RECORDING STRONG GROWTH

KING WAN CORPORATION LIMITED
ANNUAL REPORT 2011

Special Limited Edition 2011 (Not for Sale)

8 Sungei Kadut Loop, Singapore 729455 • **T:** +65 6368 4300 • **F:** +65 6365 7675 • **E:** kwc@kingwan.com.sg • **W:** www.kingwan.com

COMMITMENT

We are fully committed to our customers, our staff and our shareholders to give them returns that exceed their expectations.

QUALITY & RELIABILITY

We aim to provide services that are unsurpassed in quality and reliability attained through regulated, coordinated planning and management, while ensuring competitive cost execution.

INTEGRITY & PROFESSIONALISM

We do our jobs with the highest level of integrity and professionalism.

PEOPLE

We value the contribution of each and every member of our team and seek to develop all staff to their fullest potential.

PASSION

We approach every task with heart and passion.

BUILDING SOLID FOUNDATIONS

CONTENTS

CHAIRMAN'S STATEMENT

Dear Shareholders,

The past financial year has proven to be a good year for King Wan Corporation Limited (King Wan) with the positive effects from the global economic recovery and results of the company's diversification strategies bearing fruit. Indeed, our company's adoption of a multi-country, multi-industry portfolio strategy to broaden our earnings streams and better manage investment risks has proven effective in wiring King Wan for strong growth.

As an integrated building services company, which provides mechanical and electrical (M&E) engineering services for the building and construction industry, and operates in three other business segments - Property, Manufacturing and Services - King Wan is on track in growing its various businesses.

A key reason for our success is our emphasis on our core values of commitment, quality and reliability, integrity and professionalism, people and passion. We are committed to our customers, staff and shareholders in order to give returns that exceed their expectations. Our aim is to provide excellent and dependable services, which we execute with the highest level of integrity and professionalism.

King Wan's various strengths have stood the Group in a positive position since it was founded as an M&E engineering company in 1977. These strengths are our solid track record, good management team, experienced and well-trained staff, good financial management and effective diversification strategy. We have a 34-year strong track record in the building and construction industries due to our well-regarded expertise and vast experience. Over the years, the Group's M&E Engineering Division has carved a firm foothold in the Singapore market and achieved a leading industry position.

The company's multi-country, multi-industry portfolio strategy is in place, leading to stable and diversified revenue streams. Its diversified business portfolio, which is currently spread across Singapore, Thailand and China, helps to limit King Wan's exposure to the vagaries of any singular economy and diversify the extent of risks, as well as broaden its earnings streams.

Performance Review

In the past financial year, King Wan achieved a record net profit of S$13.7 million, up 44 per cent from S$9.5 million the year before. This

figure was the highest the Group has attained since it was listed in the Singapore Stock Exchange in 2000. Its revenue remained strong at S$70.4 million, comparable to the previous year's S$70.5 million.

Due to higher profits, earnings per share for financial year 2011 grew 44 per cent to 3.91 Singapore cents from the previous 2.72 Singapore cents. Gross profit for the year rose by 37 per cent to S$11.4 million as a result of higher gross profit margin of 16.2 per cent compared to 11.8 per cent in the previous year. Profit before income tax jumped by 46 per cent to S$14.8 million compared to S$10.1 million recorded previously.

This past year's good performance can be attributed to a number of factors such as the stable revenues from its M&E engineering business, and higher contributions from its associate companies. The main contributor to the Group's revenue is its bread-and-butter M&E engineering business, which saw higher gross profit contributions from more ongoing contracts.

Its associate companies also made substantially higher contributions for the period. These included gains on disposals of an associate, Cables International Pte Ltd, which strengthened the Group's profits by S$4.3 million, and a subsidiary, Self Cote Investment Pte Ltd. King Wan sold its entire 30 per cent interest in Cables International Pte Ltd for S$9 million, which was a huge profit from its initial investment of S$0.6 million. The decision to sell its stake in the cables' business was consistent with management's commitment to manage and optimise its business portfolio.

The Group also enjoyed positive contributions from its associates, particularly its two investments in manufacturing in Thailand. Its 20 per cent-owned associate, Environment Pulp & Paper Co., Ltd (EPPCO) increased its contribution by 110 per cent compared to the last corresponding year. EPPCO manufactures pulp from sugarcane bagasse and its higher contribution arose from higher prices that it managed to secure for its products, coupled with lower cost of production. Ekarat Pattana Co., Ltd, another 20 per cent-owned associate, which manufactures and distributes ethanol, added S$2.6 million to the Group's profits for the year, which was consistent with its contribution in the last year.

We believe our strong business fundamentals have been an asset in sustaining our growth. The Group's balance sheet remained healthy as it was in a net cash position backed by cash and cash equivalents of S$23.4 million as at 31 March 2011. Net working capital stood at S$24.9 million, an improvement of 58 per cent compared to S$15.8 million previously. It registered a net cash flow from operating activities of S$4.0 million for the year. Assets totalled S$105 million and net assets came to S$79.8 million, representing a net asset value per share of 22.9 Singapore cents.

The Board of Directors is proposing a second and final dividend of 0.8 Singapore cent per share, payable in August 2011. Including an interim dividend of 0.5 Singapore cent per share paid on 10 December 2010, the total dividend paid would be 1.3 Singapore cents per share for the year. This works out to a dividend payout ratio of 33 per cent.

Implementing Our Strategy Effectively

In wiring the company for future success, we have continued to implement our diversification strategy effectively. This involves increasing profits by the M&E engineering business from more ongoing contracts; having stable contributions from the two associates, EPPCO and Ekarat Pattana; and overseeing prudent financial and risk management. The Group also continues to invest in ventures where it sees excellent opportunities for strong growth and improving its revenue streams.

In the past financial year, King Wan has taken several strategic initiatives in order to fine-tune its strategy. For example, in August 2010, the company launched "The Starlight Suites" through its 35 per cent associate, Meadows Property Pte Ltd, a 35-storey iconic building with 105 freehold units in central Singapore. This new development is expected to be completed by mid-2014.

Industry Outlook

The Building and Construction Authority of Singapore expects a sustained level of construction demand in 2012 and 2013 of between S$19 billion and S$26 billion worth of contracts to be awarded annually. With the positive economic growth, low interest rate and high liquidity environment, Singapore's private residential market has been strong in the last 12 months. This demand combined with the

launch of 25,000 Housing and Development (HDB) units in 2011 to meet pent-up demand, will result in more contracts being awarded in the private residential and commercial and public housing sectors.

In China, the demand for affordable properties in tier two cities such as Dalian continues to look promising in the long-term. This is due to rapid urbanisation, rising income and economic growth.

In the manufacturing business, the worldwide demand for ethanol and biofuels continue to remain strong and encouraging. Environmentally-friendly pulp is also finding good prospects in the food and packaging industry.

Services for portable chemical toilets will remain steady due to the demand from public events and construction worksites.

Looking Ahead Strategically

The outlook for 2012 appears positive for our M&E engineering business. Our order book is strong and stands at approximately S$129 million based on secured M&E engineering contracts as at 31 March 2011, with projects lasting up to 2014. Our balance sheet is in good form with healthy working capital, healthy net cash flow from operating activities, and strong cash position; and strong support from our bankers. The projected rise in construction demand in Singapore augers well for the Group as it seeks to continue to participate in tenders for condominiums and HDB projects.

In China, Dalian's residential property market has enormous potential for the future. The Group is making preparations to launch the next phase of development in Dalian as soon as timing and business opportunities are right. We will ride on next growth wave in China to further boost our market presence in a sector with tremendous long-term prospects.

With the world's rising demand for environmentally-friendly products, the two manufacturing investments in Thailand are expected to continue to contribute steady profit streams to the Group.

To enhance long-term shareholder value, we will continue to focus on the markets we are in and explore new geographic markets, business segments and strategic investments that complement our multi-country, multi-industry portfolio strategy.

Acknowledgement

On behalf of the Board, I would like to express my heartfelt thanks to our customers, business partners and associates for their unwavering support and helpful partnership through the years. We are also grateful for the confidence and endorsement that our shareholders have placed in our company and team. Without doubt, our deepest appreciation goes to the management team and staff for their commitment and hard work, which have helped steered our company in the direct direction for sustainable growth.

Finally, I also like to express my sincere gratitude to my fellow directors for their wise counsel and invaluable contributions, which have helped King Wan to achieve record success this past year.

Chua Kim Hua
Chairman

GROUP STRUCTURE

KING WAN CORPORATION LIMITED

- 100% King Wan Construction Pte Ltd (Singapore)
- 100% King Wan Development Pte Ltd (Singapore)
  - 35% Meadows Bright Development Pte Ltd (Singapore)
    - 100% Meadows Property Pte Ltd (Singapore)
  - 37% Dalian Shicheng Property Development (S) Pte Ltd (Singapore)
    - 100% Dalian Shicheng Property Development Co., Ltd (China)
  - 30% S.I. Property Co., Ltd (Thailand)
- 100% K & W Mobile Loo Services Pte Ltd (Singapore)
- 100% King Wan Industries Pte Ltd (Singapore)
  - 20% Ekarat Pattana Co., Ltd (Thailand)
- 20% Environment Pulp & Paper Co., Ltd (Thailand)

BOARD OF DIRECTORS

Nathapun Siriviriyakul

Chua Eng Eng

Chua Kim Hua

Lim Hock Beng

Goh Chee Wee

Chua Hai Kuey

Chua Kim Hua – Group Chairman
First appointed – 8 February 2000, re-appointed – 28 July 2010

Mr Chua, 71, serves as the Group's Chairman. He brings with him more than 40 years of experience in the building and construction industry. He started his career in 1967 as a licensed PUB electrician. He joined the Group as a Director in July 1983 and paved the way for its expansion and diversification. Mr Chua actively seeks new business opportunities for the Group and is responsible for the Group's long-term growth and development. He has been conferred the Long Service Award by the Ministry of Education and has also been awarded the Public Service Medal, Pingat Bakti Masyarakat (PBM) and the Public Service Star, Bintang Bakti Masyarakat (BBM). Mr Chua is also a member of the Nomination Committee.

Chua Hai Kuey – Executive Director
First appointed – 8 February 2000, re-elected – 28 July 2009

Mr Chua, 60, is an Executive Director of the Group and the Managing Director of King Wan Construction Pte Ltd. He holds an advance level General Certificate of Education. Mr Chua is responsible for the Group's day-to-day operations, including the technical, engineering and quality control aspects of all projects. In addition, he oversees the supervision of projects, troubleshoots as necessary and takes requisite measures to monitor wastage and control cost. His job scope also includes project management, project tenders as well as quality management.

Chua Eng Eng – Managing Director
First appointed – 9 November 2000, re-elected – 31 July 2008

Ms Chua, 41, serves as the Managing Director of the Group. She holds a Bachelor of Arts Degree in Economics from the National University of Singapore. Ms Chua is responsible for strategic operation, business development, corporate planning, and implementing policies and activities for the Group. She is also responsible for all administration, financial, investment, recruitment, legal and corporate affairs.

Goh Chee Wee – Independent Non-Executive Director
First appointed – 9 November 2000, re-elected – 31 July 2008

Mr Goh, 65, is an Independent Non-Executive Director. He is the Chairman of the Remuneration Committee and Nomination Committee, and is also a member of the Audit Committee. Mr Goh is currently a Director of a number of public listed companies, NTUC Co-operatives and SLF subsidiary companies. He was formerly a member of Parliament and Minister of State for Trade & Industry, Labour & Communications. He was also the Group Managing Director of listed firm Comfort Group Ltd.

Nathapun Siriviriyakul – Independent Non-Executive Director
First appointed – 6 November 2008, re-elected – 28 July 2009

Mr Siriviriyakul, 46, is an Independent Non-Executive Director. He was the Alternate Director to Ms Ganoktip Siriviriyakul since 28 November 2006 before being appointed a full Director of the Company on 6 November 2008. He is currently a Director of Thai Identity Sugar Factory Co Ltd. Mr Siriviriyakul holds a Bachelor of Engineering degree from Chulalongkorn University and a MBA from Washington State University. He is a member of the Audit and Remuneration Committee.

Lim Hock Beng – Independent Non-Executive Director
First appointed – 22 June 2001, re-appointed – 28 July 2010

Mr Lim, 71, is an Independent Non-Executive Director of the Group. He serves as the Chairman of the Audit Committee and is a member of the Remuneration Committee and the Nomination Committee. Since 1996, he has been the Managing Director of Aries Investments Pte Ltd, a private investment holding company with its principal interests in the investment of quoted securities and properties. Prior to that, he founded Lim Associates (Pte) Ltd (now known as Boardroom Corporate & Advisory Services Pte Ltd) in 1968 and was its Managing Director until his retirement at the end of 1995. Lim Associates (Pte) Ltd provides comprehensive corporate secretarial services to private and public listed companies. He has more than 30 years experience and knowledge in the corporate secretarial field, which includes advising listed companies on compliance with the listing rules. Mr. Lim holds a Diploma in Management Accounting & Finance and is a Fellow member of the Singapore Institute of Directors. He currently serves on the Board as well as on the Audit Committee of several listed companies in Singapore, among them, Huan Hsin Holdings Ltd, GP Industries Ltd, Colex Holdings Ltd and LMA International N.V.

MANAGEMENT & KEY EXECUTIVES

Siow Nget Yuen, Priscilla – Director
King Wan Construction Pte Ltd ("KWC")

Ms Siow, 60, was appointed a Director of KWC in Nov 2000. She first joined KWC in August 1978 as an Administration and Finance officer, and was promoted to Administration and Finance Manager in 1994. She has since been promoted Director and now assists the executive directors in the areas of human resource management, administration and finance.

Chew Chee Yuen, Francis – Chief Finance Officer

Mr Chew, 41, oversees the Group's overall financial, accounting and tax matters. He is also responsible for financial and management reporting of the Group and the compliance with the regulations of the Singapore Exchange Securities Trading Limited.

Prior to joining the Group in June 2000, he was the Corporate Auditor of General Motors Asia Pacific Pte Ltd. He had previously served in the Audit and Business Advisory Services Division of Price Waterhouse (now known as Price WaterhouseCoopers).

Mr Francis Chew holds a Bachelor of Accountancy Degree from the Nanyang Technological University. He is a non-practising member of the Institute of Certified Public Accountants of Singapore.

Wong Lam Lim – General Manager
King Wan Construction Pte Ltd ("KWC")

Mr Wong, 66, joined KWC in Dec 2000. He has more than 40 years experience in Mechanical and Electrical Engineering, both in the private and public sectors. As General Manager, Mr Wong is responsible for the overall operations and project management of KWC. He also oversees KWC's contracts negotiations and ensures quality compliance and smooth execution of all projects.

Prior to joining KWC, he was a Director of an engineering company for 22 years, undertaking major public projects like Changi Airport Terminal 1. He had also worked as a Manager at Reliance Electric Pte Ltd for 14 years, handling numerous local and overseas projects.

