributions to owners and total transactions with owners	–	(23,475)	–	–	–	–	–	–	(3,787,298)	(3,810,773)	490,049	(3,320,724)
At 30 September 2018	63,280,416	(9,380,177)	78,743,302	(18,586,761)	228,811	(183,315)	3,224,151	(485,076)	87,114,937	203,956,288	53,672,102	257,628,390

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 September 2018

	Note	Year ended 30 September 2018 $	Year ended 30 September 2017 $
Cash Flows from Operating Activities			
Profit before taxation		4,069,313	2,922,447
Adjustments for:			
Depreciation of property, plant and equipment	4	459,336	571,286
Write down in value of development properties for sale	12	415,875	–
Loss/(Gain) on disposal of property, plant and equipment		8,871	(171,929)
Fair value gain on investment properties	5	(647,395)	(272,000)
Fair value changes on financial assets, at fair value through profit or loss	21	(49,548)	(34,594)
Interest expense	23	1,427,454	1,691,909
Interest income	22	(29,540)	(23,342)
Dividend income	21	(17,200)	(4,596)
Share of associates' results	7	(8,352,536)	372,265
Operating cash flows before working capital changes		(2,715,370)	5,051,446
Change in trade and other receivables and other current assets		40,037,214	(5,188,807)
Change in trade and other payables		463,126	(3,290,675)
Change in development properties for sale		(4,737,978)	41,608,323
Cash generated from operations		33,046,992	38,180,287
Interest received		29,540	23,342
Income tax paid		(260,075)	–
Income tax refund		5,880	72,497
Net cash generated from operating activities		32,822,337	38,276,126
Cash Flows from Investing Activities			
Purchase of property, plant and equipment (Note A)	4	(330,782)	(324,338)
Purchase of investment securities		(199,100)	–
Additions to investment properties	5	(125,866)	(10,314)
Payment for investment in associates (Note B)		(679,983)	–
Proceeds from disposal of property, plant and equipment		22,102	2,753,298
Repayment from associates		3,995,000	5,100,000
Advances to associates		(8,543,261)	(505,697)
Dividend received		17,200	4,596
Net cash (used in)/generated from investing activities		(5,844,690)	7,017,545
Cash Flows from Financing Activities			
Share buy-back		(23,475)	–
Proceeds from bank loans (Note C)		21,473,256	6,187,375
Repayment of bank loans (Note C)		(64,194,499)	(48,530,074)
Repayment of finance lease liabilities (Note C)		(47,219)	(47,911)
Capital contribution from non-controlling interest		490,049	–
Advances from associates		4,335,000	480,000
Redemption of convertible bonds		–	(1,739,422)
Interest paid (Note C)		(1,998,559)	(3,544,134)
Dividend paid	35	(3,787,298)	(3,246,256)
Net cash used in financing activities		(43,752,745)	(50,440,422)
Net decrease in cash and cash equivalents		(16,775,098)	(5,146,751)
Cash and cash equivalents at beginning of year		25,074,755	30,231,047
Effect of exchange rate changes on balances held in foreign currencies		42	(9,541)
Cash and cash equivalents at end of year	14	8,299,699	25,074,755

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 September 2018

Notes:

A During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $457,882 (2017 - $324,338) of which $127,100 (2017 - $Nil) were acquired by means of finance leases. Cash payments of $330,782 (2017 - $324,338) were made to purchase property, plant and equipment.

B There was an unpaid balance of $340,000 in respect of investment in associates that was previously included in trade and other payables at 30 September 2017. This amount was fully repaid in the current financial year ended 30 September 2018.

C Reconciliation of movements of liabilities to cash flows arising from financing activities, excluding equity item

		Cash flows			Non-cash flows			
	As at 1 October 2017	Proceeds received	Principal repayment	Interest paid	Interest expense	Interest capitalised	New leases	As at 30 September 2018
	$	$	$	$	$	$	$	$
Finance lease liabilities (Note 18)	87,740	–	(47,219)	(8,170)	8,170	–	127,100	167,621
Bank borrowings (Note 19)	106,989,718	21,473,256	(64,194,499)	(1,990,389)	1,419,284	571,105	–	64,268,475
	107,077,458	21,473,256	(64,241,718)	(1,998,559)	1,427,454	571,105	127,100	64,436,096

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

1 GENERAL INFORMATION

The financial statements of the Company and of the Group for the year ended 30 September 2018 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

The Company is incorporated as a public limited company and domiciled in the Republic of Singapore. The Company was listed on 8 October 2009 in the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") and transferred to the Mainboard of SGX-ST effective from 25 June 2013.

The registered office of the Company is located at 3 Kim Chuan Lane, #07-01 Goodland Group Building, Singapore 537069.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries and associates are disclosed in Note 6 and Note 7 respectively.

2(A) BASIS OF PREPARATION

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Accounting Standards Council. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar, which is the Company's functional currency. All financial information is presented in Singapore Dollar, unless otherwise stated.

The accounting policies used by the Group have been applied consistently to all periods presented in these financial statements.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The critical accounting estimates and assumptions used and areas involving a significant judgement are described below.

(i) Significant judgements in applying accounting policies

Significant influence over investees (Note 7)

Note 7 describes that SL Capital (1) Pte Ltd, SL Capital (3) Pte Ltd, and SL Capital (5) Pte Ltd are associates of the Group although the Group only owns 17% ownership interest in these investees. The Group has significant influences, being the power to participate in the financial and operating policies decisions of these investees, but not control or joint control.

2(A) BASIS OF PREPARATION (CONT'D)

(i) Significant judgements in applying accounting policies (Cont'd)

Deferred taxation on investment properties (Note 9)

The Group has assessed that its investment properties are not held under the business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, but rather through sale. Based on the above assessment, the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has recognised deferred taxes on changes in the fair value of investment properties located in Malaysia which are subject to real property gains tax.

Income taxes (Note 26)

The assessment of the amount of current and deferred tax involves estimates and assumptions and may involve a series of judgements about future events. Judgement is applied based on the interpretation of country specific tax legislation and the likelihood of settlement. The Group recognises liabilities for expected tax issue based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(ii) Critical accounting estimates and assumptions

Depreciation of property, plant and equipment (Note 4)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amounts of the Group's property, plant and equipment at the reporting date are disclosed in Note 4. If depreciation on property, plant and equipment increases/decreases by 5% from management estimate, the Group's profit or loss for the year will decrease/increase by approximately $22,967 (2017 - $28,564).

Impairment of property, plant and equipment (Note 4)

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

The recoverable amounts of these assets and, where applicable, cash-generating units, have been determined based on value-in-use calculations. These calculations require the use of estimates. Estimating the value-in-use requires the management to make an estimate of the expected future cash flows from the cash-generating unit (or group of cash-generating units) and also to use many estimates and assumptions such as future market growth, forecast revenue and costs, useful lives of utilisation of the assets, discount rates and other factors. The carrying amounts of the Group's property, plant and equipment at the reporting date are set out in Note 4.

A decrease of 5% in the value-in-use of the Group's property, plant and equipment would have decreased the Group's profit by $144,337 (2017 - $145,695).

2(A) BASIS OF PREPARATION (CONT'D)

(ii) Critical accounting estimates and assumptions (Cont'd)

Valuation of investment properties (Note 5) (Cont'd)

The Group's investment properties and properties, plant and equipment transferred to investment properties are stated at estimated fair value based on the valuation performed by independent professional valuers using various valuation methods including the direct comparison method and capitalisation of income method. The estimated fair value may differ from the price at which the Group's assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. The Group's carrying amount of investment properties at the reporting date is disclosed in Note 34.

Information about the valuation techniques and unobservable inputs used in determining the fair value of the investment properties and properties, plant and equipment transferred to investment properties is disclosed in Note 34.

The carrying amount of the Group's investment properties at the reporting date are disclosed in Note 5. If changes in the estimated fair value of the investment properties decreases/increases by 5 % from management's estimates, the Group's profit or loss for the financial year will decrease/increase by $4,400,426 (2017 - $4,339,628).

Estimation of the fair value of available-for-sale financial asset (Note 8)

Information about the valuation techniques and unobservable inputs used in determining the fair value of the "available-for-sale" ("AFS") financial asset is disclosed in Note 34.

The carrying amount of the Group's AFS financial asset at the reporting date is disclosed in Note 8. A 5% difference in the changes to the estimated fair value of this asset from management's assessment would result in the Group's profit or loss for the financial year to decrease/increase by $514,750 (2017 - $500,500).

Impairment of trade and other receivables (Note 10)

Management reviews its receivables annually for objective evidence of impairment. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgements as to whether there is observable data indicating that there has been a significant change in the debtor's ability to pay, or whether there have been significant changes with an adverse effect in the technological, market, economic or legal environment in which the debtor operates.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded in profit or loss. In determining this, management uses estimates based on historical loss experienced for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experienced.

The Group's and the Company's carrying amounts of trade and other receivables are disclosed in Note 10. A 1% difference in the present value of estimated future cash flows from trade and other receivables from management's estimates would result in a variance of approximately $168,797 in the Group's profit for the financial year (2017 - variance of approximately $523,600).

2(A) BASIS OF PREPARATION (CONT'D)

(ii) Critical accounting estimates and assumptions (Cont'd)

Carrying amount of development properties (Note 12)
Significant judgement is required in assessing the recoverability of the carrying value of development properties for sale. The Group pre-sells properties under development. Net realisable value in respect of development properties for sale is assessed with reference to pre-sale proceeds received less estimated costs to complete construction.

The Group's and the Company's carrying amounts of development properties are disclosed in Note 12. A decrease of 5% in the value-in-use of the Group's development property would have decreased the Group's profit by $10,279,480 (2017 - $9,847,578).

Impairment in investment in subsidiaries (Note 6)

Determining whether investment in subsidiaries is impaired requires an estimation of the value-in-use of that investment. The value-in-use calculation requires the Company to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of the investment based on such estimates. The carrying amount of the Company's investment in subsidiaries at the reporting date are disclosed in Note 6. If the present value of the estimated future cash flows decrease by 5% from management's estimates, the Company's allowance for impairment will increase by $575,928 (2017 - $540,423).

2(B) NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

The Group adopted the amended FRSs 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. This includes the following FRSs which are relevant to the Group.

Reference	Description
Amendments to FRS 7	Statement of Cash Flows
Amendments to FRS 12	Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of these standards did not have any material impact on the financial performance or position of the Group and the Company in the year of their initial adoption except for the following:

Amendments to FRS 7 Statement of Cash Flows: Disclosure Initiative

The Amendments to FRS 7 Statement of Cash Flows require entities to reconcile cash flows arising from financing activities as reported in the statement of cash flows – excluding contributed equity – to the corresponding liabilities in the opening and closing statements of financial position. Additional disclosures are also required about information that is relevant to an understanding of the liquidity of an entity. This include any restrictions over the decisions of an entity to use cash and cash equivalent balances, e.g. any tax liabilities that would arise on repatriation of foreign cash and cash equivalent balances. These amendments are effective for the financial period beginning on or after 1 January 2017. As this is a disclosure standard, it affects the disclosure in the consolidated statement of cash flows but does not affect the financial position and performance of the Group.

2(B) NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONT'D)

Amendments to FRS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.

The amendments are effective for annual periods beginning on or after 1 January 2017, with early adoption permitted.

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

2(C) STANDARDS ISSUED BUT NOT YET EFFECTIVE

Convergence with International Financial Reporting Standards (IFRS)

In December 2017, the Accounting Standards Council Singapore has issued Singapore Financial Reporting Standards (International) (SFRS(I)). Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore are required to apply SFRS(I) for annual periods beginning on or after 1 January 2018.

The Group's financial statements for the financial year ending 30 September 2019 will be prepared in accordance with SFRS(I).

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International).

The Group has performed a preliminary assessment of the impact of SFRS(I) for the transition to the new reporting framework. Based on the Group's preliminary assessment, the Group does not expect to change its existing accounting policies on adoption of the new framework.

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. However, the Group has not early applied the following new or amended standards in preparing these statements.

The following are the new or amended SFRS(I) issued that are not yet effective but may be early adopted for the current financial year:

Reference	**Description**	**Effective date (Annual periods beginning on)**
SFRS(I) 9	Financial Instruments	1 January 2018
SFRS(I) 15	Revenue from Contracts with Customers	1 January 2018
SFRS(I) INT 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
SFRS(I) 40	Transfers of Investment Property	1 January 2018
SFRS(I) 16	Leases	1 January 2019

2(C) STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

Convergence with International Financial Reporting Standards (IFRS) (Cont'd)

SFRS(I) 9 Financial Instruments

SFRS(I) 9 Financial Instruments replaces FRS 39 and it is a package of improvements introduced by SFRS(I) 9 which include a logical model for:

- Classification and measurement;
- A single, forward-looking "expected loss" impairment model; and
- A substantially reformed approach to hedge accounting.