Mr Wong is a member of both the Institution of Engineering and Technology (MIET) and the Institute of Electrical and Electronics Engineers (MIEEE).

Seah Sye Mui – Assistant General Manager
King Wan Construction Pte Ltd ("KWC")

Ms Seah, 52, has more than 30 years experience in Mechanical and Electrical Engineering. AT KWC, she oversees all documentation works relating to tender submissions and internal costing. She is also actively involved with contracts negotiation and ensuring the quality compliance of projects, and is also responsible for project management.

Prior to joining the Group in Dec 2000, she was with an established engineering company for 21 years serving as the Assistant Vice President. She played a key role in steering many prominent projects including UOB Plaza 1, Republic Plaza 2, Bank of China Building, 6 Battery Rd (former Standard Chartered Bank Building) and Concourse building.

Ms Seah holds a Diploma in Electrical Engineering from Singapore Polytechnic.

BUSINESS REVIEW

School of The Arts

During the past year, King Wan Corporation Limited (King Wan) has recorded strong growth due to its adoption of a multi-country, multi-industry portfolio strategy to broaden its revenues and better manage investment risks, and to the steady turnaround in the global economy.

Listed in 2000 on the Singapore Stock Exchange and upgraded to the Singapore Exchange Mainboard in 2003, King Wan is an integrated building services company. It provides mainly mechanical and electrical (M&E) engineering services for the building and construction industry, and as part of its diversification strategy, also operates in three other business segments - Property, Manufacturing and Services.

In line with its multi-country business strategy, the Group operates across Singapore, China and Thailand. We have built on our strengths such as our strong track record, good management team, experienced staff, good financial management and effective diversification strategy. Thus, King Wan is on track in executing and growing its various businesses in Asia.

Laying strong foundations for success, the company has organised its business and operates in four business divisions:

- Mechanical and Electrical (M&E) Engineering Division
- Property Division
- Manufacturing Division and
- Services Division

MECHANICAL AND ELECTRICAL ENGINEERING DIVISION

The Mechanical and Electrical Engineering Division provides multi-disciplined M&E engineering services such as the design and installation of electricity distribution systems, fire protection, alarm systems, communications and security systems, and air-conditioning and mechanical ventilation systems for the building and construction industry.

During the past year, the record growth in King Wan's earnings was due mainly to the stable revenues from its bread-and butter M&E engineering business. Contributing 96 per cent to the Group's revenue of S$70.4 million, the M&E engineering business did well because of healthier gross profits, which came from more contracts due to the recovery in Singapore's construction sector.

We are an acknowledged leader of M&E engineering in the building and construction industry. Our strengths are our design and built capabilities for the full spectrum of M&E engineering services, our established track record and vast experience. These factors place King Wan in a good position to bid for new contracts. We are also looking out for lateral expansion such as M&E expertise in specialised industries.

With many major contractors as our key clients, the company is active in the public and private sector residential markets, commercial and industrial sectors, schools and institutions. Some of King Wan's residential projects included Housing and Development Board apartments such as:

- Punggol Spectra @ Punggol,
- The Peak @ Toa Payoh, and
- Hougang N9 C12.

Other residential projects included:

- Goodwood Residence (Green Mark Award)
- Sophia Residence (Green Mark Award)
- Treehouse Condominium (Green Mark Award)
- The Hamilton @ Scotts Road, and
- Marina Collections @ Sentosa Cove Drive.

Some commercial projects included:

- Audi Car Showroom
- Oasia Hotel
- Novena Specialist's Centre, and
- Scotts Square.

The Arte

Starlight Suites

King Wan's order book stands at approximately S$129 million based on confirmed M&E engineering contracts as at 31 March 2011. All these projects have different completion and delivery timeframes lasting up to 2014. Based on positive outlook in the local construction market, the demand for our M&E engineering services is expected to continue to be resilient. We continue to be optimistic about long-term prospects of our core business as more contracts are expected to be awarded for public and private residential and commercial sectors.

PROPERTY DIVISION

The Property Division engages in the development, marketing and sale of residential and commercial properties in Singapore, China and Thailand.

In Singapore, its 35-per cent owned Meadows Bright Development Pte Ltd (Singapore) spearheads its property developments. In August 2010, the Group officially launched "The Starlight Suites", a 35-storey block comprising 105 freehold apartments located at River Valley Close. The development is scheduled to be completed by mid-2014. This is King Wan's second project in Singapore, following the successful development of the 120-unit "The Inspira" at Robertson Quay in 2009.

Over in China, the Group has established its presence in the property market through, its 36.6-per cent owned Dalian Shicheng Property Development Co., Ltd since 2004. The Group has plans for a multi-phased mixed development at LuShunKou District, with a land area of 243,383 square metres. The majority of the first six phases launched to date has already been sold. It is now preparing to launch the next phase of development in Dalian.

The property development is promising as the central government plans to develop Dalian into a booming city with excellent public infrastructure and links to other parts of China. With limited supply and rising demand for good-class properties at affordable prices, and the government's ongoing investments, Dalian's residential property market has vast potential.

King Wan maintains a positive outlook on property business in Dalian because of its competitive land cost and robust demand from the local Chinese. The infrastructure is also improving with a light rail transit, which will link our property development and is scheduled to be operationally ready by the end of 2011.

The Group is also making footprints into the real estate landscape in Thailand. Its associate company, SI Property is developing Liberty Plaza, an office and commercial building, which is located on Soi Thonglor (Sukhumvit 55). We remain positive on the commercial real estate market in Thailand and will look out for opportunities to tap this sector.

MANUFACTURING DIVISION

The Manufacturing Division specialises in the production, sale and distribution of environmentally-friendly chemically-bleached pulp and ethanol in Thailand. The Group enjoyed substantial increase in contributions from its two Thai associates during the past year.

Environment Pulp and Paper Co Ltd (EPPCO), the Group's 20-per cent associate in Thailand is engaged in the manufacture, sales and distribution of environmentally-friendly chemically-bleached non-wood pulp derived from cropping residue, baggase. Strategically located in

EPPCO plant in Thailand

the Nongpho district of Nakhonsawan province, the heartland of the sugar industry of Thailand, the plant began operations in 2004. At that time, it had the capacity to produce 100,000 tons of non-toxic baggase pulp per annum. Now, it has increased production capacity by 30 per cent to 130,000 tons per annum.

Our pulp is used for printing and writing paper, kraft liner, sanitary paper, duplex board and biodegradable packaging. The countries we export to are China, Taiwan, South Africa, Poland, India, Japan, and United States of America.

In the past financial year, EPPCO did very well and increased its contribution significantly by 110 per cent to S$6.96 million of King Wan's earnings compared to the previous year. Its higher contribution of profits arose from higher prices that it managed to secure for its products, coupled with lower cost of production from cost and operational efficiencies in the plant.

We believe EPPCO will continue to excel as we capitalise on the global rising trend for environmentally-friendly products. Since the company entered the food and food packaging industry in 2009, its product has been used in producing environmentally-friendly non-toxic cellulose powder, which is used in food and biodegradable tableware packaging. With the continued focus on an environmentally-friendly niche market in food and food packaging, we expect this investment will continue to contribute positively to the Group's earnings.

King Wan's other 20-per cent associate in Thailand, Ekarat Pattana produces and sells premium quality ethanol, which meets stringent international standards. The plant increased capacity from 200 kilolitres to 230 kilolitres of quality ethanol per day to cater for increase in demand. It still has the capacity to increase further to meet rising demand. This investment provided S$2.6 million to the Group profits for the past financial year, which was consistent with the previous year's contribution.

The Group has a good track record as a trustworthy source to its international clients such as Cargill, Mitsubishi and Itochu; and Thailand-based clients such as Thai Oil, Bangchak Petroleum and PTT Petrolium.

Ethanol has many uses and commercial applications. Compared to gasoline, ethanol is comparatively low cost and a cleaner alternative energy source. In Thailand, which is the fifth largest ethanol production country in the world, ethanol is cheaper than normal fuel as it is government-subsidised. Thus, the demand for ethanol is projected to continue to go up, which spells new opportunities for our company. With the implementation of gasohol (ethanol mixed with gasoline) programmes in Thailand, China, India, Australia, Japan and South Korea, the demand for natural ethanol is expected to increase. The demand for ethanol will also rise due to the global push to use clean energy.

Both overseas investments in King Wan's associate companies in Thailand are expected to continue to hold strong potential for the foreseeable future.

SERVICES DIVISION

The Services Division provides rental and other services for mobile chemical lavatories and other facilities for construction worksites as well as public and nation-wide public events.

K&W Mobile Loo Services Pte Ltd was set up in 1996 to provide rental and cleaning services of portable chemical lavatories to the building and construction. With a fleet of more than 1,000 portable lavatories, King Wan is now one of Singapore's leading players. Our major clients comprise building contractors, event organisers and tentage operators.

The demand for our portable toilet services has remained steady, as evident by the Services Division's encouraging revenue of S$2.5 million for the past financial year.

With the increasing vibrancy in the building and construction sector, and sports and outdoor entertainment activities in Singapore, the Group will look for more opportunities to attract more business.

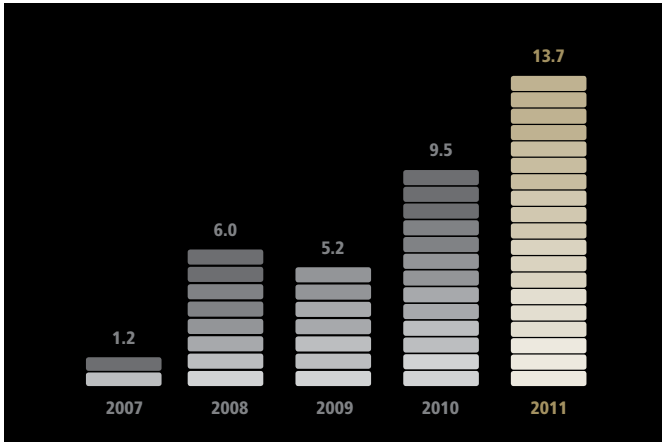
FIVE-YEAR FINANCIAL HIGHLIGHTS

AS AT 31 MARCH

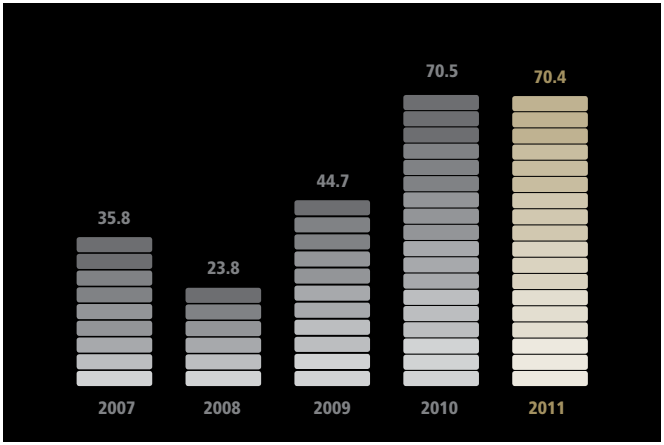
	2007	2008	2009	2010	2011
	(S$million)	(S$million)	(S$million)	(S$million)	(S$million)
Profit & Loss Account					
Turnover	35.8	23.8	44.7	70.5	70.4
Net Profit After Tax	1.2	6.0	5.2	9.5	13.7
Balance Sheet					
Fixed Assets	14.1	13.4	13.5	12.7	11.5
Current and Other Assets	44.6	59.0	72.0	92.1	93.9
Total Assets	**58.8**	**72.4**	**85.5**	**104.8**	**105.4**
Short and Long Term Borrowings	8.3	9.5	13.6	16.6	8.4
Other Liabilities	7.9	7.4	11.1	18.0	17.2
Total Liabilities	16.2	16.9	24.7	34.6	25.6
Shareholders funds	42.6	55.5	60.8	70.2	79.8
Total Reserves & Liabilities	**58.8**	**72.4**	**85.5**	**104.8**	**105.4**
Net Working Capital	11.0	14.9	10.1	15.8	24.9
Per Share Data (Cents)					
No of Shares	325,176,870	349,176,870	349,176,870	349,176,870	349,176,870
EPS (Basic)	0.36	1.76	1.50	2.72	3.91
Net Assets	13.10	15.90	17.41	20.12	22.85
Dividend paid (Net)	0.08	0.23	-	0.29	1.30
Financial Ratios					
Return on Shareholders Funds	2.8 %	10.8 %	8.6 %	13.5 %	17.1 %
Return on Total Assets Employed	2.0 %	8.3 %	6.1 %	9.0 %	13.0 %
Gross Debt to Total-Equity Ratio	19.5 %	17.1 %	22.4 %	23.7 %	10.6 %
Dividend Payout	22.2 %	13.1 %	-	10.5 %	33.2 %
Dividend Cover (times)	4.50	7.65	-	9.51	3.01

FINANCIAL CHARTS

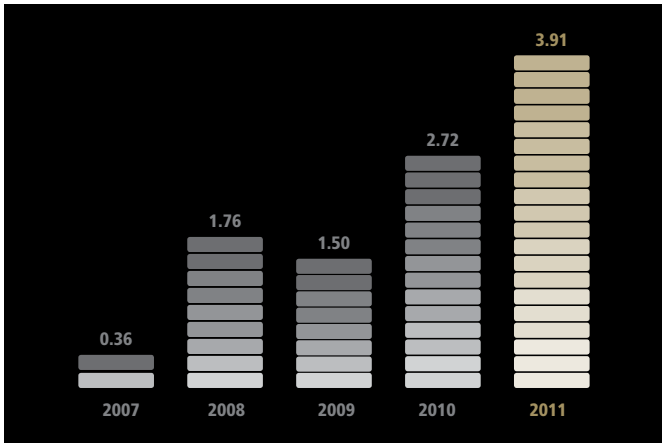
NET PROFIT AFTER TAX (S$million)



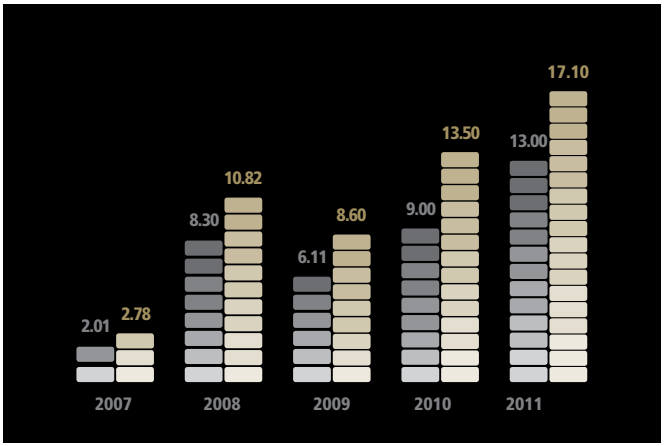
TURNOVER (S$million)



EARNINGS PER SHARE (cents)



FINANCIAL RATIOS (%)



: Return on Total Assets Employed : Return on Shareholders' Funds

CORPORATE INFORMATION

BOARD OF DIRECTORS
Chua Kim Hua (Chairman)
Chua Eng Eng (Managing Director)
Chua Hai Kuey
Lim Hock Beng
Goh Chee Wee
Nathapun Siriviriyakul

LEAD INDEPENDENT DIRECTOR
Lim Hock Beng

AUDIT COMMITTEE
Lim Hock Beng (Chairman)
Goh Chee Wee
Nathapun Siriviriyakul

REMUNERATION COMMITTEE
Goh Chee Wee (Chairman)
Lim Hock Beng
Nathapun Siriviriyakul

NOMINATION COMMITTEE
Goh Chee Wee (Chairman)
Lim Hock Beng
Chua Kim Hua

COMPANY SECRETARY
Eliza Lim Bee Lian, ACIS

AUDITORS
Deloitte & Touche LLP
Certified Public Accountants
6 Shenton Way
#32-00, DBS Building Tower Two
Singapore 068809

AUDIT PARTNER
Giam Ei Leen
(First appointed in financial year 2011)

SHARE REGISTRAR
M&C Services Private Limited
138 Robinson Road
#17-00
The Corporate Office
Singapore 068906

BANKERS
DBS Bank
Oversea-Chinese Banking Corporation Limited
Maybank Banking Berhad
United Overseas Bank
ANZ Singapore

REGISTERED OFFICE
8 Sungei Kadut Loop
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REPORT OF THE DIRECTORS

The directors present their report together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended March 31, 2011.