SFRS(I) 9 is effective for annual periods beginning on or after 1 January 2018.

During the year, the Group has completed its initial assessment of the impact on the Group's financial statements. Overall, the Group does not expect a significant change to the measurement basis arising from adoption of the new classification and measurement model under SFRS(I) 9.

For financial assets currently held at fair value, the Group expects to continue measuring the cost of the assets at fair value under SFRS(I) 9.

Available-for-sale equity securities are held as long-term investments. For these assets, the Group expects to continue treating subsequent changes in fair value in OCI.

Impairment – The Group plans to apply the 12-month approach and record lifetime expected impairment losses on all trade receivables.

Transition – The Group is currently performing a detailed analysis under SFRS(I) 9 which will result in changes to the accounting policies relating to the impairment provisions of financial assets and liabilities. Management will consider whether the 12 month or lifetime expected credit losses on financial assets and liabilities should be recognised, which is dependent on whether there has been a significant increase in the credit risk of the assets from initial recognition to the date of initial application of SFRS(I) 9. Additional disclosures will also be made. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new SFRS(I) 9.

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 establishes a five-step model that will apply to revenue arising from contracts with customers. Under SFRS(I) 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in SFRS(I) 15 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer, i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

2(C) STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

Convergence with International Financial Reporting Standards (IFRS) (Cont'd)

SFRS(I) 15 Revenue from Contracts with Customers (Cont'd)

SFRS(I) 15 also includes clarifications on how to:

- Identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract;
- Determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided);
- Determine whether the revenue from granting a licence should be recognised at a point in time or over time.

SFRS(I) 15 is effective for annual periods beginning on or after 1 January 2018. The Group does not expect significant changes to the basis of revenue recognition for its revenue (namely sale of development properties) arising from adoption of this new standard since these are recognised when the sales of development properties are transacted in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those development properties.

There is unlikely to be any significant financing component arising from the sale of development properties and construction contracts since the Group is engaged in a cash service business.

SFRS(I) INT 22 Foreign Currency Transactions and Advance Consideration

The interpretation addresses how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency. It is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The interpretations are effective from 1 January 2018. On initial application, entities would have the option of applying the interpretations either retrospectively or prospectively in accordance with SFRS(I)1-8 Accounting Policies, Changes in Accounting Estimates and Errors.

The Group does not expect a significant change to the requirements arising from adopting the new interpretation. The Group plans to adopt the standard when it becomes effective in 2018/2019 without restating comparative information; and is gathering data to quantify the potential impact arising from the adoption.

SFRS(I) 40 Transfers of Investment Property

Under the amendments in SFRS(I) 40 Transfers of Investment Property has been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use.

The amendments are effective on 1 January 2018. However, if finalised, earlier adoption is permitted. The amendments would be applied retrospectively in accordance with SFRS(I) 8 Accounting Policies, Changes in Accounting Estimates and Errors.

2(C) STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

Convergence with International Financial Reporting Standards (IFRS) (Cont'd)

SFRS(I) 16 Leases

SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and financial liabilities to pay rentals with a term of more than 12 months unless the underlying asset is of low value.

SFRS(I) 16 substantially carries forward the lessor accounting requirements in FRS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, SFRS(I) 16 requires more extensive disclosures to be provided by a lessor.

When effective, SFRS(I) 16 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 Determining whether an Arrangement contains a Lease, INT FRS 15 Operating Leases - Incentives, and INT FRS 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019.

The Group has operating leases relating to staff accommodation and office equipment.

The Group will assess its operating leases for classification as ROU assets, where applicable, which would increase the gearing ratio of the Group.

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

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

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

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

Losses and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

Subsidiary

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the Group controls an investee if and only if the Group has all of the following:

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

Consolidation (Cont'd)

Subsidiary (Cont'd)

(i) power over the investee;
(ii) exposure, or rights or variable returns from its involvement with the investee; and
(iii) the ability to use its power over the investee to affect its returns

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of the voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant authorities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Non-controlling interest

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

Acquisition of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Changes in ownership interests in subsidiaries without change of control

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

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

Consolidation (Cont'd)

Changes in ownership interests in subsidiaries with change of control

When the Group loses control of a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained; and
- Recognises any gain or loss in profit or loss.

A gain or loss is recognised in profit or loss and is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest, and
(ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRS).

The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under FRS 39 when applicable, the costs on initial recognition of an investment in an associate or a joint venture.

Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group. The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group.

The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

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

Consolidation (Cont'd)

Acquisitions (Cont'd)

Acquisition-related costs are expensed as incurred.

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

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

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

Goodwill

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 identifiable net assets acquired is recorded as goodwill.

Bargain purchase

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Company. In the Company's separate statement of financial position, subsidiaries are stated at cost less any impairment losses on an individual subsidiary basis.

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

Associates

An associate is defined as a company, not being a subsidiary or jointly controlled entity, in which the Group has significant influence, but not control, over its financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates at Company level are stated at cost. Allowance is made for any impairment losses on an individual company basis.

The Group account for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and loss resulting from transaction between the Group and the associate are eliminated to the extent of the interest in the associates.

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

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

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

Upon loss of significant influence or joint control over the associate, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

The Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would have been required if that associate or joint venture had directly disposed of the related assets or liabilities.

When an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

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

Associates (Cont'd)

If the Group's ownership interest in an associate is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed utilising the straight-line method to write off the depreciable amount of these assets over their estimated useful lives as follows:

Freehold building	50 years
Leasehold land and building	25 years
Renovations	5 years
Plant and equipment	3 to 5 years
Motor vehicles	5 years

No depreciation is charged on freehold land.

Depreciation of property under construction commences when the asset is ready for its intended use.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready to use, or in respect of informally constructed assets, from the date that the asset is completed and ready for use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at end of each reporting period as a change in estimates.

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

Investment properties

Investment properties include those portions of office buildings that are held for long-term rental yields and/or for capital appreciation and land under operating leases that are held for long-term capital appreciation or for a currently indeterminate use, and where an insignificant portion is held for the Group's own occupation. Investment properties comprise completed investment properties and properties under construction or development for future use as investment properties.

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

Investment properties (Cont'd)

Investment properties are initially recognised at cost, including transaction costs and subsequently measured at fair value, based on valuations performed by an independent professional valuer. Changes in fair values are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as an addition and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvements is charged to profit or loss when incurred.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal or retirement of an investment property, the difference between any disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers
Transfers to or from, investment properties are made when there is a change in use evidenced by:
- Commencement of owner's occupation, for a transfer from investment properties to property, plant and equipment,
- Commencement of development with a view to sell, for a transfer of investment properties to development properties; or
- End of owner occupation, for a transfer from property, plant and equipment to investment properties.

For transfer to investment property from development properties for sale, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is measured at revalued amount and accounted for in accordance with the accounting policy for Property, Plant and Equipment up to the date of change in use.

Development properties for sale

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

Capitalisation of borrowing costs ceases on issue of Temporary Occupation Permit. The capitalisation rate is determined by reference to the actual rate payable on borrowings for development property, weighted as applicable.

Development properties are initially stated at cost plus attributable profit less progress billings. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as an asset. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as a liability.

Unsold development properties

Development properties that are unsold are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less costs to complete development and selling expenses.

Sold development properties

Revenue and cost on development properties that have been sold are recognised using the percentage of completion method and the completion of contract method. The stage of completion is measured by reference to the development costs incurred to-date to the estimated total costs for the property. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as an expense immediately.

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

Financial assets

Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity assets, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at the end of each reporting date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

At the reporting date, the Group does not hold any held-to-maturity investments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. In addition, derivative financial instruments that do not qualify for hedge accounting are classified as held for trading. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the end of the reporting period.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

All financial assets within this category are subsequently measured at fair value with changes in value recognised in equity, net of any effects arising from income taxes, until the financial assets are disposed of or are determined to be impaired, at which time the cumulative gains or losses previously recognised in equity is included in the profit or loss for the period.

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

Financial assets (Cont'd)

Available-for-sale financial assets (Cont'd)

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from the equity and recognised in the profit or loss even though the financial asset has not been derecognised.

The amount of the cumulative loss that is removed from equity and recognised in profit or loss shall be the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed in profit or loss if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Impairment losses recognised in a previous interim period in respect of available-for-sale equity investments are not reversed even if the impairment losses would have been reduced or avoided had the impairment assessment been made at a subsequent reporting period or end of the reporting period.

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 arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of the reporting date. These are classified as non-current assets.

Loans and receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less provision for impairment.

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

Loans and receivables comprise loans and advances and other receivables, excluding prepayment.

Determination of fair value

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs. Where fair value of unquoted instruments cannot be measured reliably, fair value is determined by the transaction price.

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

Financial assets (Cont'd)

Embedded derivatives

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

The embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the financial instrument is more than twelve months. The Group classifies the host contract as loans and receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank deposits with financial institutions which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents exclude restricted cash and fixed deposits pledged, and are presented net of bank overdraft which is repayable on demand and which forms an integral part of cash management.

Construction contracts

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable those costs will be recoverable. Contracts costs are recognised when incurred. When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised by using the percentage of completion method. Contract costs comprise materials, direct labour, sub-contractors' cost and an appropriate proportion of overheads.

The percentage of completion is based on architects' certification of construction work completed.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately, irrespective of whether or not work has commenced.

The aggregated costs incurred and the profit/(loss) recognised on each contract are compared against progress billings up to the financial year end. Where costs incurred and recognised profit (less recognised losses) exceed progress billings, the balance is shown as due from customers on construction contracts under 'construction work-in-progress'. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as due to customers on construction contracts under 'trade and other payables'. Customers advances are presented as "trade and other payables" in the statement of financial position.

Share capital and treasury shares

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

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

Share capital and treasury shares (Cont'd)

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

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

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

Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profit, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because of the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as liability when they are proposed and declared.

Financial liabilities

The Group's financial liabilities include trade and other payables, borrowings, finance lease liabilities and convertible bonds, excluding deposits in advance.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance cost" in the profit or loss. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Borrowings

Borrowings are recognised initially at the fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the profit or loss over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

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

Financial liabilities (Cont'd)

Borrowings (Cont'd)

Borrowings which are due to be settled within 12 months after the end of the reporting period are included in current borrowings in the statement of financial position even though the original terms was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period. Borrowings to be settled within the Group's operating cycle are classified as current. Other borrowings due to be settled more than twelve months after the end of the reporting period are included in non-current borrowings in the statement of financial position.

Trade and other payables

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

Finance lease liabilities

Finance lease liabilities are measured at initial value less the capital element of lease repayments (see policy on finance lease).

Borrowings costs

Borrowing costs incurred to finance the development of properties and property, plant and equipment are capitalised for the period of time that is required to complete and prepare the asset for its intended use. The amount of borrowing cost capitalised on that asset is the actual borrowing costs incurred during the period less any investment income on the temporary investment of those borrowings. Other borrowing costs are recognised on a time-proportion basis in profit or loss using the effective interest method.

Financial guarantees

The Company has provided guarantees to banks in respect of loan facilities granted to 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 the borrowings.

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

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

Leases

Where the Group is the lessee,

Finance leases

Where assets are financed by lease agreements that give rights approximating to ownership, the assets are capitalised as if they had been purchased outright at values equivalent to the lower of the fair values of the leased assets and the present value of the total minimum lease payments during the periods of the leases. The corresponding lease commitments are included under liabilities. The excess of lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease to give a constant effective rate of charge on the remaining balance of the obligation.

The leased assets are depreciated on a straight-line basis over their estimated useful lives as detailed in the accounting policy on "Property, plant and equipment".

Operating leases

Operating leases are office premises' leases where a significant portion of the risks and rewards of ownership are retained by the lessor. Payments made under operating leases are charged to profit or loss on a straight-line basis over the term of the leases.

Contingent rents are mainly determined as a percentage of revenue in excess of a specified amount during the month. They are charged to the profit or loss when incurred.

Where the Group is the lessor,

Operating leases

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

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

Income taxes

Income tax expense represents the sum of the income tax currently payable and deferred income tax. 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 substantially enacted by the balance sheet date.