1 DIRECTORS

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

Mr Chua Kim Hua	(Chairman)
Ms Chua Eng Eng	(Managing Director)
Mr Chua Hai Kuey	
Mr Goh Chee Wee	
Mr Lim Hock Beng	
Mr Nathapun Siriviriyakul	

2 AUDIT COMMITTEE

The Audit Committee ("AC") comprises of the following members as at the date of this report:

Mr Lim Hock Beng (Chairman)
Mr Goh Chee Wee
Mr Nathapun Siriviriyakul

The AC met four times during the year. The AC had also met up with the external and internal auditors during the year and other directors were also invited to attend some of the meetings. The AC had also met with the external auditors and the internal auditors without the presence of the management. All minutes of the meetings are circulated to all members of the Board. The company secretary is also the secretary to the AC.

The key responsibility of the AC is to assist the Board in fulfilling its responsibilities for the Group's financial reporting, management of financial and control risks and monitoring of the internal control system. The AC will make enquiries in order to satisfy themselves on the adequacy of the processes supporting the Group's financial reporting, its system of internal control, risk identification and management, its internal and external audit processes, and the Group's process for monitoring compliance with laws and regulations and its own code of business conduct.

The primary functions of the AC are as follows:

- review with the external auditors, their audit plan, recommendations to management, audit report and management's response thereto and any matters which the external auditors wish to discuss, without the presence of management;

- review with the internal auditors, the scope and the results of internal audit procedures and their evaluation of the internal control system together with management's responses thereto and any matters which the internal auditors wish to discuss, without the presence of management;

- review the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Directors of the Company and the External Auditors' report on those financial statements;

- review the quarterly, half yearly and annual announcements as well as other announcements on to shareholders and the Singapore Exchange Securities Trading Ltd ("SGX-ST") prior to submission to the Board;

- make recommendations to the Board on the appointment of the external auditors and the audit fee;

- review any related party transactions;

- review assistance given by the Group's officers to the external and internal auditors and ensure that the internal audit function is adequately resourced; and

- carry out such other functions as may be agreed by the AC and the Board.

To effectively discharge its responsibilities, the AC has full access to and the co-operation of the management and full discretion to invite any director or executive to attend its meetings. It is also able to obtain external professional advice, when necessary. Adequate resources have also been made available to the AC to enable it to discharge its functions properly.

The AC has reviewed the scope of work proposed by the external auditors and is satisfied with their independence and objectivity. The AC has recommended to the Board the nomination of Deloitte & Touche LLP for reappointment as auditors of the Company. The AC has also undertaken a review of all non-audit services provided by the auditors and is of the opinion that they will not affect the independence of the auditors. There were no non-audit services provided by the auditors in the financial year just ended.

3 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

4 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Cap. 50 except as follows:

Names of directors and Company in which interests are held	At beginning of year	At end of year
King Wan Corporation Limited	**Ordinary shares**	
Chua Kim Hua	44,113,319	44,113,319
Chua Eng Eng	34,260,906	35,633,906
Chua Hai Kuey	22,247,676	22,247,676

There was no change in any of the above mentioned interests between the end of the financial year and April 21, 2011.

5 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in the financial statements.

6 SHARE OPTIONS

(a) Options to take up unissued shares

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

(b) Options exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

7 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Chua Kim Hua

Chua Eng Eng

July 8, 2011

STATEMENT OF DIRECTORS

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 9 to 75 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at March 31, 2011 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

Chua Kim Hua

Chua Eng Eng

July 8, 2011

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KING WAN CORPORATION LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of King Wan Corporation Limited (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and the Company as at March 31, 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on page 9 to 75.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Basis for Qualified Opinion

Our audit report dated July 8, 2010 on the consolidated financial statements for the previous financial year ended March 31, 2010 was qualified in relation to the completeness of the discrepancies identified by the special auditors on the alleged misappropriation of funds by a former director of Dalian Shicheng Property Development Co., Ltd, the subsidiary of an associate of the Group amounting to $6.4 million (the "discrepancies"), as well as the accounting period(s) in which the discrepancies arose, as more fully described in Note 40 (a) to the financial statements. The matter relating to the accounting period(s) in which the discrepancies arose has not been resolved at the date of this report.

As stated in Note 40 (b), the Board of Directors of the associate has undertaken a review of the accounting records of its subsidiary during the financial year ended March 31, 2011. As a result of the review, various adjustments totalling $9.6 million were identified in respect of the writing down of the carrying amounts of certain assets and the recognition of additional cost of sales on its development projects. These adjustments were recorded in the current financial year and the Group has included its share of the aforementioned adjustments amounting to $3.5 million in the current financial year's share of associate's results. Management is unable to provide us with information on the accounting period(s) in which these adjustments arose.

Accordingly, we are unable to determine whether adjustments, if any, may be required to be made against the carrying amount of the Group's investment in the associate as at March 31, 2010 and the Group's share of the associate's results for the financial years ended March 31, 2010 and March 31, 2011. Any adjustments to the consolidated financial statements for the previous financial year ended March 31, 2010 would affect the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and relevant explanatory notes for the financial year ended March 31, 2011.

Qualified Opinion

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

Emphasis of Matter

We draw attention to Note 40 (c) to the financial statements which describes the uncertainty related to the outcome of the on-going investigations into the alleged misappropriation of funds involving a former director of the associate in the prior years. Our opinion is not qualified in respect of this matter.

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.

Public Accountants and
Certified Public Accountants
Singapore

July 8, 2011

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2011

		Group		Company	
	Note	2011	2010	2011	2010
		$	$	$	$
ASSETS					
Current assets					
Cash and cash equivalents	6	23,405,991	13,457,397	7,378,911	127,155
Trade receivables	7	8,761,210	10,743,798	-	-
Other receivables and prepayments	8	9,645,212	10,854,635	10,071	18,349
Amount due from subsidiaries	9	-	-	5,362,842	4,883,778
Other investments	10	78,973	43,540	-	-
Inventories	11	767,501	1,439,360	-	-
Construction work-in-progress	12	5,928,674	10,878,177	-	-
Total current assets		48,587,561	47,416,907	12,751,824	5,029,282
Non-current assets					
Property, plant and equipment	14	5,818,204	6,552,371	-	-
Investment property	15	5,690,336	6,145,563	-	-
Investment in subsidiaries	17	-	-	34,230,187	34,230,187
Investment in associates	18	45,315,161	44,730,749	9,840,000	10,441,334
Total non-current assets		56,823,701	57,428,683	44,070,187	44,671,521
Total assets		105,411,262	104,845,590	56,822,011	49,700,803

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2011

	Note	Group 2011	Group 2010	Company 2011	Company 2010
		$	$	$	$
LIABILITIES AND EQUITY					
Current liabilities					
Bank borrowings	19	3,565,425	4,013,825	-	-
Construction work-in-progress	12	4,179,868	3,791,929	-	-
Trade payables and bills payables	20	8,392,257	18,763,338	-	-
Other payables	21	2,363,270	1,890,517	1,178,636	761,515
Current portion of finance leases	22	22,320	52,460	-	-
Amount due to a subsidiary	23	-	-	-	1,051,613
Accrual for contract costs	24	3,965,024	2,374,861	-	-
Income tax payable		1,245,844	716,034	175,000	-
Total current liabilities		23,734,008	31,602,964	1,353,636	1,813,128
Non-current liabilities					
Bank borrowings	19	1,743,613	2,809,345	-	-
Finance leases	22	81,808	104,128	-	-
Deferred tax liabilities	26	80,507	80,507	-	-
Total non-current liabilities		1,905,928	2,993,980	-	-
Capital and reserves					
Share capital	27	46,813,734	46,813,734	46,813,734	46,813,734
Retained earnings		33,305,635	22,389,221	8,654,641	1,073,941
Foreign currency translation reserve	28	(348,043)	1,045,691	-	-
Total equity		79,771,326	70,248,646	55,468,375	47,887,675
Total liabilities and equity		105,411,262	104,845,590	56,822,011	49,700,803

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FINANCIAL YEAR ENDED MARCH 31, 2011

	Note	Group 2011	Group 2010
		$	$
Revenue	29	70,362,238	70,518,435
Cost of sales		(58,985,038)	(62,218,638)
Gross profit		11,377,200	8,299,797
Other operating income	30	6,514,348	2,047,323
Distribution costs		-	(82,639)
Administrative expenses		(8,772,889)	(7,000,166)
Share of profit of associates	18	6,212,953	7,421,218
Finance costs	31	(521,190)	(574,478)
Profit before income tax		14,810,422	10,111,055
Income tax	32	(1,149,478)	(626,236)
Profit for the financial year	33	13,660,944	9,484,819
Other comprehensive income:			
Exchange differences on translation of foreign operations		(1,393,734)	(38,278)
Total comprehensive income for the year		12,267,210	9,446,541
Earnings per share (cents)			
Basic	34	3.91	2.72
Diluted	34	3.91	2.72

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

FINANCIAL YEAR ENDED MARCH 31, 2011

	Share capital	Retained earnings	Foreign currency translation reserve	Total
	$	$	$	$
Group				
Balance at April 1, 2009	46,813,734	12,904,402	1,083,969	60,802,105
Total comprehensive income for the financial year	-	9,484,819	(38,278)	9,446,541
Balance at March 31, 2010	46,813,734	22,389,221	1,045,691	70,248,646
Total comprehensive income for the financial year	-	13,660,944	(1,393,734)	12,267,210
Dividends paid (Note 35)	-	(2,744,530)	-	(2,744,530)
Balance at March 31, 2011	46,813,734	33,305,635	(348,043)	79,771,326

	Share capital	Retained earnings	Total
	$	$	$
Company			
Balance at April 1, 2009	46,813,734	1,637,237	48,450,971
Total comprehensive income for the financial year	-	(563,296)	(563,296)
Balance at March 31, 2010	46,813,734	1,073,941	47,887,675
Total comprehensive income for the financial year	-	10,325,230	10,325,230
Dividends paid (Note 35)	-	(2,744,530)	(2,744,530)
Balance at March 31, 2011	46,813,734	8,654,641	55,468,375

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FINANCIAL YEAR ENDED MARCH 31, 2011

	Group	
	2011	2010
	$	$
Operating activities		
Profit before income tax	14,810,422	10,111,055
Adjustments for:		
Depreciation of property, plant and equipment and investment property	1,284,359	1,326,929
Allowance for doubtful trade receivables	945,587	333,153
Change in fair value of held-for-trading investments	(21,283)	(8,017)
Gain on disposal of a subsidiary	(329,236)	-
Gain on disposal of an associate	(4,271,617)	-
Investment in associate written off	55,481	-
Reversal of impairment recognised for inventories obsolescence	-	(1,100)
Interest income	(11,117)	(12,759)
Interest expense	521,190	574,478
Gain on disposal of property, plant and equipment	(58,246)	(66,875)
Dividend income from other investments	(4)	(2)
Share of associates' results	(6,212,953)	(7,421,218)
Inventories written off	130,905	586
Accrual for contract costs	2,286,521	1,292,306
Operating cash flows before working capital changes	9,130,009	6,128,536
Trade receivables	932,163	(3,489,371)
Other receivables and prepayments	(23,814)	(120,418)
Construction work-in-progress	5,342,937	3,454,511
Inventories	337,978	182,887
Trade payables and bill payables	(10,236,746)	4,609,466
Other payables	336,905	263,801
Accrual for contract costs	(696,358)	(291,758)
Cash generated from operations	5,123,074	10,737,654
Income tax paid	(619,668)	13,035
Interest paid	(521,190)	(574,478)
Net cash from operating activities	3,982,216	10,176,211

CONSOLIDATED STATEMENT OF CASH FLOWS

FINANCIAL YEAR ENDED MARCH 31, 2011

	Group	
	2011	2010
	$	$
Investing activities		
Interest received	11,117	12,759
Advances (to) from associates	(1,964,601)	1,090,425
Dividends received from held-for-trading investments	4	2
Dividends received from associates	2,536,599	651,608
Purchase of property, plant and equipment [Note (a)]	(1,120,608)	(464,033)
Purchase of held-for-trading investments	(14,150)	-
Proceeds from disposal of a subsidiary (Note 13)	1,348,574	-
Proceeds from the disposal of property, plant and equipment	86,046	74,669
Proceeds from disposal (Acquisition of) interest in associates	9,394,519	(636,120)
Net cash from investing activities	10,277,500	729,310
Financing activities		
Dividends paid	(2,744,530)	-
Repayments of finance leases	(52,460)	(111,407)
Repayments of bank borrowings	(1,514,132)	(176,830)
Proceeds from bank borrowings	-	4,000,000
Net cash (used in) from financing activities	(4,311,122)	3,711,763
Net effect of exchange rate changes in consolidating a foreign subsidiary	-	(10,916)
Net increase in cash and cash equivalents	9,948,594	14,606,368
Cash and cash equivalents (Overdrawn) at beginning of financial year	13,457,397	(1,148,971)
Cash and cash equivalents at end of financial year (Note 6)	23,405,991	13,457,397

Note (a):

	2011	2010
	$	$
Purchase of property, plant and equipment	(1,120,608)	(597,922)
Less: Assets purchase under finance leases (Note 22)	-	133,889
	(1,120,608)	(464,033)

See accompanying notes to financial statements.