Deferred income tax is provided in full, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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

Income Taxes (Cont'd)

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

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

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

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

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using fair value model in countries where there is no capital gain tax, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefit embodied in the investment property over time, rather than through sale.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at the date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in the accounting for the business combination.

Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

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

Employee benefits (Cont'd)

Pension obligations

The Company and the Group participate in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations. In particular, the Singapore incorporated companies in the Group contribute to the Central Provident Fund, a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The contributions to national pension schemes are charged to the profit or loss in the period to which the contributions relate.

Key management personnel

Key management are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. Directors and certain executive officers are considered key management personnel.

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

  (i) has control or joint control over the Company;
  (ii) has significant influence over the Company; or
  (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

  (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  (iii) both entities are joint ventures of the same third party;
  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
  (vi) the entity is controlled or jointly controlled by a person identified in (a);
  (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Impairment of non-financial assets

The carrying amounts of the Company's and Group's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

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

Impairment of non-financial assets (Cont'd)

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the company at which management controls the related cash flows.

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or whose not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation.

Impairment losses recognised for cash-generating units, to which goodwill has been allocated are credited initially to the carrying amount of goodwill.

Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist.

Any impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

With the exception of goodwill,

- An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decrease.
- An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.
- A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

An impairment loss in respect of goodwill is not reversed, even if it relates to impairment loss recognised in an interim period that would have been reduced or avoided had the impairment assessment been made at a subsequent reporting or end of the reporting period.

A reversal of an impairment loss is recognised as income in profit or loss.

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

Foreign currency

Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated in terms of historical cost in a foreign currency are translated using the closing exchange rate at the reporting date.

Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when fair values are determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore Dollar at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore Dollar at average exchange rates.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

Group entities
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 rates at the end of that statement of financial position;
(ii) Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and
(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

Functional currencies

Functional and presentation currency

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

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

Revenue recognition

Sale of development properties

Revenue from sale of development properties is recognised using the percentage of completion method when the Group determines that (a) control and the significant risks and rewards of ownership of the work-in-progress transfer to the buyer in its current state as construction progresses; (b) sales price is fixed and collectible; (c) the percentage of completion can be measured reliably; (d) there is no significant uncertainty as to the ability of the Group to complete the development; and (e) costs incurred or to be incurred can be measured reliably.

The percentage of completion is measured by reference to the physical surveys of construction work completed. Profits are recognised only in respect of finalised sales contracts to the extent that such profits relate to the progress of the construction work.

In all other instances, sales are transacted once the development properties are completed. Revenue from sales of development properties is only recognised upon the transfer of control and significant risks and rewards of ownership of the property to the buyer. This generally coincides with the point in time when the development unit is delivered to the buyer.

Construction revenue

When the outcome of the construction contract can be estimated reliably, contract revenue and costs are recognised in profit or loss in proportion to the stage of completion of the contract.

When the outcome of the construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work and claims, to the extent that it is probable that those additions will result in revenue and can be measured reliably. The stage of completion of the contract is measured by reference to the surveys of work performed.

Rendering of services

Revenue from the rendering of services, including management fees is recognised over the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be performed.

Interest income

Interest income, including income arising from finance leases and other financial instruments, is recognised on an accrual basis based on the effective interest method.

Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

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

Revenue recognition (Cont'd)

Dividend income

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

Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

Segment reporting

A business segment is a distinguishable component of the Group engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

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.

3 REVENUE

The Group	2018 $	2017 $
Property development	30,970,908	69,820,406

4 PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold land	Freehold building	Leasehold land and building	Renovations	Plant and equipment	Motor vehicles	Total
	$	$	$	$	$	$	$
Cost							
At 1 October 2016	1,102,865	1,372,562	3,136,100	617,185	1,167,969	583,925	7,980,606
Revaluation surplus	577,400	947,435	–	–	–	–	1,524,835
Transfer to investment properties (Note 5)	(764,374)	(1,215,437)	–	–	–	–	(1,979,811)
Additions	–	–	–	28,754	295,584	–	324,338
Disposals	–	–	(3,136,100)	(24,385)	(18,025)	(32,009)	(3,210,519)
Exchange differences on translation	–	–	–	(58)	(2,974)	(1,166)	(4,198)
At 30 September 2017	915,891	1,104,560	–	621,496	1,442,554	550,750	4,635,251
Additions	–	–	–	1,968	211,524	244,390	457,882
Disposals	–	–	–	–	(305,065)	–	(305,065)
Exchange differences on translation	–	–	–	55	6,872	1,146	8,073
At 30 September 2018	915,891	1,104,560	–	623,519	1,355,885	796,286	4,796,141
Accumulated depreciation							
At 1 October 2016	–	177,818	477,683	239,330	634,251	371,574	1,900,656
Depreciation for the year	–	41,198	72,691	113,994	260,303	83,100	571,286
Transfer to investment properties	–	(119,811)	–	–	–	–	(119,811)
Disposals	–	–	(550,374)	(19,770)	(10,471)	(48,535)	(629,150)
Exchange differences on translation	–	–	–	2	(1,439)	(191)	(1,628)
At 30 September 2017	–	99,205	–	333,556	882,644	405,948	1,721,353
Depreciation for the year	–	21,364	–	111,303	220,586	106,083	459,336
Disposals	–	–	–	–	(274,092)	–	(274,092)
Exchange differences on translation	–	–	–	11	2,485	305	2,801
At 30 September 2018	–	120,569	–	444,870	831,623	512,336	1,909,398
Net book value							
At 30 September 2018	915,891	983,991	–	178,649	524,262	283,950	2,886,743
At 30 September 2017	915,891	1,005,355	–	287,940	559,910	144,802	2,913,898

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

In the last financial year ended 30 September 2017, the Group transferred a unit of 18 Roberts Lane, Goodland Building from property, plant and equipment because of end of owner occupation. At the date of the transfer, the difference between the carrying amount and its fair value amounting to $1,524,835 was recognised within revaluation surplus reserve.

The carrying amount of property, plant and equipment acquired and secured under finance lease arrangements for the Group as at 30 September 2018 amounted to $218,842 (2017 - $88,587) (Note 18).

As at 30 September 2018, freehold and leasehold land and buildings with a total carrying amount of $1,899,882 (2017 - $1,921,246) were pledged to certain banks to secure credit facilities for the Group (Note 19).

The properties held by the Group as at 30 September 2018 are as follows:

Location	Tenure	Use of property
3 Kim Chuan Lane, Goodland Building Singapore	Estate in Perpetuity (Freehold)	Corporate Headquarters

5 INVESTMENT PROPERTIES

The Group	2018 $	2017 $
At fair value:		
At beginning of year	86,792,567	85,219,897
Additions	125,866	10,314
Transfer from property, plant and equipment (Note 4)	–	1,860,000
Fair value gain recognised in profit or loss (Note 21)	647,395	272,000
Exchange differences on translation	442,692	(569,644)
At end of year	88,008,520	86,792,567

Determination of fair value of investment properties is disclosed in Note 34.

As at 30 September 2018, investment properties with a total carrying amount of $88,008,520 (2017 - $86,792,567) were pledged to certain banks to secure credit facilities for the Group (Note 19).

Investment properties of the Group are leased to non-related parties under operating leases. The following amounts are recognised in the Group's profit or loss during the financial year:

5 INVESTMENT PROPERTIES (CONT'D)

The Group	2018 $	2017 $
Rental income	539,250	352,700
Direct operating expenses arising from investment properties that generated rental income	122,035	54,360
Direct operating expenses arising from investment properties that did not generate rental income	111,218	191,283

The investment properties held by the Group as at 30 September 2018 are as follows:

Description and location	Land tenure	Approximate floor area (square meters)	Group's effective interest 2018 %	2017 %
Residential apartment 23 Amber Road #02-06 The Aristo@Amber, Singapore	Estate in Fee Simple (Freehold)	69	100	100
6-storey commercial cum residential building, 18 Roberts Lane Goodland Building, Singapore	Estate in Fee Simple (Freehold)	952	100	100
8-storey industrial building, 3 Kim Chuan Lane, Goodland Group Building, Singapore	Estate in Perpetuity (Freehold)	4,468	100	100
Commercial development, Off Jalan Simpang Pulai/Gopeng, Perak Darul Ridzuan, Malaysia	Leasehold expiring on 8 April 2114	To be advised	70	70

6 SUBSIDIARIES

The Company	2018 $	2017 $
Investment in unquoted shares, at cost		
At beginning	10,808,463	10,516,086
Additions	710,100	292,377
At end	11,518,563	10,808,463

6 SUBSIDIARIES (CONT'D)

The investments in subsidiaries held by the Company at 30 September 2018 and 2017 are as follows:

Name	Country of incorporation	Ownership interest		Principal activities
		2018	2017	
		%	%	
Held by the Company				
Goodland Development Pte. Ltd. [1]	Singapore	100	100	Real estate development and general contractors
Goodland Investments Pte. Ltd. [1]	Singapore	100	100	Investment holding and real estate development
Goodland Capital Pte. Ltd. [1]	Singapore	100	100	Investment holding
Goodland Homes Pte. Ltd. [1]	Singapore	100	100	Investment holding and real estate development
Goodland Group Construction Pte. Ltd. [1]	Singapore	100	100	General building contractors
GPM Builders Pte. Ltd. [1]	Singapore	100	100	General building contractors
Goodland Group Construction Sdn. Bhd. [2]	Malaysia	100	100	General building contractors
Banyan Housing Development Sdn. Bhd. [2]	Malaysia	72	72	Real estate development
Goodland Ventures Pte. Ltd. [1]	Singapore	100	100	Real estate development
Goodland Global Pte. Ltd. [1]	Singapore	100	100	Real estate development
Goodland Assets Pte. Ltd. [1]	Singapore	100	100	Real estate development and investment holding
GLG Global Sdn. Bhd. [2]	Malaysia	100	100	Real estate development
Goodland Glory Pte. Ltd. [1]	Singapore	100	100	Investment holding
Goodland Harvest Pte. Ltd. [1]	Singapore	100	100	Real estate development
GLG (Cambodia) Investments Pte. Ltd. [1]	Singapore	100	100	Real estate development and investment holding
GLG International Investments Pte. Ltd. [1]	Singapore	100	100	Real estate development and investment holding
GLG Homes Pte. Ltd. [1]	Singapore	100	100	Real estate development and investment holding
GLG Capital Pte. Ltd. [1]	Singapore	100	100	Real estate development and investment holding
GLSL (1) Pte. Ltd. [1]	Singapore	100	-	Real estate development
Goodland Da-Qiao Pte. Ltd. [1]	Singapore	51	-	Real estate development and investment holding
Held by Goodland Capital Pte. Ltd.				
Citrine Assets Pte. Ltd. [1]	Singapore	100	100	Investment holding
Held by Citrine Assets Pte. Ltd.				
T City (Ipoh) Sdn. Bhd. [2]	Malaysia	70	70	Real estate development

6 SUBSIDIARIES (CONT'D)

Name	Country of incorporation	Ownership interest		Principal activities
		2018	2017	
		%	%	
Held by Goodland Development Pte Ltd				
GLG Properties Pte.Ltd. [1]	Singapore	100	-	Real estate development
Held by GPM Builders Pte Ltd				
GPM Da-Qiao Builders Pte.Ltd. [1]	Singapore	51	-	General building contractors

(1) Audited by Foo Kon Tan LLP, a principal member of HLB International
(2) Audited by a member firm of HLB International

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interest:

Name of subsidiary	Place of incorporation and principal place of interest	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2018	2017	2018	2017	2018	2017
		%	%	$	$	$	$
T City (Ipoh) Sdn Bhd	Malaysia	30	30	(2,964)	4,843,399	53,125,410	52,017,142

Summarised financial information in respect of Group subsidiaries that has a material non-controlling interests (NCI) not adjusted for the percentage of equity interest held by the Group is set out below:

The Group	2018	2017
	T City (Ipoh) Sdn. Bhd.	T City (Ipoh) Sdn. Bhd.
	$	$
Current assets	166,537,983	162,941,779
Non-current assets	21,225,071	20,769,343
Current liabilities	(1,369,548)	(1,206,210)
Non-current liabilities	(9,308,808)	(9,114,440)
Net assets	177,084,698	173,390,472
Net assets attributable to NCI	53,125,410	52,017,142
(Loss)/Profit for the year	(9,881)	16,144,664
Other comprehensive income ("OCI")	3,704,109	655,393
Total comprehensive income	3,694,228	16,800,057

6 SUBSIDIARIES (CONT'D)

The Group	2018 T City (Ipoh) Sdn. Bhd. $	2017 T City (Ipoh) Sdn. Bhd. $
Attributable to NCI:		
– Profit/(loss)	(2,964)	4,843,399
– OCI	1,111,233	196,617
Total comprehensive income	1,108,269	5,040,016
Cash flows from		
– Operating activities	(235,850)	(150,005)
– Investing activities	(39,144)	–
– Financing activities	271,667	73,780
Net changes in cash and cash equivalents	(3,327)	(76,225)

7 ASSOCIATES

The Group	2018 $	2017 $
Unquoted equity investments, at cost	2,352,990	2,013,007
Share of post-acquisition profits/(losses)	8,248,242	(104,294)
	10,601,232	1,908,713

Details of the associates are as follows:

Name	Country of incorporation	Ownership interest 2018 %	Ownership interest 2017 %	Principal activities
AG Capital Pte. Ltd. [2]	Singapore	50	50	Real estate development
Goodland Sunny Pte. Ltd. [1]	Singapore	50	50	Real estate investment and development
RGL Equity (Siem Reap) Co., Ltd. [2]	Cambodia	49	49	Real estate investment and development
SL Capital (1) Pte. Ltd. [2]	Singapore	17	17	Property developer
SL Capital (3) Pte. Ltd. [2]	Singapore	17	17	Property developer
SL Capital (5) Pte. Ltd. [2]	Singapore	17	17	Property developer

(1) Audited by Foo Kon Tan LLP
(2) Reviewed by Foo Kon Tan LLP for Group consolidation purposes

7 ASSOCIATES (CONT'D)

Although the Group owned 17% equity interest in SL Capital (1) Pte Ltd, SL Capital (3) Pte Ltd and SL Capital (5) Pte Ltd, the Group has the ability to exercise significant influence, but not control, over its financial and operating policies.

All these associates are accounted for using the equity method in these consolidated financial statements.

The summarised financial information of associates, not adjusted for the percentage of equity interest held by the Group, is as follows:

2018	AG Capital Pte. Ltd.	Goodland Sunny Pte. Ltd.	RGL Equity (Siem Reap) Co., Ltd	SL Capital (1) Pte. Ltd.	SL Capital (3) Pte. Ltd.	SL Capital (5) Pte. Ltd.	Total
	$	$	$	$	$	$	$
The Group							
Current assets	578,182	2,460,034	4,420,485	202,370,875	155,087,323	2,000,000	366,916,899
Non-current assets	–	602,467	3,739	67,800	–	–	674,006
Current liabilities	(315,663)	(610,279)	(4,552,842)	(142,048,901)	(153,087,323)	–	(300,615,008)
Non-current liabilities	–	–	–	(10,014,120)	–	–	(10,014,120)
Net assets attributable to investee's shareholders	262,519	2,452,222	(128,618)	50,375,654	2,000,000	2,000,000	56,961,777
Revenue	–	–	–	222,773,479	–	–	222,773,479
Expenses	(78,207)	(3,531)	(40,704)	(173,346,023)	(5,177)	–	(173,473,642)
Profit/(Loss) for the year	(78,207)	(3,531)	(40,704)	49,427,456	(5,177)	–	49,299,837
Other comprehensive loss ("OCI")	–	(18,525)	–	–	–	–	(18,525)
Total comprehensive income/(loss)	(78,207)	(22,056)	(40,704)	49,427,456	(5,177)	–	49,281,312
Attributable to investee's shareholders	(78,207)	(22,056)	(40,704)	49,427,456	(5,177)	–	49,281,312
Group's interest in net assets of investee at beginning of the year	170,363	1,237,139	–	161,194	17	340,000	1,908,713
Acquisition	–	–	–	–	339,983	–	339,983
Group's share of:							
– Profit/(Loss) for the year	(39,104)	(11,028)	–	8,402,668	–	–	8,352,536
– OCI	–	–	–	–	–	–	–
Total comprehensive income/(loss)	(39,104)	(11,028)	–	8,402,668	–	–	8,352,536
Carrying amount of interest in investee at end of the year	131,259	1,226,111	–	8,563,862	340,000	340,000	10,601,232

7 ASSOCIATES (CONT'D)

2017	AG Capital Pte. Ltd. $	Goodland Sunny Pte. Ltd. $	RGL Equity (Siem Reap) Co., Ltd $	SL Capital (1) Pte. Ltd. $	SL Capital (3) Pte. Ltd. $	SL Capital (5) Pte. Ltd. $	Total $
The Group							
Current assets	656,015	2,464,117	3,984,797	16,097,146	100	2,000,000	25,202,175
Non-current assets	–	620,992	5,716	204,094,642	–	–	204,721,350
Current liabilities	(315,289)	(610,830)	(683)	(219,243,590)	–	–	(220,170,392)
Non-current liabilities	–	–	(4,083,179)	–	–	–	(4,083,179)
Net assets attributable to investee's shareholders	340,726	2,474,279	(93,349)	948,198	100	2,000,000	5,699,954
Revenue	214	19,312	–	47,750	–	–	67,276
Expenses	(870,994)	109,249	(51,702)	(54,546)	–	–	(867,993)
Profit/(Loss) for the year	(870,780)	128,561	(51,702)	(6,796)	–	–	(800,717)
Other comprehensive income	–	–	–	–	–	–	–
Total comprehensive income /(loss)	(870,780)	128,561	(51,702)	(6,796)	–	–	(800,717)
Attributable to investee's shareholders	(870,780)	128,561	(51,702)	(6,796)	–	–	(800,717)
Group's interest in net assets of investee at beginning of the year	605,753	1,172,859	–	162,349	–	–	1,940,961
Acquisition	–	–	–	–	17	340,000	340,017
Group's share of:							
– Profit/(Loss) for the year	(435,390)	64,280	–	(1,155)	–	–	(372,265)
– OCI	–	–	–	–	–	–	–
Total comprehensive income / (loss)	(435,390)	64,280	–	(1,155)	–	–	(372,265)
Carrying amount of interest in investee at end of the year	170,363	1,237,139	–	161,194	17	340,000	1,908,713

7 ASSOCIATES (CONT'D)

Unrecognised share of losses of an associate

The Group	2018 $	2017 $
The unrecognised share of losses of an associate for the year	(20,825)	(25,334)
Cumulative share of losses of an associate	(66,893)	(48,731)

8 AVAILABLE-FOR-SALE FINANCIAL ASSET

The Group	2018 $	2017 $
Available-for-sale financial asset measured at fair vaue:		
– Unquoted equity investment,		
At 1 October	10,010,000	10,485,033
Fair value loss recognised in other comprehensive income/(loss)	285,000	(475,033)
At 30 September	10,295,000	10,010,000

Unquoted equity investment

Unquoted equity investment comprises 6% equity interest in an unquoted company (Citrine Capital Pte Ltd) in Singapore. There are no current market transactions that are directly comparable. The determination of fair value measurement is disclosed in Note 34.

9 DEFERRED TAX ASSETS/(LIABILITIES)

Deferred 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 sheet as follows:

The Group	2018 $	2017 $
Deferred tax assets		
At 1 October	301,401	854,955
Recognised in profit or loss (Note 26)	(242,225)	(553,554)
At 30 September	59,176	301,401

9 DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Deferred tax assets comprise the following:

The Group	2018 $	2017 $
Development properties for sale	59,176	301,401
To be recovered:		
– between one and five years	59,176	301,401

The Group	2018 $	2017 $
Deferred tax liabilities		
At 1 October	10,737,234	31,033,063
Recognised in profit or loss (Note 26)	(1,439,984)	(15,667,437)
Currency translation differences	194,369	(4,628,392)
At 30 September	9,491,619	10,737,234

Deferred tax liabilities comprise the following:

The Group	2018 $	2017 $
Investment properties	1,054,322	1,032,308
Development properties for sale	8,437,297	9,704,926
	9,491,619	10,737,234

Movement of deferred tax liabilities is as follows:

The Group	Investment properties $	Development properties for sale $	Total $
At 1 October 2017	1,032,308	9,704,926	10,737,234
Recognised in profit or loss	–	(1,439,984)	(1,439,984)
Currency translation differences	22,014	172,355	194,369
At 30 September 2018	1,054,322	8,437,297	9,491,619
At 1 October 2016	722,721	30,310,342	31,033,063
Recognised in profit or loss	312,026	(15,979,463)	(15,667,437)
Currency translation differences	(2,439)	(4,625,953)	(4,628,392)
At 30 September 2017	1,032,308	9,704,926	10,737,234

9 DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The Group	2018 $	2017 $
Deferred tax liabilities to be realised:		
– between one and five years	8,437,297	9,704,926
– after five years	1,054,322	1,032,308
	9,491,619	10,737,234

10 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2018 $	2017 $	2018 $	2017 $
Trade receivables				
– Third parties	3,097,249	43,569,739	-	-
– Related party	-	24,197	-	-
	3,097,249	43,593,936	-	-
Other receivables				
– Third parties, net @	1,252,786	729,316	-	-
– Subsidiaries	-	-	64,579,167	66,490,498
– Related party	6,400	2,300	-	-
– Associates	12,426,577	7,878,316	-	-
Deposits	96,708	156,099	16,395	16,395
	16,879,720	52,359,967	64,595,562	66,506,893

Movements in the allowance for impairment on other receivables are as follows:

	The Group		The Company	
	2018 $	2017 $	2018 $	2017 $
Third parties				
Gross amount	1,252,786	763,274	–	–
Less: Impairment				
At beginning of year	33,958	–	–	–
Allowance made	–	33,958	–	–
Reversal of allowance	(32,100)	–	–	–
Allowance utilised	(1,858)	–	–	–
At end of year	–	33,958	–	–
Third parties, net @	1,252,786	729,316	–	–

10 TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Financial assets that are neither past due nor impaired

	The Group		The Company	
	2018	2017	2018	2017
	$	$	$	$
Neither past due nor impaired	16,844,196	52,312,808	64,595,562	66,506,893
	16,844,196	52,312,808	64,595,562	66,506,893

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with a good payment record with the Group.

(b) Financial assets that are past due but not impaired

The ageing analysis of trade and other receivables past due but not impaired is as follows

	The Group		The Company	
	2018	2017	2018	2017
	$	$	$	$
Past due 0 - 30 days	15,135	41,809	–	–
Past due 31 - 60 days	–	160	–	–
Past due over 60 days	20,389	5,190	–	–
	35,524	47,159	–	–

(c) The carrying amount of other receivables individually determined to be impaired are as follows:

The Group	2018	2017
	$	$
Other receivables		
Gross amount	–	33,958
Provision for impairment loss	–	(33,958)
	–	–

The impaired other receivables mainly relates to receivables from third party agent for sale of machinery.

Trade receivables relate to amount to be received for property sold. Trade receivables have credit terms of between 30 to 90 (2017 - 30 to 90) days.

The non-trade amounts due from subsidiaries, associates and related party, comprising mainly advances, are unsecured, interest-free and repayable on demand. There is no allowance for doubtful debts arising from the outstanding balances.

10 TRADE AND OTHER RECEIVABLES (CONT'D)

Related party refers to an entity controlled by an executive director of Goodland Group Limited.

Please refer to Note 32 for details of credit risk and foreign currency risk exposures.

11 OTHER CURRENT ASSETS

	The Group		The Company	
	2018	2017	2018	2017
	$	$	$	$
Prepayments	44,271	53,036	14,864	19,546

12 DEVELOPMENT PROPERTIES

The Group	2018	2017
	$	$
Properties under development:		
Costs incurred and attributable profits	198,230,314	321,951,435
Progress billings	(89,440,906)	(145,183,222)
	108,789,408	176,768,213
Completed properties, at cost	96,800,197	20,183,354
Total development properties for sale	205,589,605	196,951,567
Borrowing costs capitalised during the year	571,105	1,828,537

The rates used to determine the amount of borrowing costs eligible for capitalisation ranged from 2.66% to 3.34% (2017 - 2.56% to 3.25%) per annum.

As at 30 September 2018, development properties for sale with a total carrying amount of $205,589,605 (2017- $196,951,567) were pledged to certain banks to secure credit facilities for the Group (Note 19).