1 GENERAL

The Company (Registration No. 200001034R) is incorporated in the Republic of Singapore with its registered office and principal place of business at No 8 Sungei Kadut Loop, Singapore 729455. The Company is listed on the mainboard of Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activity of the Company is that of an investment holding company. The subsidiaries and associates in the Group are principally engaged in activities as disclosed in Notes 17 and 18 to the financial statements respectively.

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended March 31, 2011 were authorised for issue by the Board of Directors on July 8, 2011.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

ADOPTION OF NEW AND REVISED STANDARDS - In the current financial year, the Group and the Company have adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after April 1, 2010 as follows:

- FRS 103 (2009) Business Combinations
- FRS 27 (2009) Consolidated and Separate Financial Statements

FRS 103 (2009) Business Combinations

FRS 103 (2009) has been adopted in the current year and is applied prospectively to business combinations for which the acquisition date is on or after January 1, 2010. The main impact of the adoption of FRS 103 (2009) Business Combinations on the Group has been:

- to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquire;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- to change the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were recognised against goodwill. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the 'measurement period' (a maximum of 12 months from the acquisition date). All other subsequent adjustments are recognised in profit or loss;

- where the business combination in effect settles a pre-existing relationship between the Group and the acquiree, to require the recognition of a settlement gain or loss; and

- to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in consolidated profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

FRS 27 (2009) Consolidated and Separate Financial Statements

FRS 27 (2009) has been adopted for periods beginning on or after January 1, 2010 and has been applied retrospectively (subject to specified exceptions) in accordance with the relevant transitional provisions. The revised Standard has affected the Group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in a change in control.

In prior years, in the absence of specific requirements in FRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in profit or loss. Under FRS 27 (2009), all such increases or decreases are dealt within equity reserve, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires that the Group derecognise all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost, with the gain or loss arising recognised in profit or loss.

At the date of authorisation of these financial statements, the following FRSs, Interpretations of FRS ("INT FRS") and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 24 (Revised) Related Party Disclosures

FRS 24 (Revised) Related Party Disclosures is effective for annual periods beginning on or after January 1, 2011. The revised Standard clarifies the definition of a related party and consequently additional parties may be identified as related to the reporting entity.

In the period of initial adoption, the changes to related party disclosures, if any, will be applied retrospectively with restatement of the comparative information.

Consequential amendments were also made to various standards as a result of these new/revised standards.

Management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

In the Company's financial statements, investments in subsidiaries and associates are carried at cost less any impairment in net recoverable value that has been recognised in the profit or loss.

BUSINESS COMBINATIONS - Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree at the date of acquisition. Acquisition-related costs are recognised in profit or loss as incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share based payment awards are measured in accordance with FRS 102 *Share-based Payment*; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENT - Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt instruments.

Financial assets

Investments are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Other financial assets are classified into trade and other receivables and amounts due from subsidiaries, and other investments. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Investments held for trading are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in profit or loss for the period.

Trade and other receivables and amounts due from subsidiaries

Trade and other receivables and amounts due from subsidiaries that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade and other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual right to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities and equity instruments

Classification as debt or equity
Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities
Trade and other payables and bills payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 Revenue.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments and hedge accounting
The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates.

The Group uses derivative financial instruments (primarily foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Rentals payable under operating leases are charged to the profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

INVENTORIES - Inventories comprising raw materials and consumables are measured at the lower of cost (first-in first-out method) and net realisable value. Cost includes all cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution. Allowance is made where necessary for obsolete, slow-moving and defective inventories.

CONSTRUCTION CONTRACTS - Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customers.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold buildings and properties	-	over the term of the lease which are from 2% to 3$^{1}/_{3}$%
Land use rights	-	2%
Plant and machinery	-	5% to 20%
Office equipment	-	10% to 33$^{1}/_{3}$%
Motor vehicles	-	10% to 20%
Portable toilets	-	20%

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated assets still in use are retained in the financial statements.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

INVESTMENT PROPERTY - Investment property held to earn rentals and for capital appreciation, is stated at cost less accumulated depreciation and any accumulated impairment losses where the carrying amount of the investment property is estimated to be lower than its recoverable amount.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Depreciation is charged so as to write off the cost of the investment property over its estimated useful life of 28 years.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss.

GOODWILL – Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisiton-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquire (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described under 'Associates' below.

IMPAIRMENT OF TANGIBLE ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets excluding goodwill to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the tangible asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss.

ASSOCIATES - An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the profit or loss.

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Dividends to shareholders are recognised as a liability to the period in which the dividends are approved by the Company's shareholders.

Provision for profit sharing
The Group recognises a liability and an expense for profit sharing 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.

GOVERNMENT GRANTS - Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensation, on a systematic basis.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods
Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue from construction contracts
Revenue from construction contracts is recognised in accordance with the Group's accounting policy on construction contracts (see above).

Rendering of services
Revenue from rendering of services of short-term nature is recognised when the services are completed.

Interest income
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income
Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rental income
Rental income from leasehold property and investment property on operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

Management fee income
Management fee income is recognised in profit or loss as and when services are rendered.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the company and subsidiaries operate by the end of the reporting period.

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

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), 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 calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

Exchange differences on transactions entered into in order to hedge certain foreign currency risks are described in the hedge accounting policies above.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of each reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the Group's currency translation reserve. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation accumulated in the Group's currency translation reserve, shall be reclassified from equity to profit or loss when the gain or loss on disposal is recognised.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

CASH AND CASH EQUIVALENTS - Cash and cash equivalents comprise cash at bank less bank overdrafts and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

Management is of the opinion that there are no instances of application of judgements of the use of estimation techniques which may have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

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

Investment in subsidiaries
In determining whether there is any indication that the investment in certain subsidiaries has suffered an impairment loss, it is necessary for management to exercise certain degree of judgement. Based on management's review of their order books and cash flow projections, management is of the view that there are no further impairment in the net investment in subsidiaries amounting to $34,230,187 (2010 : $34,230,187) as at March 31, 2011.

Investment in associates
The Group assesses annually whether its investment in associates has any indication of impairment in accordance with the accounting policy. Management made assessment based on existing financial performance as well as operating profit forecasts of certain associates. The carrying value of the investment in associates is disclosed in Note 18 to the financial statements.

Allowances for doubtful debts
The Group and Company makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables and amount due from subsidiaries. Allowances are applied to trade and other receivables and amount due from subsidiaries when events or changes in circumstances indicate that the balance may not be collectible. The identification of doubtful debts requires the use of judgements and estimates. Judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer and on-going dealings with them. Where the expectation is different from the original estimate, such differences will impact the carrying value of trade and other receivables and allowances for doubtful debts in the period in which such estimate has been charged. The carrying amount of trade and other receivables and amount due from subsidiaries are disclosed in Notes 7, 8 and 9 respectively.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Construction contracts

Revenue and profit recognition on uncompleted projects are dependent on estimating the total outcome of the construction contract, as well as work done to date. Actual outcome in terms of actual costs or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date. As at March 31, 2011, management considered that all costs to complete and revenue can be reliably estimated. As at March 31, 2011, the carrying amount of the Group's net construction work-in-progress amounted to $1,748,806 (2010 : $7,086,248).

Provision for rectification costs

Provision for rectification costs were made by the Group in respect of completed projects during the year. These provisions were made based on management's best estimates of the expected costs which are to be incurred pending the finalisation of the final account between the Group and its respective sub-contractors. For the financial year ended March 31, 2011, the Group has provided rectification costs of $487,706 (2010 : $200,543) in respect of certain completed projects as disclosed in Note 24.

Provision for foreseeable losses

The Group reviews its construction work-in-progress to determine whether there is any indication of foreseeable losses. Identified foreseeable losses are recognised immediately in profit or loss when it is probable that total contract costs will exceed total contract revenue. For the financial years ended March 31, 2011 and 2010 the Group has assessed that no provision for foreseeable losses is necessary (see Note 12).

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Financial Assets				
Loans and receivables (including cash and cash equivalents)				
- Cash and cash equivalents	23,405,991	13,457,397	7,378,911	127,155
- Trade receivables	8,761,210	10,743,798	-	-
- Other receivables (excluding prepayments)	9,611,915	10,836,901	2,021	10,299
- Amount due from subsidiaries	-	-	5,362,842	4,883,778
	41,779,116	35,038,096	12,743,774	5,021,232
Fair value through profit and loss (FVTPL):				
Held for trading	78,973	43,540	-	-
Financial Liabilities				
Amortised cost				
- Bank borrowings	5,309,038	6,823,170	-	-
- Trade payables and bills payables	8,392,257	18,763,338	-	-
- Other payables	2,363,270	1,890,517	1,178,636	761,515
- Accrual for contract costs	3,477,318	2,174,318	-	-
- Amount due to a subsidiary	-	-	-	1,051,613
- Finance leases	104,128	156,588	-	-
	19,646,011	29,807,931	1,178,636	1,813,128

(b) Financial risk management policies and objectives

The Group's overall risk management programme seeks to minimise potential adverse effect on the financial performance of the Group.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates.

The Group does not hold or issue derivative financial instruments for speculative purposes.

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.

(i) Foreign exchange risk management

Foreign currency risk occurs as a result of the Group's transactions that are not denominated in their respective functional currencies. These transactions are from the Group's ordinary course of business.

The Group transacts mainly in Singapore dollars. Exposures to foreign currency risks are minimal. No sensitivity analysis is prepared as the Group and the company does not expect any material effect on the Group and the company's profit or loss arising from the effects of reasonably possible changes to foreign currency risk at the end of the reporting period.

The Group uses forward contracts to hedge their exposure to foreign currency risk in the local reporting currency. Further details on the forward exchange derivative hedging instruments are found in Note 36 to the financial statements.

(ii) Interest rate risk management

Interest rate risk refers to the risk faced by the Group as a result of fluctuation in interest rates.

The Group is exposed to cash flow interest rate risk in relation to bank borrowings and bills payable. The interest rate payable for the finance lease is fixed at the inception of the finance lease. Interest of the finance lease is disclosed in Note 22. The Group does not have interest rate hedge policy and management monitors interest rate exposure closely.

No sensitivity analysis is prepared as the Group does not expect any material effect on the company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of reporting period.

(iii) Equity price risk management

The Group's exposure to equity risks arising from equity investments classified as held-for-trading is minimal. Further details of these equity investments can be found in Note 10.

The Group's sensitivity to equity prices has not changed significantly from the prior year.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(iv) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed periodically by the management.

The Group maintains an allowance for doubtful accounts based upon the recoverability of all accounts receivables and the customers' financial conditions. Concentration of credit risk with respect to trade receivables in the construction industry in which the Group operates does exist in view of the limited number of main contractors that the Group has been dealing with, and in respect of other receivables, the Group has a balance from associates of $9,285,927 (2010 : $10,516,785).

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Further details of credit risks on trade and other receivables are disclosed in Notes 7 and 8 respectively.

(v) Liquidity risk management

Liquidity risk arises when the Group is unable to meet its obligations towards other counterparties.

The Group manages its liquidity risk by matching the payment and receipt cycle. The directors of the Group are of the opinion that liquidity risk is contained given that the Group has sufficient equity funds to finance its operations and that if required, financing can be obtained from its lines of banking credit facilities.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

Liquidity and interest risk analyses

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statements of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$	$	$	$	$
Group						
2011						
Non-interest bearing	-	41,779,116	-	-	-	41,779,116
Fixed interest rate instruments	-	-	-	-	-	-
		41,779,116	-	-	-	41,779,116
2010						
Non-interest bearing	-	34,810,156	-	-	-	34,810,156
Fixed interest rate instruments	1.71	228,590	-	-	(650)	227,940
		35,038,746	-	-	(650)	35,038,096
Company						
2011						
Non-interest bearing	-	12,743,774	-	-	-	12,743,774
2010						
Non-interest bearing	-	5,021,232	-	-	-	5,021,232

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statements of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$	$	$	$	$
Group						
2011						
Non-interest bearing	-	11,202,002	-	-	-	11,202,002
Variable interest rate instruments	3.63	5,589,357	-	-	(58,514)	5,530,843
Fixed interest rate instruments	5.00	1,181,857	1,815,351	-	(188,170)	2,809,038
Finance lease liability (fixed rate)	4.50	25,272	92,593	-	(13,737)	104,128
		17,998,488	1,907,944	-	(260,421)	19,646,011
2010						
Non-interest bearing	-	13,169,805	-	-	-	13,169,805
Variable interest rate instruments	3.87	13,148,247	-	-	(489,879)	12,658,368
Fixed interest rate instruments	5.00	1,181,846	2,999,039	-	(357,715)	3,823,170
Finance lease liability (fixed rate)	5.50	58,641	101,088	16,777	(19,918)	156,588
		27,558,539	3,100,127	16,777	(867,512)	29,807,931
Company						
2011						
Non-interest bearing	-	1,178,636	-	-	-	1,178,636
2010						
Non-interest bearing	-	1,813,128	-	-	-	1,813,128

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

Derivative financial instruments

The Group enters into forward foreign exchange contracts to manage its exchange rate exposure between the Australian dollars and its functional currency, which is the Singapore dollar. At March 31, 2011, the total notional amount of outstanding forward foreign exchange contracts for the period from April to December 2011 to which the Company is committed is $956,250 (2010 : $Nil).

(vi)Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, bank borrowings and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

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

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

(b) 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) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Total	Level 1
	$	$
2011		
Financial Assets		
Fair value through profit or loss (FVTPL):		
Held-for-trading investments	78,973	78,973
2010		
Financial Assets		
Fair value through profit or loss (FVTPL):		
Held-for-trading investments	43,540	43,540

The Company had no financial liabilities carried at fair value in 2011 and 2010.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances.

The capital structure of the Group consist of debt, which includes the borrowings disclosed in Note 19, and equity attributable to the owners of the parent, comprising issued capital and retained earnings. The Group is required to maintain a minimum Group's net worth, a maximum gearing ratio and a minimum current ratio in order to comply with the financial covenants in the loan agreements with the banks.

Management has reviewed the Group's compliance with the financial covenants for its bank facilities and is satisfied that the Group has complied with them.

Management reviews the capital structure on a yearly basis. As a part of this review, management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of management, the Group will balance its overall capital structure through the payment of dividends, new share as well as the issue of new debt or the redemption of existing debt.

The Group's overall strategy remains unchanged from 2010.

5 RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand.

During the financial year, the Group entered into the following trading transactions with related parties:

5 RELATED PARTY TRANSACTIONS (cont'd)

	Group	
	2011	2010
	$	$
Transactions with associates		
Sales of goods	-	(247,569)
Rental income	(317,737)	(547,871)
Management fee income	(60,000)	(60,000)

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2011	2010
	$	$
Directors' and key management's remuneration:		
- Short-term benefits	3,137,635	2,243,706
- Post-retirement benefits	80,139	55,349
	3,217,774	2,299,055
Directors' fees	134,500	128,500
	3,352,274	2,427,555

The remuneration of directors and key management is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash, bank balances and fixed deposits as follows:

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Cash and bank balances	23,405,991	13,229,457	7,378,911	127,155
Fixed deposits	-	227,940	-	-
Total	23,405,991	13,457,397	7,378,911	127,155

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amounts of these assets approximate their fair values.

For the year ended 31 March 2010, fixed deposits bore interest at an average rate of 1.71% per annum and had tenure of approximately 1 to 3 months.

Significant cash and cash equivalents that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
United States dollars	14,487	71,042	-	-
Australian dollars	402,636	19,636	-	-

7 TRADE RECEIVABLES

	Group	
	2011	2010
	$	$
Accrued trade receivables for construction contracts	6,825,036	5,320,130
Amounts receivable from construction contract customers	3,421,732	5,875,246
Amounts receivable from the sale of goods	-	421,974
Amounts receivable from rendering of services	609,065	676,116
Less: Allowance for doubtful debts	(2,094,623)	(1,549,668)
Net	8,761,210	10,743,798

Accrued trade receivables represent the remaining balances of the contract sum on the construction contracts to be billed. In accordance with the Group's accounting policy, revenue is recognised on the progress of the construction work. Upon completion of the construction work, the balance of the contract sum to be billed is included as accrued trade receivables.

The average credit period is 30 days (2010 : 30 days). No interest is charged on overdue trade receivables.

An allowance has been made for the estimated irrecoverable amounts from the rendering of services (including construction services). The allowance has been determined by reference to past default experience.

Before accepting any new customer, the Group performs a background search on the credit worthiness and litigation status. The credit limit of the customers is reviewed periodically by the management.

Included in the Group's trade receivables balance are debtors with a carrying amount of $618,364 (2010 : $1,843,673) which are past due at the end of the reporting period for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 105 days (2010 : 180 days). The above analysis does not include the accrued trade receivables for construction contracts of $6,825,036 (2010 : $5,320,130) as these amounts have not been billed to the customers yet. The accrued trade receivables are pending the finalisation of the final account with the customers before billings are rendered.

7 TRADE RECEIVABLES (cont'd)

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. Concentration of credit risk with respect of trade receivables in the construction industry does exist in view of the limited number of main contractors that the Group has dealings with. Management believes that there is no further credit provision required in excess of the allowance for doubtful debts.

Trade receivables that are determined to be impaired at the end of the reporting period relates to debtors that are in significant financial difficulties and have defaulted on payments. The impairment recognised represents the difference between the carrying amount of the specific trade receivables and present value of the expected future cash flows. The Group does not hold any collateral over these balances. The Group's trade receivables comprises 7 debtors (2010 : 6 debtors) that individually represent more than 5% of the total balance of trade receivables.

At March 31, 2011, retention monies held by customers for contract work amounted to $2,078,775 (2010 : $1,031,682). Retention monies of $Nil (2010 : $775,215) are due for settlement after more than 12 months. In the prior year, they had been classified as current because they were expected to be realised in the normal operating cycle of the Group.

Movement in the above allowance for doubtful debts:

	Group	
	2011	2010
	$	$
Balance at beginning of year	1,549,668	1,238,843
Increase in allowance recognised in profit or loss	945,587	333,153
Amounts written off during the year	(400,632)	-
Translation differences	-	(22,328)
Balance at end of year	2,094,623	1,549,668

8 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Associates (Note 18)	9,285,927	10,516,785	-	9,634
Other receivables	230,599	208,112	2,021	665
Prepayments	33,297	17,734	8,050	8,050
Advances to staff	298	3,117	-	-
Deposits	95,091	108,887	-	-
Total	9,645,212	10,854,635	10,071	18,349

The amounts receivable from associates and other receivables are interest-free, unsecured and repayable on demand.

In determining the recoverability of receivable from the associates and other receivables, the Group considers the financial strength and performance of the associates and other receivables. Accordingly, the management believes that no allowance for doubtful debts is needed.

9 AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2011	2010
	$	$
Loan to subsidiaries - non-trade (Note 17)	5,362,842	4,883,778

The loans granted to the subsidiaries are interest-free, unsecured and repayable on demand.

During the financial year ended March 31, 2011, the allowances made for any estimated irrecoverable amount is $Nil (2010 : $100,000). The allowance had been determined by reference to past default experience.

In determining the recoverability of receivable from the subsidiaries, the Company considers the financial strength and performance of the subsidiaries. Accordingly, the management believes that there is no further credit provision required in excess of the allowance for doubtful debts.

10 OTHER INVESTMENTS

	Group	
	2011	2010
	$	$
Held-for-trading investments:		
Quoted equity shares, at fair value	78,973	43,540

The investments above are investments in quoted equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of the quoted securities are based on quoted closing market prices on the last market day of the financial year.

Significant other investments that are not denominated in the functional currencies of the respective entities are as follows:

	Group	
	2011	2010
	$	$
Malaysian ringgit	64,563	43,540

11 INVENTORIES

	Group	
	2011	2010
	$	$
Raw materials and consumables	767,501	1,439,360

12 CONSTRUCTION WORK-IN-PROGRESS

	Group	
	2011	2010
	$	$
Contract costs incurred plus recognised profits (less recognised losses to date)	86,762,293	92,473,924
Less: Progress billings	(85,013,487)	(85,387,676)
	1,748,806	7,086,248
Analysed as:		
Contracts-in-progress at end of the reporting period:		
Amounts due from contract customers	5,928,674	10,878,177
Amounts due to contract customers	(4,179,868)	(3,791,929)
	1,748,806	7,086,248

During the financial year ended March 31, 2010 and March 31, 2011, no provision for foreseeable losses has been recognised in profit or loss.

13 DISPOSAL OF SUBSIDIARY

On October 15, 2010, the Board of Directors resolved to dispose of the Group's shareholdings in one of the Group's subsidiaries, Self-Cote Investment Pte Ltd to an external party for a cash consideration of $1,623,000.

Details of the disposal are as follows:

	2011
	$
Book values of net assets over which control was lost	
Non-current asset	
Property, plant and equipment	992,348
Current assets	
Cash and bank balances	274,426
Inventories-at cost (net)	202,976
Trade receivables (net)	104,838
Other receivables	2,379
Total current assets	584,619
Current liabilities	
Trade payables	134,335
Other payables	148,868
Total current liabilities	283,203
Net assets derecognised	1,293,764
Gain on disposal:	
Consideration received	1,623,000
Net assets derecognised	(1,293,764)
Gain on disposal	329,236

13 DISPOSAL OF SUBSIDIARY (cont'd)

The gain on disposal of subsidiary is recorded as part of profit for the year in the consolidated statement of comprehensive income.

	2011
	$
Net cash inflow arising from disposal:	
Cash consideration received	1,623,000
Cash and cash equivalents disposed of	(274,426)
	1,348,574

14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings and properties	Land use rights	Plant and machinery	Office equipment	Motor vehicles	Portable toilets	Total
	$	$	$	$	$	$	$
Group							
Cost:							
At April 1, 2009	8,916,498	302,105	1,454,092	1,112,261	3,178,421	1,518,111	16,481,488
Additions	33,603	-	102,414	73,590	358,732	29,583	597,922
Disposals	-	-	-	(16,371)	(470,486)	(41,355)	(528,212)
Translation differences	(54,357)	(24,385)	(26,846)	(3,394)	(10,987)	-	(119,969)
At March 31, 2010	8,895,744	277,720	1,529,660	1,166,086	3,055,680	1,506,339	16,431,229
Additions	868	-	151,391	176,244	698,921	93,184	1,120,608
Disposals	-	-	(49,700)	(46,156)	(298,165)	(4,300)	(398,321)
Disposed on sale of subsidiary	(619,070)	(277,720)	(311,029)	(46,494)	(125,127)	-	(1,379,440)
At March 31, 2011	8,277,542	-	1,320,322	1,249,680	3,331,309	1,595,223	15,774,076
Accumulated depreciation:							
At April 1, 2009	4,097,852	46,323	1,056,088	720,827	2,403,429	1,228,543	9,553,062
Depreciation for the year	367,877	5,646	44,864	104,375	247,810	105,860	876,432
Disposals	-	-	-	(13,904)	(466,149)	(40,365)	(520,418)
Translation differences	(7,642)	(3,831)	(9,677)	(2,833)	(6,235)	-	(30,218)
At March 31, 2010	4,458,087	48,138	1,091,275	808,465	2,178,855	1,294,038	9,878,858
Depreciation for the year	356,871	-	42,015	97,501	233,899	104,341	834,627
Disposals	-	-	(47,200)	(32,920)	(286,961)	(3,440)	(370,521)
Disposed on sale of subsidiary	(96,091)	(48,138)	(123,068)	(39,629)	(80,166)	-	(387,092)
At March 31, 2011	4,718,867	-	963,022	833,417	2,045,627	1,394,939	9,955,872
Carrying amount:							
At March 31, 2011	3,558,675	-	357,300	416,263	1,285,682	200,284	5,818,204
At March 31, 2010	4,437,657	229,582	438,385	357,621	876,825	212,301	6,552,371

Certain plant and equipment with carrying amount of $137,051 (2010 : $356,701) are secured under finance leases.

(1) Included herein are depreciation expenses amounting to $5,495 (2010 : $4,734) which have been allocated to and recorded under the construction work-in-progress (Note 12).

14 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Particulars of major property are as follows:

Location	Description	Tenure
8 Sungei Kadut Loop Singapore 729455	Single storey build warehouse with a 3-storey ancillary office block on leased land from JTC	30-year leasehold commencing from March 16, 1991

The fair value of the Group's leasehold property at March 31, 2011 is $7,200,000 and has been determined on the basis of valuation carried out at the year end date by independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The valuation was arrived at by reference to market evidence of transaction prices for similar property.

15 INVESTMENT PROPERTY

	Group	
	2011	2010
	$	$
Cost:		
At beginning and end of financial year	11,600,794	11,600,794
Accumulated depreciation:		
At beginning of financial year	5,455,231	5,000,000
Depreciation for the financial year	455,227	455,231
At end of financial year	5,910,458	5,455,231
Carrying amount:		
At beginning of financial year	6,145,563	6,600,794
At end of financial year	5,690,336	6,145,563

The fair value of the Group's investment property at March 31, 2011 is $7,000,000 and has been determined on the basis of valuation carried out at the year end date by independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The valuation was arrived at by reference to market evidence of transaction prices for similar property.

15 INVESTMENT PROPERTY (cont'd)

The property rental income earned by the Group from its investment property amounted to $810,775 (2010 : $629,485).

Direct operating expenses arising on the investment property in the year amounted to $255,359 (2010 : $231,311).

Particulars of investment property as at March 31, 2011 is as follows:

Location	Description	Tenure
22 Jurong Port Road Singapore 619114	4-storey factory with a basement carpark on leased land from JTC	28-year leasehold commencing from August 1, 1996

16 GOODWILL

	Group	
	2011	2010
	$	$
Cost:		
At beginning of financial year	71,056	71,056
Eliminated on disposal of a subsidiary	(71,056)	-
At end of financial year	-	71,056
Impairment loss:		
At beginning of financial year	(71,056)	(71,056)
Eliminated on disposal of a subsidiary	71,056	-
At end of financial year	-	(71,056)
At end of financial year	-	-

The above goodwill was related to the investment in a subsidiary (Note 17), Self-Cote Investment Pte Ltd which had been disposed off during the financial year.

17 INVESTMENT IN SUBSIDIARIES

	Company	
	2011	2010
	$	$
Unquoted equity shares - at cost	34,230,187	34,456,787
Less: Allowance for impairment	-	(226,600)
Net	34,230,187	34,230,187

Assessment of impairment in investment in subsidiaries is carried out at the end of each reporting period and the necessary allowance for impairment is accordingly made. For the year ended March 31, 2011, management has assessed that no allowance for impairment was required.

The subsidiaries of the Company are set out below:

Name of subsidiaries	Principal activities/ Place of operation and country of incorporation	Proportion of ownership interest and voting power held	
		2011 %	2010 %
King Wan Construction Pte Ltd [1]	Provision of mechanical and electrical (M&E) engineering services / Singapore	100	100
K & W Mobile Loo Services Pte Ltd [1]	Owner, renters and operators of mobile lavatories and other facilities / Singapore	100	100
King Wan Industries Pte Ltd [1]	Investment holding / Singapore	100	100
King Wan Development Pte Ltd [1]	Investment holding and property development / Singapore	100	100
Self-Cote Investment Pte Ltd [2]	Investment holding / Singapore	-	100
Self-Cote Paint (Lang Fang) Co., Ltd [2]	Manufacture and sale of paints, varnishes and painting inks / People's Republic of China	-	100

[1] Audited by Deloitte & Touche LLP, Singapore.

[2] Disposed during the financial year (Note 13)

18 INVESTMENT IN ASSOCIATES

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Unquoted equity shares - at cost	22,786,597	20,271,751	9,840,000	10,441,334
Share of post-acquisition accumulated profits net of dividends received	22,849,707	23,333,140	-	-
Share of foreign currency translation reserve	(321,143)	1,125,858	-	-
Net	45,315,161	44,730,749	9,840,000	10,441,334

Carrying value as at year end includes goodwill on acquisition amounting to $191,470 (2010 : $559,803).

Assessment of impairment in associates is carried out at the end of each reporting period and the necessary allowance for impairment is accordingly made. For the year ended March 31, 2011, management has assessed that allowance for impairment was not required.

The associates of the Group are set out below:

Name of associates	Principal activities/ Place of operation and country of incorporation	Proportion of ownership interest and voting power held	
		2011 %	2010 %
Pengda Investment & Development Pte Ltd [1]	Investment holding / Singapore	-	30
Pengda Construction & Development Co., Ltd [1]	Property development and investment holding / People's Republic of China	-	24
Cables International Pte Ltd [2]	Supply of specialised electrical cables and accessories to offshore and onshore oil and gas sectors / Singapore	-	30
Cables International (Australia) Pty Ltd [2]	Supply of specialised electrical cables and accessories to international energy sector / Australia	-	30

18 INVESTMENT IN ASSOCIATES (cont'd)

Name of associates	Principal activities/ Place of operation and country of incorporation	Proportion of ownership interest and voting power held	
		2011 %	2010 %
CI Investments Ltd [2]	Commission agent / Republic of Seychelles	-	30
Meadows Bright Development Pte Ltd [3]	Property development / Singapore	35	35
Meadows Property (Singapore) Pte Ltd [4]	Property development / Singapore	35	35
Dalian Shicheng Property Development (S) Pte. Ltd. [5]	Property development and investment holding / Singapore	36.6	30
Dalian Shicheng Property Development Co., Ltd [5]	Development, marketing, sale and management of residential and commercial properties / People's Republic of China	36.6	30
Environment Pulp & Paper Company Ltd [6]	Production and sale of chemically bleached bagasse pulp / Thailand	20	20
Ekarat Pattana Co. Ltd [6]	Production, distribution and sale of ethanol / Thailand	20	20
S.I. Property Co. Ltd. [7]	Owner and rental of office and commercial space / Bangkok	30	30

[1] Undergoing liquidation during the financial year.