12 DEVELOPMENT PROPERTIES (CONT'D)

Details of development properties are as follows:

Property Name and Location	Stage of completion	Expected date of completion	Approximate land area (square meters)	Approximate gross floor area (square meters)	Description	Group's effective interest	
						2018	2017
					%	%	
<u>Goodland Investments Pte. Ltd.</u>							
33 Sirat Road, Singapore	100%	1st quarter 2019	179	471	3-storey intermediate terrace dwelling house with an attic	100	100
45 Cardiff Grove, Singapore	71%	2nd quarter 2019	170	308	2-storey intermediate terrace dwelling house with an attic	100	-
20 Jalan Telang, Singapore	47%	3rd quarter 2019	190	350	2-storey intermediate terrace dwelling house with an attic and swimming pool	100	-
<u>Goodland Development Pte. Ltd.</u>							
5 Jalan Chempedak, Singapore	100%	Completed	183	329	2-storey intermediate terrace dwelling house with an attic	100	100
21 Jalan Melor, Singapore	25%	4th quarter 2019	222	462	2-storey intermediate terrace dwelling house with an attic and swimming pool	100	-
281 Onan Road, Singapore	19%	4th quarter 2019	164	333	3-storey corner terrace dwelling house with an attic	100	-
2 Lilac Drive, Singapore	17%	4th quarter 2019	195	404	3-storey intermediate terrace dwelling house with attic, roof terrace and swimming pool	100	-
19 Jalan Melor, Singapore	20%	4th quarter 2019	222	456	2-storey intermediate terrace dwelling house with an attic and swimming pool	100	-
<u>Goodland Assets Pte. Ltd.</u>							
1 Marne Road ("The Citron and The Citron Residences"), Singapore	100%	Completed	1,700	5,100	Residential apartment units with commercial shops at 1st storey	100	100

12 DEVELOPMENT PROPERTIES FOR SALE (CONT'D)

Property Name and Location	Stage of completion	Expected date of completion	Approximate land area (square meters)	Approximate gross floor area (square meters)	Description	Group's effective interest 2018	2017
					%	%	
Goodland Da-Qiao Pte Ltd							
321 Bedok Road, Singapore	1%	2nd quarter 2020	754	744	A pair of 2-storey semi detached dwelling house each with attic and swimming pool	51	-
GLG Properties Pte Ltd							
31 Neram Road, Singapore	6%	1st quarter 2020	259	513	2-storey intermediate terrace dwelling house with an attic and swimming pool	100	-
29 Jalan Tari Piring, Singapore	0%	1st quarter 2020	166	306	3-storey corner terrace dwelling house with an attic and swimming pool	100	-
28 Jalan Tanjong, Singapore	0%	2nd quarter 2020	189	453	3-storey intermediate terrace dwelling house with an attic and swimming pool	100	-
T City (Ipoh) Sdn. Bhd							
Off Jalan Simpang Pulai/Gopeng, Perak Darul Ridzuan, Malaysia	-	To be advised	178,455	To be advised	Commercial and residential development	70	70
Banyan Housing Development Sdn. Bhd.							
No. 204/206/208 Jalan Dr. Lim Chwee Leong, Penang, Malaysia	95%	1st quarter 2019	419	1,109	Commercial shophouses/ offices	72	72

13 OTHER FINANCIAL ASSETS

The fair value of quoted equity investments is determined by reference to stock exchange quoted bid prices. Financial assets at fair value through profit or loss are as follows:

	The Group 2018	2017
	$	$
Financial assets, at fair value through profit or loss		
– Quoted equity securities, at fair value	420,629	171,981

14 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2018	2017	2018	2017
	$	$	$	$
Cash and bank balances	8,299,699	24,070,663	4,575,041	818,254
Fixed deposit	–	1,004,092	–	1,004,092
Cash and cash equivalents	8,299,699	25,074,755	4,575,041	1,822,346

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2018	2017	2018	2017
	$	$	$	$
Singapore Dollar	8,023,392	24,987,713	4,575,041	1,822,346
Malaysia Ringgit	276,307	87,042	–	–
	8,299,699	25,074,755	4,575,041	1,822,346

Included in cash and cash equivalents are amounts of $37,000 (2017 - $21,117,167) maintained in the project accounts. The project accounts consist of monies held under the Housing Developers (Project Account) Rules 1997 from which withdrawals are restricted to payments for costs incurred on projects.

15 SHARE CAPITAL

	2018	2017	2018	2017
The Group and The Company	No. of shares		$	$
Issued and fully paid with no par value:				
At beginning and at end of year	394,066,518	394,066,518	63,280,416	63,280,416

The holders of ordinary shares (except for treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

16 TREASURY SHARES

	2018	2017	2018	2017
The Group and The Company	No. of shares		$	$
At beginning of the year	33,371,600	33,371,600	9,356,702	9,356,702
Purchase during the year	100,000	–	23,475	–
At end of year	33,471,600	33,371,600	9,380,177	9,356,702

17 RESERVES

	The Group			The Company	
	30 September 2018	30 September 2017 (Restated)	1 October 2016	30 September 2018	30 September 2017
	$	$	$	$	$
Acquisition reserve (a)	78,743,302	78,743,302	78,743,302	–	–
Currency translation reserve (b)	(18,586,761)	(21,186,346)	(21,635,806)	–	–
Equity reserve (c)	228,811	228,811	228,811	(1,077,254)	228,811
Fair value reserve (d)	(183,315)	(468,315)	6,718	–	–
Merger reserve (e)	(485,076)	(485,076)	(485,076)	–	–
Revaluation surplus reserve (f)	3,224,151	3,224,151	1,699,316	–	–
Retained earnings	87,114,937	85,486,242	76,590,599	2,183,852	2,305,735
	150,056,049	145,542,769	135,147,864	1,106,598	2,534,546

(a) Acquisition reserve refers to the excess of the net identifiable assets acquired over the consideration transferred arising from a business combination with an entity in which a shareholder has an equity interest.

(b) Currency translation reserve arises from the translation of financial statements of foreign entities whose functional currencies are different from the Group's presentation currency.

(c) For the Group, equity reserve refers to the equity component of the convertible bonds. On 30 September 2017, all convertible bonds were fully redeemed by the Company.

For the Company, during the financial year, the management decided to waive the advances to a subsidiary of $1,306,064 which reduces the equity reserve to a negative balance of $1,077,254 (2017 – $228,811).

(d) Fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired.

(e) Merger reserve represents the difference between the value of shares issued by the Company in exchange for the value of shares acquired in respect of the acquisition of subsidiaries accounted for under the pooling-of-interest method.

(f) Revaluation surplus reserve relates to the excess of the revalued amount and the carrying amount of the property upon its transfer from owner-occupied property to investment property.

18 OBLIGATIONS UNDER FINANCE LEASES

The Group	2018 $	2017 $
Future minimum lease payments:		
Due not later than one year	41,712	42,879
Due later than one year and not later than five years	126,941	61,433
Due later than five years	30,325	–
	198,978	104,312
Future finance charges on finance leases	(31,357)	(16,572)
Present value of minimum lease payments	167,621	87,740
Present value of minimum lease payments:		
Due not later than one year	35,034	36,622
Due later than one year and not later than five years	106,907	51,118
Due later than five years	25,680	–
	132,587	51,118
	167,621	87,740
Nominal interest rate	4.83% to 5.47%	5.43% to 5.47%

The Group leases certain motor vehicles from third parties under finance leases with a carrying amount of $218,842 (2017 - $88,587). (Note 4)

The fair value of obligations under finance lease at the reporting date is as follows:

The Group	Carrying amount 2018 $	 2017 $	Fair Value 2018 $	 2017 $
Obligations under finance lease	167,621	87,740	192,876	89,845

The fair values are determined from the discounted cash flow analyses, using the discount rates based upon the borrowing rates which the management expect would be available to the Group at the end of the reporting period, as follows:

The Group	2018 %	2017 %
Obligations under finance lease	3.02	3.02

19 BANK BORROWINGS

The Group	Year of Maturity	2018 $	2017 $
Non-current liabilities			
Bank loans (secured):			
Between one and five years	2019	14,786,924	15,264,576
		14,786,924	15,264,576
Current liabilities			
Bank loans (secured):			
Repayable within one year or less, on demand	2018	27,230,375	87,037,767
Repayable after one year, but within normal operating cycle	2020-2021	22,251,176	4,687,375
		49,481,551	91,725,142
Total borrowings		64,268,475	106,989,718
Nominal interest rate		2.33% to 3.34%	2.47% to 3.25%

The fair value of non-current borrowings at the reporting date is as follows:

	Carrying amount		Fair Value	
The Group	**2018 $**	**2017 $**	**2018 $**	**2017 $**
Bank loans (secured)	14,786,924	15,264,576	15,091,782	15,807,258

The fair values are determined from the discounted cash flow analyses, using the discount rates based upon the borrowing rates which the management expect would be available to the Group at the end of the reporting period, as follows:

The Group	2018 %	2017 %
Bank loans (secured)	5.33	5.28

The outstanding bank loans of the Group exposed to interest rate were as follows:

The Group	2018 %	2017 %
At fixed rates	–	–
At floating rates	64,268,475	106,989,718
	64,268,475	106,989,718

19 BANK BORROWINGS (CONT'D)

Bank loans

At reporting date, the bank loan comprises of land loans and construction loans to finance the development property projects, fixed advance facilities and money market loan to finance working capital as well as commercial property loan to finance investment properties.

Bank loans are secured by:

(i) Mortgages on property, plant and equipment (Note 4), investment properties (Note 5) and development properties (Note 12);
(ii) Assignment of all rights, titles and benefits with respect to these properties;
(iii) Corporate guarantee by the Company (Note 30);
(iv) Assignment of performance bond, insurances, proceeds and construction contract;
(v) Assignment of developer's rights and benefits in sale and purchase agreements; and
(vi) Legal assignment of rental proceeds and charge over bank account(s) into which rental proceeds shall be paid.

20 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2018	2017	2018	2017
	$	$	$	$
Trade payables	867,981	865,085	–	–
Retention sums payable	5,014	5,014	–	–
Other payables:				
– Third parties	291,696	1,211,028	31,485	119,060
– Subsidiaries	–	–	25,615,418	22,532,688
– Related parties	1,667,074	932,974	–	–
– Associates	5,784,941	1,450,000	–	–
Advances/deposits received	347,943	184,523	–	–
Accrued operating expenses	2,526,345	2,096,653	50,290	47,240
	11,490,994	6,745,277	25,697,193	22,698,988

Trade and other payables have credit terms of between 30 to 90 (2017 - 30 to 90) days.

The non-trade amounts due to subsidiaries, related parties and associates, comprising mainly advances, are unsecured, interest-free and repayable on demand.

Related parties refer to the director of the Group and non-controlling interest of subsidiaries.

21 OTHER OPERATING INCOME

The Group	2018 $	2017 $
Dividend income	17,200	4,596
Gain on disposal of property, plant and equipment	–	171,929
Fair value gain on investment properties (Note 5)	647,395	272,000
Fair value gain on financial assets, at fair value through profit or loss	49,548	34,594
Forfeiture of deposit	53,760	–
Rental Income	539,250	352,700
Government grants	79,015	251,906
Reversal of impairment allowance on other receivables	32,100	–
Others	239,203	53,730
	1,657,471	1,141,455

22 FINANCE INCOME

The Group	2018 $	2017 $
Interest income on bank balances	29,540	23,342

23 FINANCE COSTS

The Group	2018 $	2017 $
Interest expense on:		
– Finance lease liabilities	8,170	698,006
– Borrowings	1,419,284	913,960
– Bank overdrafts	–	60
– Convertible bonds	–	79,883
	1,427,454	1,691,909

24 PROFIT BEFORE TAXATION

The following items have been included in arriving at profit before taxation:

The Group	Note	2018 $	2017 $
Audit fees paid/payable to the auditors of the Company		148,260	135,000
Depreciation of property, plant and equipment	4	459,336	571,286
Loss on disposal of property, plant and equipment		8,871	–
Exchange loss, net		267	10,830
Impairment allowance on other receivables	10	–	33,958
Operating lease expense - rental		92,226	83,171
Impairment loss on development properties	12	415,875	–

25 EMPLOYEE BENEFIT EXPENSES

The Group	2018 $	2017 $
Salaries and related costs	4,508,833	4,296,077
Contributions to defined contribution plans	620,374	636,727
	5,129,207	4,932,804
Included in:		
Cost of sales	638,573	637,751
Administrative expenses	4,080,102	3,943,900
Development properties	410,532	351,153
	5,129,207	4,932,804

26 INCOME TAX EXPENSE / (BENEFIT)

The Group	2018 $	2017 $
Current tax expense		
Current year	37,853	437,193
Adjustment for prior years	(182,125)	(73,725)
	(144,272)	363,468
Deferred tax expense		
Origination and reversal of temporary differences	(523,265)	(16,323,002)
Adjustment for prior years	(674,494)	1,209,119
(Note 9)	(1,197,759)	(15,113,883)
	(1,342,031)	(14,750,415)

26 INCOME TAX EXPENSE (CONT'D)

The income tax expense / (benefit) on profit for the financial year varies from the amount of income tax determined by applying the Singapore standard rate of income tax to profit before taxation due to the following factors:

The Group	**2018**	**2017**
	$	**$**
Profit before taxation	4,069,313	2,922,447
Tax at statutory rate of 17% (2017 - 17%)	691,783	496,816
Tax effect on non-deductible expenses	355,672	126,139
Tax effect on non-taxable income	(1,473,750)	(425,298)
Effect of different tax rate in foreign jurisdictions	(3,945)	(6,451)
Tax credit, exemption and rebate	(52,514)	(93,578)
Deferred tax benefits on tax losses not recognised	63,828	370,626
Utilisation of tax benefits previously not recognised	(66,486)	(263,525)
Adjustment/derecognition #	(856,619)	(14,955,144)
	(1,342,031)	(14,750,415)

includes an amount of $16,164,263 related to recognition of deferred tax liability on real property gains tax arising from acquisition of properties in a business combination in prior years.