[2] Disposed during the financial year.

[3] Audited by Deloitte & Touche LLP, Singapore in the current financial year, and audited by another firm of auditors, Chan Leng Leng & Co., Singapore in the prior financial year.

[4] 100% owned by the Group's associate, Meadows Bright Development Pte Ltd. Audited by Deloitte & Touche LLP, Singapore in the current financial year, and audited by another firm of auditors, Chan Leng Leng & Co., Singapore in the previous financial year.

[5] Dalian Shicheng Property Development Co., Ltd is 100% owned by the Group's associate, Dalian Shicheng Property Development (S) Pte. Ltd. Audited by another firm of auditors, UHY Lee Seng Chan & Co., Certified Public Accountants, Singapore.

18 INVESTMENT IN ASSOCIATES (cont'd)

Matters relating to investment in the Dalian Shicheng Property Development (S) Pte. Ltd. are fully described in Note 40 to the financial statements.

(6) Audited by another firm of auditors, BPR Audit and Advisory Co., Ltd, Certified Public Accountants, Thailand.

(7) Audited by another firm of auditors, Thanapan & Associates, Certified Public Accountants, Thailand.

18 INVESTMENT IN ASSOCIATES (cont'd)

The summarised financial information in respect of the Group's associates is set out below:

	2011	2010
	$	$
Total assets	443,376,432	449,994,270
Total liabilities	(248,116,094)	(268,906,942)
Net assets	195,260,338	181,087,328
Group's share of associates' net assets	45,123,691	44,170,946
Revenue	205,160,605	252,703,050
Profit for the financial year	41,265,494	34,414,075
Group's share of associates' profit for the financial year	6,212,953	7,421,218

19 BANK BORROWINGS

	Group	
	2011	2010
	$	$
Short-term bank borrowings	2,500,000	3,000,000
Long-term bank borrowings:		
- current	1,065,425	1,013,825
- non-current	1,743,613	2,809,345
	5,309,038	6,823,170

The short-term bank borrowings extended by a bank to a subsidiary of the Company, King Wan Construction Pte Ltd, are on a 1 to 6 month revolving basis and are borrowed for the purpose of short-term cash commitments. The borrowings are guaranteed by the Company and bear interest at rates ranging from 2.32% to 3.5% (2010 : 2.57% to 3.5%) per annum and are arranged at floating rates and thus exposing the Group to cash flow interest rate risks.

19 BANK BORROWINGS (cont'd)

The long-term bank borrowings extended by the banks to a subsidiary are for a term of 4 years and are repayable over 48 monthly instalments. These are borrowed for the purpose of financing on-going construction projects. The borrowings are guaranteed by the Company and bear fixed interest at rate of 5% (2010 : 5%) per annum.

The carrying amounts of these borrowings approximate fair value as the interest rate approximates the prevailing market rate.

20 TRADE PAYABLES AND BILLS PAYABLES

	Group	
	2011	2010
	$	$
Bills payables	3,030,843	9,658,368
Outside parties	5,361,414	9,104,970
	8,392,257	18,763,338

Bills payables are repayable between 1 to 4 months (2010 : 1 to 4 months) from the date the bills are first issued. The carrying amount of the bills payables approximates its fair value due to its short-term maturity. Bills payables bear interest at rates ranging from 2.25% to 5.25% (2010 : 2.25% to 5.5%) per annum and are supported by a corporate guarantee given by the Company.

The average credit period on purchases of goods from outside parties and related parties is 3 months (2010 : 3 months). No interest is charged on overdue trade payables. Trade payables principally comprise amounts outstanding for trade purchases.

21 OTHER PAYABLES

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Other payables	857,898	911,768	49,751	47,272
Related parties (Note 5)	5,768	5,768	-	-
Associates (Note 18)	370,719	258,738	-	-
Directors	134,500	128,500	134,500	128,500
Provision for profit sharing	994,385	585,743	994,385	585,743
	2,363,270	1,890,517	1,178,636	761,515

The amounts due to the related parties, associates and directors are unsecured, interest-free and repayable on demand.

22 FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2011	2010	2011	2010
	$	$	$	$
Group				
Amounts payable under finance leases:				
Within one year	25,272	58,641	22,320	52,460
In the second to fifth year inclusive	92,593	101,088	81,808	104,128
After fifth year	-	16,777	-	-
	117,865	176,506	104,128	156,588
Less: Future finance charges	(13,737)	(19,918)		
Present value of lease obligations	104,128	156,588		
Less: Amount due for settlement within 12 months	(22,320)	(52,460)		
Amount due for settlement after 12 months	81,808	104,128		

22 FINANCE LEASES (cont'd)

It is the Group's policy to lease certain of its plant and equipment under finance leases. The average lease term is 5 years (2010 : 5 years). For the financial year ended March 31, 2011, the average effective borrowing rate was 4.5% (2010 : 5.5%) per annum. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the lease obligations approximates their carrying amount.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets (Note 14).

23 AMOUNT DUE TO A SUBSIDIARY

In prior year, the amount due to a subsidiary was unsecured, interest-free and repayable on demand. The amount has been fully settled in the financial year.

24 ACCRUAL FOR CONTRACT COSTS

	Group	
	2011	2010
	$	$
Accrual for subcontractor costs	3,477,318	2,174,318
Provision for rectification costs	487,706	200,543
Total	3,965,024	2,374,861

24 ACCRUAL FOR CONTRACT COSTS (cont'd)

Movement for provision for rectification costs of the Group during the year are as follows:

	Group	
	2011	2010
	$	$
At beginning of year	200,543	139,786
Additions during the year	336,410	145,975
Utilised during the year	(49,247)	(23,571)
Reversal during the year	-	(61,647)
At end of year	487,706	200,543

The provision for rectification costs represents management's best estimate of the expected costs which are to be incurred pending the finalisation of the final account between the Group and its respective subcontractors, based on past experience and assessment of the projects.

25 DEFINED CONTRIBUTION PLANS

The employees of the Company and its subsidiaries that are located in Singapore are members of a state-managed retirement benefit plan, the Central Provident Board Fund, operated by the Government of Singapore. The Company and the subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

The total expense recognised in profit or loss of $511,977 (2010 : $522,551) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at March 31, 2011, contributions of $115,312 (2010 : $86,030) due in respect of current financial year had not been paid over to the plans. The amounts were paid over the end of the subsequent reporting period.

26 DEFERRED TAX LIABILITIES

	Group	
	2011	2010
	$	$
At beginning of financial year	80,507	59,507
Charge to profit or loss for the financial year (Note 32)	-	21,000
At end of financial year	80,507	80,507

This represented tax effect of accelerated tax over book depreciation and temporary difference associated with a subsidiary.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of overseas associates amounted to $18,708,007 (2010 : $14,006,374). Deferred tax liabilities has not been recognised in respect of the remaining undistributed earnings amounted to $23,083,173 (2010 : $13,556,541) of other associates because these undistributed earnings are tax exempt.

27 SHARE CAPITAL

	Group and Company			
	2011	2010	2011	2010
	Number of ordinary shares		$	$
Issued and paid-up:				
At beginning and end of financial year	349,176,870	349,176,870	46,813,734	46,813,734

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

28 FOREIGN CURRENCY TRANSLATION RESERVE

Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of Group's presentation currency.

29 REVENUE

	Group	
	2011	2010
	$	$
Amounts recognised from construction contracts	67,843,225	66,584,198
Sale of goods	-	1,478,697
Rendering of services	2,519,013	2,455,540
	70,362,238	70,518,435

30 OTHER OPERATING INCOME

	Group	
	2011	2010
	$	$
Rental income	1,508,789	1,440,471
Gain on disposal of property, plant and equipment	58,246	66,875
Gain on disposal of a subsidiary	329,236	-
Gain on disposal of an associate	4,271,617	-
Sundry income	233,312	46,454
Jobs credit scheme	20,744	295,762
Management fee income	60,000	60,000
Interest income	11,117	12,759
Foreign exchange gain	-	116,983
Dividend income from other investments	4	2
Change in fair value and gain on disposal of held-for-trading investments	21,283	8,017
	6,514,348	2,047,323

31 FINANCE COSTS

	Group	
	2011	2010
	$	$
Interest expense from:		
Bank borrowings	515,009	561,853
Finance leases	6,181	12,625
Total	521,190	574,478

32 INCOME TAX

	Group	
	2011	2010
	$	$
Current	1,240,000	670,000
Deferred	-	21,000
Over provision in prior years		
- Current tax	(90,522)	(64,764)
	1,149,478	626,236

32 INCOME TAX (cont'd)

The income tax expense of the Group varied from the amount of income tax determined by applying the Singapore tax rate of 17% (2010 : 17%) to profit before income tax as a result of the following differences:

	Group	
	2011	2010
	$	$
Profit before income tax	14,810,422	10,111,055
Income tax expense at statutory rate	2,517,772	1,718,879
Non-allowable items	761,276	552,609
Non-taxable items	(894,171)	(79,761)
Tax effect of share of results of associates	(1,056,202)	(1,261,607)
Tax exemptions	(67,464)	(25,925)
Deferred tax benefits not recognised	-	7,332
Utilisation of deferred tax benefits previously not recognised	(49,399)	(284,820)
Effects of different tax rates in other countries	-	(7,818)
Others	28,188	72,111
	1,240,000	691,000
Over provision in prior years:		
- Current tax	(90,522)	(64,764)
	1,149,478	626,236

32 INCOME TAX (cont'd)

The Group has tax losses carryforwards and temporary differences available for offsetting against future taxable income as follows:

	Accelerated tax depreciation	Tax Losses	Provisions	Net
	$	$	$	$
Balance at April 1, 2009	(284,179)	2,798,879	139,786	2,654,486
Adjustment in respect of prior years	-	(617,797)	-	(617,797)
Movement during the year	(40,863)	(1,776,677)	185,256	(1,632,284)
Balance at March 31, 2010	(325,042)	404,405	325,042	404,405
Movement during the year	(110,486)	(404,405)	224,312	(290,579)
Balance at March 31, 2011	(435,528)	-	549,354	113,826

Net deferred tax benefits not recorded	
- March 31, 2011	19,350
- March 31, 2010	68,749

The realisation of the future income tax benefits from tax losses carryforwards and temporary differences is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

No deferred tax asset has been recognised in respect of the tax losses carryforwards and temporary differences due to the unpredictability of future income streams of the relevant entities in the Group.

33 PROFIT FOR THE FINANCIAL YEAR

Profit for the financial year is arrived at after charging (crediting):

	Group	
	2011	2010
	$	$
Directors' remuneration:		
Company	1,902,131	1,448,210
Subsidiaries	257,177	241,581
Directors' fees:		
Company	134,500	128,500
Staff costs (including directors' remuneration)	8,986,197	7,915,090
Costs of defined contribution plans included in staff costs	511,977	522,551
Allowance for doubtful trade receivables	945,587	333,153
Gain on disposal of property, plant and equipment, net	(58,246)	(66,875)
Reversal of allowance for inventories obsolescence	-	(1,100)
Inventories written off	130,905	586
Cost of inventories recognised as expense	27,950,421	25,936,765
Investment in an associate written off	55,481	-
Foreign exchange loss (gain) - net	10,838	(116,983)
Change in fair value of held-for-trading investments	(21,283)	(8,017)

34 EARNINGS PER SHARE (CENTS)

The basic earnings per ordinary share is calculated by dividing the Group's profit for the financial year of $13,660,944 (2010 : $9,484,819) by the weighted average number of ordinary shares of 349,176,870 (2010 : 349,176,870) in issue during the financial year.

The fully diluted earnings per share is calculated using the same weighted number of ordinary shares as there are no dilutive potential ordinary shares.

35 DIVIDENDS

On September 13, 2010, the directors of the Company declared and paid a final one-tier tax exempt dividend of 0.286 cents per share totalling $998,646 in respect of the financial year ended March 31, 2010.

During the financial year ended March 31, 2011, the directors of the Company paid an interim one-tier tax exempt dividend of 0.5 cents per share totalling $1,745,884 to shareholders on December 10, 2010.

The directors of the Company further proposed a final one-tier tax exempt dividend of 0.8 cents per share to be paid to shareholders on August 26, 2011. The dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed dividend, if approved, is payable to all shareholders on the Register of Members on August 12, 2011. The total estimated dividend to be paid is $2,793,415.

36 DERIVATIVE FINANCIAL INSTRUMENTS

The Group utilises forward foreign exchange contracts to manage its exchange rate exposure.

At the end of the reporting period, the total notional amount of outstanding forward foreign exchange contract to which the Group are as follows:

	Group	
	2011	2010
	$	$
Forward foreign exchange contracts	956,250	-

The fair value gain of the derivative financial instruments of $1,295 (2010: $Nil) as at March 31, 2011 was not recognised in the profit or loss as it was not significant.

37 COMMITMENTS AND CONTINGENT LIABILITIES

	Group	
	2011	2010
	$	$
Corporate guarantees given to banks in respect of credit facilities utilised by the associates	54,622,515	56,604,966
Letter of guarantee given in favour of The Controller of Residential Property in respect of land held by associates	4,211,034	4,211,034

The maximum amount that the Group and Company could be forced to settle under the financial guarantee contracts are $58.8 million and $67.2 million (2010 : $60.8 million and $97.1 million) respectively. The Group and Company consider that it is more likely than not that no amount will be payable under the arrangement.

38 OPERATING LEASE ARRANGEMENTS

The Group as lessor

The Group rents out part of its leasehold and investment properties in Singapore under operating leases.

At the end of each reporting period, the Group has contracted with tenants for the following lease receipts:

	Group	
	2011	2010
	$	$
Within 1 year	911,450	1,039,112
Within 2 to 5 years	-	77,963
Total	911,450	1,117,075

Operating lease receipts represents rental receivable from tenants by the Group. Leases are negotiated for an average term of 2 years and rentals are fixed for an average of 2 years.

38 OPERATING LEASE ARRANGEMENTS (cont'd)

The Group as lessee

	Group	
	2011	2010
	$	$
Minimum lease payments under operating leases included in profit or loss	334,501	286,390

At the end of each reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2011	2010
	$	$
Within 1 year	340,105	322,607
Within 2 to 5 years	1,360,420	1,290,427
After 5 years	2,102,720	2,322,005
Total	3,803,245	3,935,039

Operating lease payments represent rentals payable by the Group for land spaces where its leasehold and investment properties are located. These leases are negotiated at a range from 28 to 30 years and rentals are fixed annually. The rental commitments are computed based on the existing rate as at March 31, 2011.

39 SEGMENT INFORMATION

Business segments

The segment information reported externally was analysed on the basis of the types of products and services provided by the Group's operating segments. The information reported to the Group's chief operating decision maker for the purposes of resources allocation and assessment of segment performance is focused on these operating segments. The reportable segments under FRS 108 are plumbing and sanitary, electrical, toilet rental, paint and investment holdings.