As at 30 September 2018, the Group has unutilised tax losses amounting to approximately $8,723,920 (2017 - $8,754,751). Deferred tax assets have not been recognised in respect of these tax losses because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom. The tax losses do not expire and can be carried forward to offset future taxable profits subject to compliance with tax regulations.

27 EARNINGS PER SHARE

The Group	**2018**	**2017**
		(Restated)
	$	**$**
Profit attributable to owners of the Company ($)	5,415,993	12,141,899
Weighted average number of ordinary shares issued used in the calculation of basic earnings per share	360,687,795	360,694,918
Basic and diluted earnings (cents per share)	1.50	3.37

28 SIGNIFICANT RELATED PARTY TRANSACTIONS

The Group	2018 $	2017 $
Short-term employee benefits	2,084,186	2,097,085
Contributions to defined contribution plans	181,101	191,634
	2,265,287	2,288,719
Comprised amounts paid/payable to:		
Directors of the Company*	1,604,846	1,599,138
Other key management personnel	660,441	689,581
	2,265,287	2,288,719

* includes directors' fees of $127,796 (2017 - $150,000)

29 OPERATING LEASE COMMITMENTS (NON-CANCELLABLE)

(a) Where the Group is the lessee

At the reporting date, the Group was committed to make the following rental payments in respect of operating leases of staff accommodation, office premises and office equipment.

The Group	2018 $	2017 $
Not later than one year	50,405	32,745
Later than one year and not later than five years	4,990	3,982
Later than five years	–	–
	55,395	36,727

The leases on the Group's staff accommodation and office equipment expire on May 2019 and April 2023.

29 OPERATING LEASE COMMITMENTS (NON-CANCELLABLE) (CONT'D)

(b) Where the Group is the lessor

At the reporting date, the Group had the following rentals receivable under non-cancellable operating leases related to investment properties:

The Group	2018	2017
	$	$
Not later than one year	625,302	266,578
Later than one year and not later than five years	563,398	58,902
Later than five years	–	–
	1,188,700	325,480

The leases on the Group's investment properties expire between November 2018 and August 2021.

30 CORPORATE GUARANTEES

As at 30 September 2018, the Company has provided guarantees to banks in respect of credit facilities granted to subsidiaries amounting to $74,874,064 (2017 - $124,569,412), of which $64,268,475 (2017 - $106,989,718) has been drawn down. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantees. The fair value of these corporate guarantees is estimated to be insignificant as the borrowings are fully collateralised by the related mortgaged properties and the subsidiaries have the ability to generate sufficient cash flows from their operations to repay the borrowings.

31 OPERATING SEGMENTS

The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Group's management and internal reporting structure. Geographical segment is not presented as the Group operates predominantly in Singapore. The revenue for the financial years ended 30 September 2018 and 2017 are largely earned in Singapore.

The Group's reportable segments are as follows:

(i) Property development segment - developing properties for sale
(ii) Construction segment - constructing residential and commercial properties
(iii) Property investment segment - investing in properties to earn rentals and for capital appreciation
(iv) Others - comprising mainly corporate office functions and investment in shares

Performance is measured based on segment profit before income tax which is used as a measure of performance is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment transactions are determined on mutually agreed terms. Certain assets of the Group are shared between the different segments. There is no reasonable basis to allocate such assets and liabilities of the Group between the different segments, and accordingly the assets and liabilities of the Group are disclosed as unallocated in the segment report.

31 OPERATING SEGMENTS (CONT'D)

	Sale of development properties		Construction revenue		Investment properties		Others		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	$	$	$	$	$	$	$	$	$	$
Revenue and other operating income	30,605,145	69,634,726	4,574,626	11,467,573	539,250	352,700	1,118,221	788,755	36,837,242	82,243,754
Less: Elimination	–	–	(4,208,863)	(11,281,893)	–	–	–	–	(4,208,863)	(11,281,893)
	30,605,145	69,634,726	365,763	185,680	539,250	352,700	1,118,221	788,755	32,628,379	70,961,861
Segment result	708,308	8,837,690	110,084	(15,640)	(613,252)	(639,658)	1,116,728	691,506	1,321,868	8,873,898
Share of results of associates	8,352,536	(372,265)	–	–	–	–	–	–	8,352,536	(372,265)
Unallocated expenses									(5,634,631)	(5,602,468)
Results from operating activities									4,039,773	2,899,165
Unallocated interest income									29,540	23,342
Unallocated finance costs									–	(60)
Profit before taxation									4,069,313	2,922,447
Taxation									1,342,031	14,750,415
Profit for the year									5,411,344	17,672,862
Other segment information:										
Write down in value of development properties for sale	(415,875)	–	–	–	–	–	–	–	(415,875)	–
Gain on disposal of property, plant and equipment (unallocated)	–	–	–	–	–	–	–	–	(8,871)	171,929
Fair value gain on investment properties	–	–	–	–	647,395	272,000	–	–	647,395	272,000
Gain on change in fair value of financial assets, at fair value through profit or loss	–	–	–	–	–	–	49,548	34,954	49,548	34,954
Addition to property, plant and equipment										
– allocated	–	–	–	120,454	–	68,660	–	–	–	189,114
– unallocated	–	–	–	–	–	–	–	–	330,430	135,224
	–	–	–	120,454	–	68,660	–	–	330,430	324,338
Additions to investment properties	–	–	–	–	125,866	10,314	–	–	125,866	10,314
Depreciation of property, plant and equipment										
– allocated	–	–	250,091	250,091	–	–	–	–	250,091	250,091
– unallocated	–	–	–	–	–	–	–	–	209,245	321,195
	–	–	250,091	250,091	–	–	–	–	459,336	571,286
Assets and liabilities										
Segment assets	241,764,796	260,948,918	1,198,071	967,028	90,571,216	89,320,485	–	–	333,534,083	351,236,431
Unallocated assets	–	–	–	–	–	–	–	–	9,550,512	25,301,454
Total assets	241,764,796	260,948,918	1,198,071	967,028	90,571,216	89,320,485	–	–	343,084,595	376,537,885
Segment liabilities	28,647,140	80,191,966	2,033,062	2,271,612	37,098,039	29,261,705	–	–	67,778,241	111,725,283
Unallocated liabilities	–	–	–	–	–	–	–	–	17,677,964	13,270,650
Total liabilities	28,647,140	80,191,966	2,033,062	2,271,612	37,098,039	29,261,705	–	–	85,456,205	124,995,933

31 OPERATING SEGMENTS (CONT'D)

Unallocated other income and expenses

There is no reasonable basis to allocate foreign exchange loss, interest income, general finance cost and income tax expense to the different segments, and accordingly these items have been disclosed as unallocated income and unallocated costs. Unallocated costs also include administrative expenses of the Company, dormant subsidiaries and subsidiaries which are engaged in more than one business segments. There is no reasonable basis to allocate such administrative expenses to the respective segments.

Unallocated assets and liabilities

The unallocated assets and liabilities are as follows:

The Group	2018 $	2017 $
Unallocated assets:		
Property, plant and equipment	685	776
Trade and other receivables	785,228	906
Other current assets	44,271	53,036
Other financial assets	420,629	171,981
Cash and cash equivalents	8,299,699	25,074,755
	9,550,512	25,301,454
Unallocated liabilities:		
Trade and other payables	4,510,342	182,910
Obligation under finance lease	167,621	87,740
Borrowings	13,000,000	13,000,000
	17,677,963	13,270,650

Geographical segment

The following table presents revenue and total non-current assets information based on the geographical location of customers and assets:

The Group	Singapore $	Malaysia $	Total $
2018			
External revenue	30,605,145	365,763	30,970,908
Non-current assets excluding deferred tax assets and financial instruments	80,262,975	21,233,520	101,496,495
Deferred tax assets	59,176	–	59,176
Available-for-sale financial asset	10,295,000	–	10,295,000
Total non-current assets	90,617,151	21,233,520	111,850,671

31 OPERATING SEGMENTS (CONT'D)

Geographical segment (Cont'd)

The Group	Singapore $	Malaysia $	Total $
2017			
External revenue	69,634,726	185,680	69,820,406
Non-current assets excluding deferred tax assets and financial instruments	70,599,300	21,015,878	91,615,178
Deferred tax assets	301,401	–	301,401
Available-for-sale financial asset	10,010,000	–	10,010,000
Total non-current assets	80,910,701	21,015,878	101,926,579

Revenue of approximately $3,700,000 (2017 - $Nil) are derived from a single external customer. These revenues are attributable to the Singapore property development segment.

32 FINANCIAL RISK MANAGEMENT

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks included credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

The carrying amounts of financial assets and financial liabilities at the reporting date by categories of FRS 39 are as follows:

The Group	2018 $	2017 $
Financial assets at fair value through profit or loss		
Other financial assets	420,629	171,981
Financial assets at fair value		
Available-for-sale financial asset	10,295,000	10,010,000
Loans and receivables		
Trade and other receivables	16,879,720	52,359,967
Cash and cash equivalents	8,299,699	25,074,755
	25,179,419	77,434,722
Financial liabilities at amortised cost		
Trade and other payables*	11,143,051	6,560,754
Obligations under finance leases	167,621	87,740
Bank borrowings	64,268,475	106,989,718
	75,579,147	113,638,212

* exclude advances/deposits received

32 FINANCIAL RISK MANAGEMENT (CONT'D)

The Company	2018 $	2017 $
Loans and receivables		
Trade and other receivables	64,595,562	66,506,893
Cash and cash equivalents	4,575,041	1,822,346
	69,170,603	68,329,239
Financial liabilities at amortised cost		
Trade and other payables	25,697,193	22,698,988
	25,697,193	22,698,988

32.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises from its variable rate borrowings.

Cash flow sensitivity analysis for variable rate instruments

A change of 10 basis points (bp) in interest rates on variable rate borrowings at the reporting date would have increased/decreased profit or loss before tax and equity by the amounts shown below.

The magnitude represents management's assessment of the likely movement in interest rates under normal economic conditions. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit before tax increase/(decrease)		Equity increase/(decrease)	
The Group	(10 bp increase) $	(10 bp decrease) $	(10 bp increase) $	(10 bp decrease) $
At 30 September 2018				
Bank loans	(64,268)	64,268	(64,268)	64,268

	Profit before tax increase/(decrease)		Equity increase/(decrease)	
The Group	(10 bp increase) $	(10 bp decrease) $	(10 bp increase) $	(10 bp decrease) $
At 30 September 2017				
Bank loans	(106,990)	106,990	(106,990)	106,990

32 FINANCIAL RISK MANAGEMENT (CONT'D)

32.2 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are dominated in foreign currencies.

The Group is exposed to currency risk on financial assets and financial liabilities that are denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily the United States Dollar. All of the Company's financial assets and financial liabilities are denominated in Singapore Dollar.

The Group does not use derivative financial instruments to protect against the volatility associated with foreign currency transactions. Exposure to foreign currency risk is monitored on an on-going basis and the Group endeavours to keep the net exposure at an acceptable level.