39 SEGMENT INFORMATION (cont'd)

Plumbing and sanitary - Provision of plumbing and sanitary services includes the design and installation of water distribution systems and pipe network for sewage and waste water drainage.

Electrical - Provision of electrical engineering services includes the design and installation of electricity distribution systems, fire protection, alarm systems, communications and security systems as well as air conditioning and mechanical ventilation systems.

Toilet rental - Renting and operating of mobile lavatories and other facilities.

Paint - Manufacture and sale of paints, varnishes and painting inks.

Investment holdings - Group's investment in associates.

Others - For those other activities which do not fall into the above categories.

Segment revenue and results are the operating revenue and results reported in the Group's statement of comprehensive income that are directly attributable to a segment and the relevant portion of such revenue and results that can be allocated on a reasonable basis to a segment.

Inter-segment sales relates to sales between business segments and are stated at prevailing market prices. These sales are eliminated on consolidation.

Segment assets include all operating assets used by a segment and consist principally of cash, trade receivables, construction work-in-progress and property, plant and equipment. Unallocated assets comprise investment property and other assets that are not directly attributable to the segment. Capital expenditure includes the total cost incurred to acquire property, plant and equipment directly attributable to the segment.

Segment liabilities include all operating liabilities and consist principally of trade payables, provision for contract costs and accrued expenses. Unallocated liabilities comprise bank overdrafts, bank borrowings, finance leases, income tax payable, deferred tax liabilities and other liabilities that are not directly attributable to the segment.

Information regarding the Group's reportable segments is presented below. The measurement basis of the Group's reportable segments is in accordance with its accounting policy.

39 SEGMENT INFORMATION (cont'd)

Group Segmental Reporting

Group reportable segment

	Plumbing and sanitary		Electrical		Toilet rental	
	2011	2010	2011	2010	2011	2010
	$	$	$	$	$	$
Revenue						
External sales	37,720,514	31,909,034	30,122,711	35,455,346	2,524,343	2,466,695
Inter-segment sales	-	-	-	-	-	-
Total revenue	37,720,514	31,909,034	30,122,711	35,455,346	2,524,343	2,466,695
Results						
Segment result	1,378,602	2,937,226	2,816,653	(177,471)	243,177	344,395
Unallocated expenses						
Net other operating income						
Finance costs						
Profit before income tax						
Income tax credit						
Profit for the year						
Other information						
Capital expenditure additions	51,546	48,563	51,546	48,563	330,904	71,513
Depreciation **	17,647	11,779	17,647	11,779	166,204	154,869
Allowance for (Writeback of allowance) doubtful debts	898,234	273,560	81,524	(32,880)	(34,171)	29,628

* Includes share of profit of associates and gain on disposal of an associate.
**Depreciation expense amounting to $5,495 (2010 : $4,734) has been allocated to construction work-in-progress.

Paint		Investment holdings		Others		Eliminations		Consolidated	
2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
$	$	$	$	$	$	$	$	$	$
-	694,444	-	-	-	-	(5,330)	(7,084)	70,362,238	70,518,435
-	-	-	-	-	-	-	-	-	-
-	694,444	-	-	-	-	(5,330)	(7,084)	70,362,238	70,518,435
-	(117,000)	10,484,570*	7,421,218	329,235	-	1,031,000	203,258	16,283,237	10,611,626
								(3,009,624)	(1,901,128)
								2,057,999	1,975,035
								(521,190)	(574,478)
								14,810,422	10,111,055
								(1,149,478)	(626,236)
								13,660,944	9,484,819
-	6,538	-	-	686,612	422,745	-	-	1,120,608	597,922
-	45,495	-	-	1,088,356	1,107,741	-	-	1,289,854	1,331,663
-	62,845	-	-	-	-	-	-	945,587	333,153

39 SEGMENT INFORMATION (cont'd)

Group reportable segment

	Plumbing and sanitary		Electrical		Toilet rental	
	2011	2010	2011	2010	2011	2010
	$	$	$	$	$	$
Assets						
Segment assets	11,012,301	13,992,731	4,149,837	8,376,472	3,791,909	3,884,923
Unallocated assets						
Consolidated total assets						
Liabilities						
Segment liabilities	4,732,105	6,941,784	8,299,908	7,608,196	4,430,014	3,652,018
Unallocated liabilities						
Consolidated total liabilities						

Paint		Investment holdings		Eliminations		Consolidated	
2011	2010	2011	2010	2011	2010	2011	2010
$	$	$	$	$	$	$	$
-	3,587,219	54,601,088	55,247,534	(2,001,076)	(4,215,633)	71,554,059	80,873,246
						33,857,203	23,972,344
						105,411,262	104,845,590
-	3,344,684	370,719	258,738	(4,210,109)	(6,253,213)	13,622,637	15,552,207
						12,017,299	19,044,737
						25,639,936	34,596,944

39 SEGMENT INFORMATION (cont'd)

Geographical segments

The Group operates mainly in Singapore, People's Republic of China and Thailand. Revenue is reported based on the location of customers regardless of where the goods are produced or services rendered. Assets and capital expenditure are shown by the geographical areas in which these assets are located.

	Revenue		Non-current asset	
	2011	2010	2011	2010
	$	$	$	$
Singapore	70,362,238	69,823,991	18,973,945	22,577,226
People's Republic of China	-	694,444	6,155,213	9,111,871
Thailand	-	-	31,694,543*	25,739,586*
	70,362,238	70,518,435	56,823,701	57,428,683

* Representing the Group's investments in its Thailand associates.

Information about major customer

There is no revenue from transactions with a single external customer that amounts to 10% or more of the Group's revenue.

40 MATTERS RELATING TO INVESTMENT IN DALIAN SHICHENG PROPERTY DEVELOPMENT (S) PTE. LTD. (THE "ASSOCIATE")

(a) Discrepancies identified by special auditors of the associate for the financial year ended March 31, 2010 relating to the alleged misappropriation of funds by a former director of a wholly owned subsidiary of the associate

The Group's investment in the associate was carried at $7,644,192 (2009 : $7,617,639) as at March 31, 2010, and the Group's share of the associate loss was $340,301 (2009 : share of associate's profit of $235,514) for the financial year then ended. During the financial year ended March 31, 2010, the board of directors of a wholly owned subsidiary Dalian Shicheng Property Development Co., Ltd. of the associate, appointed special auditors to investigate the alleged misappropriation of funds by a former director of the subsidiary. Based on the report dated April 28, 2010 by the special auditors, the total discrepancies, relating mainly to the write off of other receivables, inventories and development cost-in-progress, amounted to approximately $6.4 million.

40 MATTERS RELATING TO INVESTMENT IN DALIAN SHICHENG PROPERTY DEVELOPMENT (S) PTE. LTD. (THE "ASSOCIATE") (cont'd)

The auditors of the associate were unable to verify the completeness of the discrepancies identified by the special auditors, as well as the accounting period(s) in which such discrepancies arose because the misappropriation of funds affected many of the accounting records and other related documents and have stretched over the period from July 2005 to June 2009. As a result, the auditors of the associate had expressed a disclaimer of opinion on the financial statements of the associate for the year ended March 31, 2010.

The Group had included its share of the above discrepancies amounting to $1.92 million in the current financial year's share of the associate's results.

(b) Adjustments identified during the financial year ended March 31, 2011

For the financial year ended March 31, 2011, the associate's Board of Directors undertook a detailed review to ensure that all material carrying amounts of the financial assets carried at its subsidiary's balance sheet as at March 31, 2011 are appropriately stated and to ensure that there are no material unclaimed debts or unrecorded liabilities as at March 31, 2011. As a result of this exercise, the associate identified adjustments amounting to $9.6 million. The adjustments include an aggregate sum of $2.5 million made in connection with financial assets that are not recoverable and/ or cannot be sufficiently supported by documentary evidences due to internal control weaknesses. The adjustments also include an aggregate sum of $7.1 million made in connection with changes in management's estimates used in and/or errors in relation to the accounting for development properties held for sale. The management of the associate is of the view that it is impracticable to determine the accounting period(s) in which these adjustments arose and therefore has recorded the adjustments through profit and loss for the financial year ended March 31, 2011.

As management of the associate is unable to provide its auditors with the information on the accounting period(s) in which these adjustments arose, due to reason of impracticability, the auditors were unable to carry out appropriate audit procedures to satisfy themselves as to the appropriateness of the current year's profit or loss and the total comprehensive income.

The Group recorded its share of the adjustments of $3.5 million in the share of associate's results in the statement of comprehensive income in 2011.

(c) Uncertainty around outcome of investigations into alleged fraud by a former director

The Board of Directors of the associate had engaged a Singapore law firm to request the Singapore Commercial Affairs Department ("CAD") to carry out an investigation on the alleged fraud set out in (a) above. In addition, police reports have also been lodged in People's Republic of China ("PRC") and in Singapore on April 28, 2010 and April 30, 2010 respectively. As the investigations are currently still on-going, there is uncertainty over any adjustments which may be required to be made to the financial statements arising from further information from the investigations. The Board of Directors of the associate does not expect any further material adjustments to arise from these investigations.

REPORT ON CORPORATE GOVERNANCE

Your Company is dedicated to implementing the highest standards of corporate governance at all levels within the Company and its subsidiaries (the "Group").

Your Board of Directors (the "Board") supports the principles of corporate governance as laid out in the Code of Corporate Governance 2005 (the "2005 Code") and is committed to ensuring that the highest standards of corporate governance are implemented and maintained throughout in enhancing shareholder's value and the long term value of the Company.

This report outlines the Company's corporate governance processes and structures that were in place throughout the financial year.

A. BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

Besides discharging its fiduciary duties and statutory responsibilities, the principal function of the Board includes:

- formulation of corporate strategies and charting the business direction of the Group, including the evaluation and approval of major funding, investments and divestments;
- overseeing the business and affairs of the Group by establishing strategies and financial objectives to be achieved;
- ensuring that necessary financial and human resources are in place for the Group to meet its objectives;
- implementing procedures in the evaluation of internal controls, risk assessment and management, and business reporting;
- review management performance;
- approving the nomination of directors;
- assuming responsibility for the adoption of good corporate governance practices.

Regular Board meetings are held to discuss and decide on specific issues including significant transactions with related and non-related parties, investments and divestments of assets, annual budget review, review of the Group's financial performance and to approve the release of the quarter, half-year and full-year financial results. Although specific guidelines have not been formulated to set forth the matters that require Board's approval, the Board, in general, deals with matters such as conflict of interest issues relating to directors and substantial shareholders, major acquisition and disposal of assets, dividend and other distribution to shareholders, and those transactions or matters which require Board's Board approval under the provisions of the SGX-ST Listing Manual or any applicable regulations.

The Group has in place an orientation program for new directors to ensure that incoming directors are familiar with the Group's business, corporate governance policies, disclosure of interests in securities, disclosure of any conflict of interest in a transaction involving the Group, prohibitions in dealing in the Company's securities and restrictions on disclosure of price sensitive information.

The Board is mindful of the best practice in the Code to initiate programs for directors to meet their relevant training needs. In this regard, the Group is supportive of members in the participation of industry conferences and seminars and in the funding of members' attendance at any courses or training programs in connection with their duties as a director. The Company relies on the directors to update themselves on new laws, regulations and changing commercial risks.

To assist in the execution of its responsibilities, the Board has established a number of Board Committees including an Audit Committee ("AC"), a Nomination Committee ("NC") and a Remuneration Committee ("RC"). These committees function within clearly defined written terms of reference and operating procedures, which are reviewed on a regular basis. The effectiveness of each committee is also constantly monitored. All the Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group.

The attendance of the Directors at board and board committee meetings in FY2011, as well as the frequency of such meetings, is disclosed in the table below. Notwithstanding such disclosure, the Board is of the view that the contributions of each director extend beyond his/her attendance at these meetings and their contribution also come in other forms such as through the sharing of expertise, advice, experience and strategic networking relationships that are outside the confine of the boardroom. Ad-hoc non-scheduled board meetings are convened as warranted by particular circumstances. Telephonic attendance and conference via audio communication at board meetings are allowed under the Company's Articles of Association.

Name	No. of Board Meetings Attended	No. of Audit Committee Meetings Attended	No. of Nomination Committee Meetings Attended	No. of Remuneration Committee Meetings Attended
No. of meetings held	**4**	**4**	**1**	**1**
Chua Kim Hua	4	NA	1	NA
Chua Eng Eng	4	NA	NA	NA
Chua Hai Kuey	4	NA	NA	NA
Lim Hock Beng	4	4	1	1
Goh Chee Wee	4	4	1	1
Nathapun Siriviriyakul	4	4	NA	1

Principle 2: Board Composition and Balance

The current Board comprise of six directors, three of whom are considered by the NC to be independent.

The three independent non-Executive Directors are Mr. Lim Hock Beng, Mr. Goh Chee Wee, and Mr. Nathapun Siriviriyakul. The definition of an "independent director" in the 2005 Code has also been adopted by the Board. The NC is satisfied that the Independent Directors have an independent element that sufficiently enables the Board to exercise objective judgment on corporate affairs independently from Management.

Every director is expected to act in good faith and always in the interest of the Company. Collectively, the directors not only bring with them a wide range of diverse experience and knowledge in business, accounting, finance, engineering, technology and management experience but also the importance of independence in decision-making at Board level.

For FY2011, the NC is of the view that the Board's current size and composition is appropriate, taking into account the nature and scope of the Group's operations and the diversity of the board members' experience and attributes; and no individual or small group of individuals dominates the Board's decision-making process.

Principle 3: Chairman and Chief Executive Officer

Mr. Chua Kim Hua, the founder of the Group and Executive Director also assumes the role of Chairman of the Board. He plays an instrumental role in developing the business of the Group and provides the Group with strong leadership and vision.

As the Chairman, he ensures that board meetings are held when necessary and sets the meeting agenda in consultation with the Managing Director. He reviews the Board papers before they are presented to the Board and ensures that Board members are provided with adequate, timely and clear information. He facilitates the effective contributions of the Board members, encourages constructive relations among the Board members and promotes high standards of corporate governance.

All major decisions made by the executive directors and Chairman are reviewed by the AC. The performance and remuneration packages of Executive Directors are reviewed periodically by the NC. Further, the roles of the Executive Directors have to a certain extent been balanced by the presence of three Independent Directors within the Board.

Mr. Lim Hock Beng, an independent non-Executive Director, is the Lead Independent Director of the Company. He is available to shareholders when they have any concerns where contact through the normal channels of the Chairman or Managing Director has failed to resolve or for which such contact is inappropriate.

Principle 4: Board Membership

As at the date of this Report, our Board comprises the following members:

Chua Kim Hua	Executive Chairman
Chua Eng Eng	Managing Director
Chua Hai Kuey	Executive Director
Lim Hock Beng	Independent Lead Director
Goh Chee Wee	Independent Director
Nathapun Siriviriyakul	Independent Director

The NC is made up of three members, two of whom are independent. The NC is chaired by Mr. Goh Chee Wee. The other members of the Committee are Mr. Lim Hock Beng and Mr. Chua Kim Hua.