The Group	**USD**
	$
At 30 September 2018	
Financial assets	
Trade and other receivables	4,331,488
Financial liabilities	
Trade and other payables*	(3,879)
Net financial assets	4,327,609
At 30 September 2017	
Financial assets	
Trade and other receivables	3,883,316
Financial liabilities	
Trade and other payables*	(3,880)
Net financial assets	3,879,436

* exclude advances/deposits received

Sensitivity analysis for foreign currency risk

A 5% strengthening of the United States Dollar against the functional currency of each of the Group's entities at the reporting date held by the Group and the Company would increase/(decrease) profit or loss before tax by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. A weakening of the United States Dollar would have the equal but opposite effect. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular interest rates, remain constant.

32 FINANCIAL RISK MANAGEMENT (CONT'D)

32.2 Currency risk (Cont'd)

The Group	2018 Profit before tax increase/ (decrease) $	2018 Equity increase/ (decrease) $	2017 Profit before tax increase/ (decrease) $	2017 Equity increase/ (decrease) $
United States Dollar strengthens 5% (2017 - 5%)	216,380	216,380	193,972	193,972

32.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. As part of its overall prudent liquidity management, the Group maintains sufficient level of cash to meet its working capital requirement.

The table below analysis the maturity profile of the Company's and the Group's financial liabilities based on contractual undiscounted cash flows:

		Contractual undiscounted cash flows			
The Group	Carrying amount $	Total $	1 year or less $	Between 2 and 5 years $	Over 5 years $
As at 30 September 2018					
Trade and other payables*	11,143,051	11,143,051	11,143,051	–	–
Obligations under finance leases	167,621	198,978	41,712	126,941	30,325
Bank borrowings	64,268,475	66,221,853	43,273,593	22,948,260	–
	75,579,147	77,563,882	54,458,356	23,075,201	30,325
As at 30 September 2017					
Trade and other payables*	6,560,754	6,560,754	6,560,754	–	–
Obligations under finance leases	87,740	104,312	42,879	61,433	–
Bank borrowings	106,989,718	108,690,683	88,893,327	19,797,356	–
	113,638,212	115,355,749	95,496,960	19,858,789	–

* exclude advances/deposits received

32 FINANCIAL RISK MANAGEMENT (CONT'D)

32.3 Liquidity risk (Cont'd)

The Company	Carrying amount	Total	1 year or less	Between 2 and 5 years	Over 5 years
		Contractual undiscounted cash flows			
	$	$	$	$	$
As at 30 September 2018					
Trade and other payables	25,697,193	25,697,193	25,697,193	–	–
Financial guarantee contracts	74,874,064	74,874,064	74,874,064	–	–
	100,571,257	100,571,257	100,571,257	–	–
As at 30 September 2017					
Trade and other payables	22,698,988	22,698,988	22,698,988	–	–
Financial guarantee contracts	124,569,412	124,569,412	124,569,412	–	–
	147,268,400	147,268,400	147,268,400	–	–

At the reporting date, the Company does not consider it probable that a claim will be made against under the intragroup financial guarantees.

32.4 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's exposure to credit risk arises primarily from trade and other receivables.

The Group's objective is to seek continual growth while minimising losses arising from credit risk exposure. The Group closely monitors and avoids any significant concentration of credit risk on any of its development properties sold. In addition, receivable balances and payment profile of the debtors are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant. For other financial assets, the Group adopts the policy of dealing mainly with reliable credit quality counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. This allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

At the reporting date, other than as disclosed in Note 10, no allowance for impairment is necessary in respect of trade and other receivables past due and not past due based on the credit quality and past collection history of the counterparties.

At the reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

32 FINANCIAL RISK MANAGEMENT (CONT'D)

32.4 Credit risk (Cont'd)

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of each financial asset. The Company has provided guarantees to banks in respect of credit facilities granted to subsidiaries amounting to $74,874,064 (2017 - $124,569,412). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantees.

Cash and cash equivalents are placed with banks and financial institutions which are regulated and of good credit ratings.

32.5 Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices.

Market price risk arises from quoted investments which are classified as financial assets at fair value through profit or loss.

Market price sensitivity analysis

A 3% increase/decrease in prices these investments at the reporting date would result in an increase/decrease in the Group's profit net of tax by $12,619 (2017 – $5,159), arising as a result of higher/lower fair value gains on financial assets at fair value through profit or loss.

33 CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are:

(a) To safeguard the Group's and the Company's ability to continue as a going concern;

(b) To support the Group's and the Company's stability and growth;

(c) To provide capital for the purpose of strengthening the Group's and the Company's risk management capability; and

(d) To provide an adequate return to shareholders.

The Group and the Company review and manage their capital structures to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group and the Company currently do not adopt any formal dividend policy.

Management monitors capital based on net gearing ratio. Net gearing ratio is calculated as net external debt divided by equity. Net external debt is calculated as borrowings less cash and cash equivalents.

There were no changes in the Group's and the Company's approach to capital management during the year.

33 CAPITAL MANAGEMENT (CONT'D)

The Group and the Company are not subject to externally imposed capital requirements other than as disclosed.

	The Group		The Company	
	2018	2017	2018	2017
	$	$	$	$
Obligations under finance leases	167,621	87,740	–	–
Bank borrowings	64,268,475	106,989,718	–	–
Borrowings	64,436,096	107,077,458	–	–
Cash and cash equivalents	(8,299,699)	(25,074,755)	(4,575,041)	(1,822,346)
Net debt	56,136,397	82,002,703	(4,575,041)	(1,822,346)
Equity	203,956,288	199,466,483	55,006,837	56,458,260
Capital net debt ratio	28%	41%	n.m.	n.m.

34 FAIR VALUE MEASUREMENT

Definition of fair value

FRSs define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 : unobservable inputs for the asset or liability.

34 FAIR VALUE MEASUREMENT (CONT'D)

Fair values of financial instruments

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

The Group	Level 1 $	Level 2 $	Level 3 $	Total $
30 September 2018				
Available-for-sale financial assets (Note 8)	–	–	10,295,000	10,295,000
Financial assets, at fair value through profit or loss (Note 13)	420,629	–	–	420,629
	420,629	–	10,295,000	10,715,629
30 September 2017				
Available-for-sale financial assets(Note 8)	–	–	10,010,000	10,010,000
Financial assets, at fair value through profit or loss (Note 13)	171,981	–	–	171,981
	171,981	–	10,010,000	10,181,981

Fair value measurement of financial assets

Available-for-sale financial asset (Note 8)

The fair values of the available-for-sale financial asset are estimated using the adjusted net asset method for FY 2018, which estimates the equity value by adjusting the book value of assets and liabilities to reflect their current market value.

The fair value of available-for-sale financial asset included in Level 3 is determined as follows:

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement	Sensitivity of the fair value measurement to input
Fair value adjusted net asset value	Control	The higher the control, the higher the fair value	An increase by 10%/(decrease by 10%) of the fair value would (decrease)/increase the carrying amount by $1,029,500 (2017 - $1,001,000)
	Liquidity	The higher the liquidity, the higher the fair value	
	Net assets of investee – land adjusted for factors specific to the revalued land including plot size, plot ratio, location, encumbrances and intended use	The higher the net assets of the investee, the higher the fair value.	

The reconciliation of the movement is disclosed in Note 8.

There were no transfers between Level 1 and Level 2 in 2018 or 2017.

34 FAIR VALUE MEASUREMENT (CONT'D)

Measurement of fair value

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialist for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximizing the use of market-based information. The finance team reports directly to the chief financial officer (CFO) and to the audit committee. Valuation processes and fair value changes are discussed among the audit committee and the valuation team at lease every year, in line with the Group's reporting dates.

Financial assets at fair value through profit or loss (Note 13)

The fair value of financial instruments traded in active markets (such as financial assets at fair value through profit or loss) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Obligations under finance leases (Note 18)

The carrying amounts of finance leases approximate their fair values as they bear interest at rates which approximate market rates for similar agreements.

Bank borrowings (Note 19)

The carrying amounts of bank borrowings (current and non-current) whose interest rates are re-priced within 12 months are measured at amortised cost for which the fair value is disclosed in Note 19.

Other financial assets and liabilities

The carrying amounts of financial assets and financial liabilities of less than one year including trade and other receivables (Note 10), cash and cash equivalents (Note 14) and trade and other payables, excluding advances/ deposits received, (Note 20) approximate their fair values because of the short period to maturity.

<u>Fair value measurement of non-financial assets</u>

The Group	Level 1	Level 2	Level 3	Total
	$	$	$	$
30 September 2018				
Investment properties (Note 5)	88,008,520	–	–	88,008,520
	88,008,520	–	–	88,008,520
30 September 2017				
Investment properties (Note 5)	86,792,567	–	–	86,792,567
	86,792,567	–	–	86,792,567

34 FAIR VALUE MEASUREMENT (CONT'D)

Investment properties (Note 5)

The fair value of the investment properties is determined by independent firms of professional valuers who have appropriate recognised professional qualification and experience in the category of the investment properties being valued.

Investment properties are valued on a highest and best used basis. Highest and best used basis is used for fair value measurement of non-financial assets. For all of the Group's investment properties, the current use is considered to be the highest and best use. The fair value of investment properties, classified as Level 1, has been derived using the direct comparison method, which is checked against the fair value derived from the income capitalisation method, and residual method.

The direct comparison method involves the analysis of comparable sales of similar properties with adjustments made to reflect the differences in size, location, physical features, condition, tenure, prevailing market conditions and other relevant factors affecting its fair value. The residual method is based on assessment of the value of the project as if it is completed using a comparison approach and deducting the total costs of the development as well as an appropriate allowance for profit on the development.

The fair value of investment properties included in Level 1 is determined as follows:

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Direct comparison method	– Price per square meter – Expected average rental growth – Capitalisation rate	The estimated fair value would increase (decrease) if: – Price per square meter was higher (lower); – Expected average rental growth was higher (lower); – Capitalisation rate was lower (higher).
Residual method	– Price per square meter – Discount rate	The estimated fair value would increase (decrease) if: – Price per square meter was higher (lower); – Discount rate was lower (higher).

The reconciliation of the carrying amounts of investment properties is disclosed in Note 5.

35 DIVIDEND

The Company	2018 $	2017 $
Tax-exempt dividends paid:		
Final dividend of 0.3 cent (2017 - 0.3 cent) per sharein respect of previous financial year	1,082,085	1,082,085
Interim dividend of 0.75 cent (2017 - 0.6 cent) per share in respect of current financial year	2,705,213	2,164,171
	3,787,298	3,246,256

At the Annual General Meeting, a final dividend of 0.3 Singapore cent per share for the financial year ended 30 September 2018 will be proposed. These financial statements do not reflect this dividend, which will be accounted for in shareholder's equity as an appropriation of retained earnings in the financial year ending 30 September 2019.

36 PRIOR YEAR ADJUSTMENT

The Group noted that certain consolidation adjustments were not allocated to the non-controlling interest in the prior financial year ended 30 September 2017. This is mainly to account for the non-controlling interest's share in the decrease in deferred tax liability in FY2017 to record estimated real property gains tax in relation to a subsidiary's Malaysian properties at a lower tax rate, as the properties had not been sold after the stipulated period. Accordingly, the following restatements were accounted for retrospectively.

The Group	As reported $	Adjustment $	As restated $
Consolidated statement of financial position as at 30 September 2017			
Reserves	151,085,690	(5,542,921)	**145,542,769**
Non-controlling interest	46,532,548	5,542,921	**52,075,469**
Consolidated statement of comprehensive income for the financial year ended 30 September 2017			
Profit/(Loss) attributable to:			
Owners of the Company	17,684,820	(5,542,921)	**12,141,899**
Non-controlling interest	(11,958)	5,542,921	**5,530,963**
Total comprehensive income attributable to:			
Owners of the Company	19,184,082	(5,542,921)	**13,641,161**
Non-controlling interest	184,659	5,542,921	**5,727,580**

STATISTICS OF SHAREHOLDINGS

As at 18 december 2018

NUMBER OF ISSUED SHARES	:	394,066,518
NUMBER OF ISSUED SHARES (EXCLUDING TREASURY SHARES)	:	360,594,918
NUMBER/PERCENTAGE OF TREASURY SHARES	:	33,471,600 (9.28%)
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	1 VOTE PER SHARE

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO OF SHARES	%
1 – 99	91	20.36	1,195	0.00
100 – 1,000	90	20.13	78,182	0.02
1,001 – 10,000	102	22.82	530,610	0.15
10,001 – 1,000,000	142	31.77	16,274,819	4.51
1,000,001 & above	22	4.92	343,710,112	95.32
TOTAL	447	100.00	360,594,918	100.00

TOP TWENTY SHAREHOLDERS AS AT 18 DECEMBER 2018	NO. OF SHARES	%
CITRINE CAPITAL PTE LTD	79,000,794	21.91
HONG LEONG FINANCE NOMINEES PTE LTD	56,500,000	15.67
KOH CHIN KIM	45,780,000	12.70
DB NOMINEES (SINGAPORE) PTE LTD	35,246,000	9.77
TAN CHEE BENG	27,795,000	7.71
TAN CHEE TIONG	22,917,400	6.36
TAN BEE BEE	21,208,700	5.88
RHB SECURITIES SINGAPORE PTE LTD	14,710,800	4.08
SBS NOMINEES PTE LTD	9,760,000	2.71
CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	4,085,299	1.13
SNG SIEW LIN	3,985,500	1.11
WEE HUI HIAN	3,024,000	0.84
TEO YOKE KWAN	2,734,400	0.76
DBS NOMINEES PTE LTD	2,606,719	0.72
TAN KIM SENG	2,559,500	0.71
DIANA SNG SIEW KHIM	2,500,800	0.69
RAFFLES NOMINEES (PTE) LIMITED	2,459,100	0.68
SEAH KHENG LUN	2,000,000	0.55
YEO KOK HIONG	1,480,000	0.41
MAYBANK KIM ENG SECURITIES PTE. LTD.	1,169,800	0.32
	341,523,812	94.71

STATISTICS OF SHAREHOLDINGS

As at 18 december 2018

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 18 December 2018:

	Direct Interest		Deemed Interest	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**
Koh Chin Kim	45,780,000	12.69	237,549,994 [1]	65.88
Tan Chee Beng	27,795,000	7.71	255,534,994 [1][2]	70.86
Tan Chee Tiong	22,917,400	6.35	260,412,594 [1][3]	72.22
Tan Bee Bee	21,208,700	5.88	262,121,294 [1]	72.69
Citrine Capital Pte Ltd	79,000,794	21.91	56,500,000 [4]	15.67

Notes:

(1) Tan Chee Beng, Tan Chee Tiong and Tan Bee Bee are siblings. Their mother is Koh Chin Kim. Each of Tan Chee Beng, Tan Chee Tiong, Tan Bee Bee and Koh Chin Kim is deemed interested in all the Shares held by their family members.

(2) Tan Chee Beng is deemed interested in 14,000,000 ordinary shares held in the name of DB Nominees (S) Pte Ltd, 79,000,794 shares held in the name of Citrine Capital Pte Ltd and 56,500,000 shares held in the name of Hong Leong Finance Nominees Pte Ltd through Citrine Capital Pte Ltd.

(3) Tan Chee Tiong is deemed interested in 16,128,100 ordinary shares held in the name of DB Nominees (S) Pte Ltd.

(4) Citrine Capital Pte Ltd is deemed interested in 56,500,000 ordinary shares held in the name of Hong Leong Finance Nominees Pte Ltd.

SHAREHOLDING BY THE PUBLIC

Based on the information available to the Company as at 18 December 2018, approximately 21.43% of the issued ordinary shares of the Company is held by the public, and therefore, Rule 723 of the Singapore Exchange Securities Trading Limited Listing Manual is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Goodland Group Limited (the "**Company**") will be held at Seletar Country Club, 101 Seletar Club Road, Seletar Room, Level 2, Singapore 798273 on Tuesday, 29 January 2019 at 9.00 a.m. to transact the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 30 September 2018 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final tax-exempt (one-tier) dividend of 0.3 Singapore cent per ordinary share for the financial year ended 30 September 2018. **(Resolution 2)**

3. To approve the payment of Directors' Fees of $230,000.00 for the financial year ending 30 September 2019. (2018: S$127,796) **(Resolution 3)**

4. To re-elect the following Directors of the Company who retire by rotation in accordance with Regulation 98 of the Company's Constitution and who, being eligible, offer themselves for re-election:

   4.1 Mr Tan Chee Beng **(Resolution 4)**
   4.2 Dr Tan Chee Tiong **(Resolution 5)**

5. To re-elect the following Directors of the Company who retire by rotation in accordance with Regulation 102 Company's Constitution and who, being eligible, offer themselves for re-election:

   5.1 Mr Irving Choh Thian Chee **(Resolution 6)**
   5.2 Mr Charles Chong You Fook **(Resolution 7)**

   Mr Irving Choh Thian Chee will, upon re-election as a Director of the Company, remain as a member of the Audit Committee, Remuneration Committee and Nominating Committee and he will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

   Mr Charles Chong You Fook will, upon re-election as a Director of the Company, remain as a member of the Audit and Remuneration Committee and Chairman of the Nominating Committee and he will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

6. To re-appoint Messrs Foo Kon Tan LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 8)**

7. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. Authority to allot and issue shares

That pursuant to Section 161 of the Companies Act, Chapter 50 ("**Companies Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:-

(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) options, 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 of the Company 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 of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per cent. (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per cent. (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(i) new Shares arising from the conversion or exercise of any convertible securities;

(ii) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(iii) any subsequent bonus issue, consolidation or subdivision of Shares;

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) all applicable legal requirements under the Companies Act and otherwise, and the Constitution of the Company; and

(3) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (i)] **(Resolution 9)**

9. Renewal of Share Buy-Back Mandate

That: -

(a) for the purposes of Sections 76C and 76E of the Companies Act (Chapter 50) of Singapore ("**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) market purchase(s) (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited (the "SGX-ST"); and/or

(ii) off-market purchase(s) (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Listing Manual of the SGX-ST ("**Listing Manual**") and the Companies Act, and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act, the Constitution of the Company and the Listing Manual as may for the time being be applicable be and is hereby authorised and approved generally and unconditionally (the "**Share Buy-Back Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the Relevant Period and expiring on the earliest of:

(i) the conclusion of the next annual general meeting of the Company is held or date by which such annual general meeting is required by law to be held; or

(ii) the date on which the share buybacks are carried out to the full extent of the Share Buy-Back Mandate; or

(iii) the date on which the authority conferred in the Share Buy-Back Mandate is varied or revoked by the Company in a general meeting;

(c) for purposes of this ordinary resolution:

"Maximum Limit" means ten per cent. (10%) of the total issued ordinary shares of the Company as at the date of the passing of this Resolution 10, unless the Company has effected a reduction of the share capital of the Company (other than a reduction by virtue of a share buy-back) in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as hereinafter defined) in which event the issued ordinary shares of the Company shall be taken to be the total number of the issued ordinary shares of the Company as altered by such capital reduction (the total number of ordinary shares shall exclude any ordinary shares that may be held as treasury shares by the Company from time to time);

"Relevant Period" means the period commencing from the date of the passing of this Resolution 10 and expiring on the earliest of the date the next annual general meeting of the Company is held or is required by law to be held, or the date on which the share buy-backs are carried out to the full extent of the Share Buy-Back Mandate, or the date the said mandate is revoked or varied by the Company in a general meeting;

"Maximum Price", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a Market Purchase, five per cent. (5%) above the average of the closing market prices of the Shares over the five (5) Market Days on which transactions in the Shares were recorded before the day on which the Market Purchase was made by the Company and deemed to be adjusted for any corporate action that occurs after the relevant five (5)-day period; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 15% above the average of the closing market prices of the Shares over the five (5) Market Days on which transactions in the Shares were recorded before the day on which the Company makes an announcement of an offer under the Off-Market Purchase scheme stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5)-day period; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities;

(d) the number of Shares which may in aggregate be purchased or acquired by the Company during the Relevant Period shall be subject to the Maximum Limit;

(e) the Directors of the Company and/or any of them be and are hereby authorised to deal with the Shares purchased by the Company, pursuant to the Share Buy-Back Mandate in any manner as they think fit, which is permitted under the Companies Act;

(f) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they and/or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution 10.
[See Explanatory Note (ii)] **(Resolution 10)**

Explanatory Notes:

(i) The Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments, up to the amount not exceeding in aggregate fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed, for such purposes as they consider would be in the interest of the Company.

(ii) The Ordinary Resolution 10 proposed in item 9 above, if passed, renews the Share Buy-Back Mandate authorising the Directors of the Company, from time to time, to buy back shares of the Company by way of market purchase(s) and/or off-market purchase(s) subject to and in accordance with the prescribed rules and regulations governed by the Companies Act, the Listing Manual and such other laws and regulations as may for the time being applicable.

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Goodland Group Limited (the "**Company**") will be closed on 8 February 2019 , for the purpose of determining members' entitlements to the final exempt (one-tier) dividend of 0.3 Singapore cent (the "**Proposed Final Dividend**") to be proposed at the Annual General Meeting of the Company ("**AGM**") to be held on 29 January 2019.

Duly completed registrable transfers in respect of the shares in the Company received up to the close of business at 5.00 p.m. on 8 February 2019 by the Company's Share Registrar, B.A.C.S. Private Limited, 8 Robinson Road, #03-00 ASO Building, Singapore 048544 will be registered to determine members' entitlements to the Proposed Final Dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares in the Company as at 5.00 p.m. on 8 February 2019 will be entitled to such Proposed Final Dividend.

The Proposed Final Dividend, if approved by shareholders at the AGM to be held on 29 January 2019, will be paid on or about 15 February 2019.

By Order of the Board

Hor Swee Liang
Company Secretary
14 January 2019

Notes:

1. A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote at the Annual General Meeting. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. A proxy need not be a member of the Company.

2. A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Annual General Meeting, provided that each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in the form of proxy including the number and class of shares in relation to which each proxy has been appointed, at its office at 3 Kim Chuan Lane, #07-01 Goodland Group Building, Singapore 537069.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

3. The instrument appointing a proxy or proxies must be deposited at its office at 3 Kim Chuan Lane, #07-01 Goodland Group Building, Singapore 537069, not less than forty-eight (48) hours before the time appointed for the Annual General Meeting.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

This page has been intentionally left blank

This page has been intentionally left blank

This page has been intentionally left blank

GOODLAND GROUP LIMITED
Company Registration No. 200405522N
(Incorporated in the Republic of Singapore)

IMPORTANT
1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF investors who hold shares through their CPF funds. CPF investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ____(Name)

of ____(Address)

being a member/members of **GOODLAND GROUP LIMITED** (the "Company"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Seletar Country Club, 101 Seletar Club Road, Seletar Room, Level 2, Singapore 798273 on Tuesday, 29 January 2019 at 9.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	**Resolutions relating to:**	**For**	**Against**
	Ordinary Business		
1	Adoption of Directors' Statement and Audited Financial Statements for the year ended 30 September 2018		
2	Declaration of a final tax-exempt (one-tier) dividend		
3	Approval of Directors' Fees amounting to S$230,000.00 for the financial year ending 30 September 2019 (2018: S$127,796.00)		
4	Re-election of Mr Tan Chee Beng as a Director		
5	Re-election of Dr Tan Chee Tiong as a Director		
6	Re-election of Mr Irving Choh Thian Chee as a Director		
7	Re-election of Mr Charles Chong You Fook as a Director		
8	Re-appointment of Foo Kon Tan LLP as Auditors		
	Special Business		
9	Authority to allot and issue Shares pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore		
10	Renewal of Share Buy-Back Mandate		

Dated this__________day__________of 2019

Total number of Shares held

____
Signature(s) of member(s) or common seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you only have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you only have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. However, if you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. A Member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote at the Meeting. Where such Member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

3. A Member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Meeting, provided that each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this form of proxy including the number and class of shares in relation to which each proxy has been appointed, at its office at 3 Kim Chuan Lane, #07-01 Goodland Group Building, Singapore 537069.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

4. A proxy need not be a Member.

5. 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, to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at its office at 3 Kim Chuan Lane, #07-01 Goodland Group Building, Singapore 537069, not less than forty-eight (48) hours before the time appointed for the Meeting.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 14 January 2019.

GOODLAND GROUP LIMITED
良園集團

FORGING AHEAD WITH

POWER AND STABILITY

ANNUAL REPORT 2018

GOODLAND GROUP LIMITED

3 Kim Chuan Lane
#07-01, Goodland Group Building Singapore 537069
Tel: 6289 0003
Fax: 6289 3818

www.goodlandgroup.com.sg
Co. Reg. Number: 200405522N