The NC regulates under its own written terms of reference, which includes the calling of meetings, notice to be given of such meetings, the voting and proceedings. Minutes of the deliberations and proceedings of the NC are recorded by the Company Secretary. The Committee meets at least once annually. The number of meetings held and attendance at the meetings during the last financial year are presented under "Board Matters" in this report.

The NC identifies gaps in the mix of skills, experience and other qualities required in an effective board so as to better nominate or recommend suitable candidates to fill the gap. It uses its best efforts to ensure that the directors appointed to the Board possesses the relevant background, experience and knowledge and that each Independent Director brings to the Board an independent and objective perspective to enable the making of balanced and well-considered decisions.

The NC recommends, and the Board approves, a formal process for the selection of new directors to increase transparency of the nominating process in indentifying and evaluating nominees for directors. This function extends to the recommendation on nomination of directors for re-election or re-appointment having regard to their contributions, performance and their ability to carry out duties as a directors notwithstanding their multiple board representations. When a director has multiple board representations such director has to ensure that sufficient time and attention is given to the affairs of the Company. The NC is satisfied that the Director is able to and has been adequately carrying out his duties as a director of the Company.

We believe the Board renewal should be an on-going process in order to ensure good corporate governance. The Company's Articles of Association require one-third of the Board to retire and subject to re-election by shareholders at every annual general meeting ("AGM"). The directors are required to submit themselves for re-nomination and re-election at regular intervals of at least once every three years. In addition, a newly appointed director will submit himself for retirement and re-election at the AGM immediately following his appointment. Thereafter, he is subject to retirement by rotation once every three years. Each NC member abstains from deliberations in respect of matters concerning himself, his own election or appointment.

The directors standing for re-election at the forthcoming AGM under Article 89 are Ms. Chua Eng Eng while Mr. Chua Kim Hua and Mr. Lim Hock Beng will be up for re-appointment under Section 153(6) of the Companies Act, Cap 50 at the forthcoming AGM. The Committee, after assessing their contribution and performance (including attendance, preparedness and participation), and their effectiveness as directors had recommended the three retiring directors for re-election and re-appointment.

The NC is also charged with determining, on an annual basis, whether a director is independent. It had reviewed the independence of each non-Executive Director for the financial year ended 31 March 2011 and is of the view that the three Independent Directors of the Company satisfy the criteria of independence and each and every director shares equal responsibility on the Board.

Other key information on the individual directors of the Company is set out in this Annual Report. Their shareholdings in the Company are also disclosed in the Directors' Report. None of the directors hold shares in the subsidiaries of the Company.

Principle 5: Board Performance

The NC reviews and evaluates the performance of the Board as a whole, taking into considerations, attendance records at respective Board and committee meetings as well as the contribution of each individual director to the Board's effectiveness. In evaluating the Board performance, the NC implemented a self-assessment process that requires each director to submit the assessment of the performance of the Board as a whole during the year under review. This self-assessment process takes into account, inter alia, the board composition, maintenance of independence, board information, board process, board accountability, communication with top management and standard of conduct. The board assessment exercise provided an opportunity to obtain constructive feedback from each director on whether the Board's procedures and processes allowed him to discharge his duties effectively and the changes which should be made to enhance the effectiveness of the Board as a whole.

The NC took into account the results of the assessment of the Board, the respective Director's actual conduct on the Board, in making the determination, and is satisfied that all the Directors have been able to and have adequately carried out their duties as Directors.

Principle 6: Access to Information

All Directors are provided with the names and contact details of the Company's senior management and the Company Secretary to facilitate unrestricted access to senior management and the Company Secretary in carrying out their duties. Requests for information from the Board are dealt with promptly by management.

The Board is kept informed of all relevant information on material events and transactions accurately and promptly as and when they arise. Management also consults the Board whenever necessary.

Under the direction of the Managing Director, the Company Secretary ensures good information flows within the Board and its committees and between Management, Non-Executive Directors and Independent Directors. An agenda for Board meetings together with the relevant papers are prepared in consultation with the Managing Director and usually circulated before the holding of each Board and committee meetings. This allows control over the quality, quantity and timeliness of the flow of information between Management and the Board. The Board papers include sufficient background explanatory information from the Management on financial, business and corporate issues to enable the directors to be properly briefed on issues to be considered at Board meetings. Such explanatory information may also be in the form of briefings to the directors or formal presentations made by senior management staff in attendance at Board meetings, or by external consultants engaged on specific projects.

The Board members may, at any time, in the furtherance of their duties, request for independent professional advice and receive training at the Company's expense.

The Company Secretary attends all Board meetings and Board committee meetings conducted during the year. The Company Secretary ensures that Board procedures are followed and that the Company complies with the requirements of the Singapore Companies Act and other rules and regulations of the SGX, which are applicable to the Company.

B. REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies Remuneration Committee

As at the date of this Report, the RC comprises the following independent non-Executive Directors: -
Goh Chee Wee, Chairman
Lim Hock Beng
Nathapun Siriviriyakul

The RC has at least one member who is knowledgeable in the field of executive compensation. It has access to expert advice in the field of executive compensation outside the Company, when required.

The RC recommends to the Board for endorsement a framework of remuneration (which covers all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, options and benefits in kind). It also determines specific remuneration packages for each Executive Director, the Chairman and our Managing Director for endorsement by the entire Board. No director is involved in deciding his own remuneration. The review covers all aspects of remuneration including but not limited to directors' fees, salaries, allowance, bonuses and benefits in kind. The RC also reviews the renumeration of senior management. In the event that a member of our RC is related to the employee under review, he will abstain from the review.

The Committee meets at least once annually.

The number of meetings held and attendance at the meetings during the last financial year are presented under "Board Matters" in this report.

Principle 8: Level and Mix of Remuneration

When setting remuneration packages, the Company takes into consideration current practices of companies in the same industry and companies that are comparable in size and operations. The Group's financial performance and the performance of individual directors are also taken into consideration.

The non-Executive Directors will receive a basic fee and a fee for their appointments in the various Board committees in financial year 2011. They will also receive additional fees if they are chairpersons of these Board committees. The Company is fully aware of the need to pay competitive fees to attract, retain and motivate the directors. Directors' fees are recommended by the Board for approval at the Company's AGM.

Our Executive Directors have entered into service contracts with the Company, subject to renewal every three (3) years. The review of service contracts for Executive Directors come under the purview of the RC to ensure that fair and reasonable terms of service is tie in to performance. The service contracts of the Executive Directors were last renewed in November 2008. Each service contract may be terminated by either party giving the other party at least three months prior written notice.

The remuneration for the Executive Directors comprises a basic salary component and a variable component in the form of annual bonus and profit sharing, which is based on the performance of the Group as a whole and their individual performance. Executive Directors do not receive directors' fees.

Principle 9: Disclosure on Remuneration

The breakdown of remuneration of the Directors of the Company for the year ended 31 March 2011 is set out below:

Name of Director	Fixed Component [1] %	Variable Component [2] %	Provident Fund [3] %	Directors Fees [4] %	Total Compensation %
Above S$500,000					
Chua Kim Hua	36%	64%	1%	0%	100%
Chua Hai Kuey	34%	65%	1%	0%	100%
Above S$250,000 but below S$500,000					
Chua Eng Eng	44%	54%	2%	0%	100%
Below S$250,000					
Lim Hock Beng	0%	0%	0%	100%	100%
Goh Chee Wee	0%	0%	0%	100%	100%
Nathapun Siriviriyakul	0%	0%	0%	100%	100%

Notes

(1) Fixed Component refers to base salary for the financial year ended 31 March 2011.

(2) Variable Component refers to variable bonus and profit sharing paid or payable.

(3) Provident Fund represents payment in respect of the company's statutory contributions to the Singapore Central Provident Fund.

(4) Directors' Fees will be subjected to approval by shareholders in the Company's upcoming AGM.

Remuneration of Top Five Key Executives:
The following information relates to the remuneration of the Company's top five key executives (not being directors) for the financial year ended 31 March 2011

Name of Executive	Fixed Component [1]	Variable Component [2]	Provident Fund [3]	Total Compensation
	%	%	%	%
Above S$250,000 but below S$500,000				
Wong Lam Lim	75%	24%	1%	100%
Below S$250,000				
Seah Cheah Sye Mui	73%	23%	4%	100%
Chew Chee Yuen Francis	77%	18%	5%	100%
Chua Yan Peng	82%	13%	5%	100%
Siow Nget Yuen	72%	24%	4%	100%

Notes
(1) Fixed Component refers to base salary for the financial year ended 31 March 2011.
(2) Variable Component refers to variable bonus paid in the financial year ended 31 March 2011.
(3) Provident Fund represents payment in respect of the company's statutory contributions to the Singapore Central Provident Fund.

No employee of the Company and its subsidiary companies is an immediate family member of a director and whose remuneration exceeded S$150,000 during the financial year ended 31 March 2011.

Currently, the Company does not have a share option scheme.

C. ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

When presenting the annual financial statements and half-yearly and quarterly results announcements to shareholders, the Board aims to provide the shareholders with an accurate analysis, explanation and assessment of the Group's financial position and the business environment in which the Group operates. The Management currently provides the Board with management accounts of the Group's performance, position and prospects on a quarterly basis.

Principle 11: Audit Committee

As at the date of this Report, the AC comprises the following independent non-Executive Directors who do not have any existing business or professional relationship with our Group, our Directors or Substantial Shareholders: -

Lim Hock Beng, Chairman
Goh Chee Wee
Nathapun Siriviriyakul

The members of the AC bring with them invaluable managerial, accounting and financial management expertise to discharge the AC's functions.

The key responsibility of the AC is to assist the Board in fulfilling its responsibilities for the Group's financial reporting, management of financial and control risks and monitoring of the internal control system. The AC will make enquiries in order to satisfy themselves on the adequacy of the processes supporting the Group's financial reporting, its system of internal control, risk identification and management, its internal and external audit processes, and the Group's process for monitoring compliance with laws and regulations and its own code of business conduct.

Under its written terms of reference, the AC's responsibilities include the following functions:

- Review with the external auditors, their audit plan, evaluate the internal accounting controls, audit report, report on internal control weaknesses arising from the audit report and management's response thereto and any matters which the external auditors wish to discuss, without the presence of management;
- Review with the internal auditors, internal audit plan, the scope and the results of internal audit procedures and their evaluation of the internal control system together with management's responses thereto and any matters which the internal auditors wish to discuss, without the presence of management;
- Review the quarter, half year and full year financial statements and other announcements to shareholders and the SGX-ST prior to submission to the Board;
- Make recommendations to the Board on the appointment of the external auditors and their audit fee;
- Review the adequacy of the Group's internal controls;
- Review any related party transactions;
- Review assistance given by the Group's officers to the external and internal auditors and ensure that the internal audit function is adequately resourced;
- Carry out such other functions as may be agreed by the AC and the Board.

The AC has explicit authority to investigate any matters relating to the Group's accounting, auditing, internal controls and/or financial practices brought to its attention, To effectively discharge it responsibilities, the AC has full access to and the co-operation of the Management and full discretion to invite any director or executive to attend its meetings. It is also able to obtain external professional advice, when necessary. Adequate resources have also been made available to the AC to enable it to discharge its functions properly.

The AC had reviewed with the external auditor and the Management, the quarterly and annual financial statements before submission to the Board for its approval.

It had reviewed transactions in respect of Interested Person Transaction falling within the scope of the AC terms of reference and the Listing Manual of the SGX-ST.

In addition, it had also reviewed and discussed with the external auditors 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.

The external auditors have unrestricted access to the AC. The AC had met with the external auditors, without the presence of Management and had reviewed the independence and objectivity of the external auditors through discussions with the external auditors. It had also reviewed the volume of non-audit services provided by the external auditors to the Company. It noted that no non-audit service was provided by the Deloitte & Touche in the financial year just ended. It is satisfied that the independence and objectivity of the external auditors is not compromised and has therefore has recommended to the Board of directors that the auditors, Deloitte & Touche LLP be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Whistle Blowing Policy

Management had on the recommendation of the AC put in place the Whistle Blowing Policy for the King Wan Group since financial year 2007. This policy provides a channel to employees and other parties to report in confidence, without fear of reprisals, concerns about possible improprieties in matters of financial reporting or other matters. The AC ensures that arrangements are in place for the independent investigation of such matters and appropriate follow up actions are taken.

Principle 12: Internal Control

The Group's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial information and to safeguard and maintain accountability of its assets. Procedures are in place to identify major business risks and evaluate potential financial effects. There are also ongoing reviews on the adequacy of the Group's system of internal controls and management information systems, including systems for compliance with applicable laws, regulations, rules, directive and guidelines. The Board and the AC are also informed of all control issues pertaining to internal controls and regulatory compliances. Based on the internal audit reports and the management controls in place, the Board and the AC are satisfied that there are adequate internal controls in the Group.

Risk Management

Our Company does not have a Risk Management Committee. However, our Management regularly reviews our Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Our Management reviews all significant control policies and procedures and highlights all significant matters to our directors and AC.

Principle 13: Internal Audit

The Group's internal audit function was outsourced to an international accounting firm that is not the Company's auditors. The Partner-in-charge of the internal audit reported directly to the AC and assists in the identification of risks and assessing the adequacy of internal controls systems implemented. The Internal Auditors also made recommendations on how best to address material risks identified in the Group. The findings of the Internal Auditors are presented to the AC for review.

D. COMMUNICATION WITH SHAREHOLDERS

Principle 14: Communication with Shareholders

Principle 15: Greater Shareholder Participation

The Board believes in regular, timely and effective communications with shareholders on all major developments that impact the Group. The Company does not practice selective disclosure. Pertinent information is communicated to shareholders on a regular and timely basis through:

- the Company's annual reports that are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual report includes all relevant information about the Group, including future developments and other disclosures required by the Singapore Companies Act, the Singapore Financial Reporting Standards and the SGX Listing Manual;
- financial statements containing a summary of the financial information and affairs of the Group for the period that are published on the SGX-NET
- disclosures to the Singapore Exchange; and
- the Group's website at www.kingwan.com.from which shareholders can access information on the Group. The website provides annual reports and profiles of the Group.

In addition, shareholders are encouraged to attend the AGM to ensure a greater level of shareholder participation and for them to be kept up to date as to the Group's strategies and goals. The notice of the AGM is dispatched to shareholders, together with explanatory notes or a circular on items of special business, at least 10 market days before the meeting. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution.\

The Board views the AGM as the principal forum for dialogue with shareholders, being an opportunity for shareholders to raise issues and ask the directors or Management questions regarding the Group and its operations.

Any queries and concerns regarding the Group can be conveyed to the following person:

Mr. Francis Chew, Chief Financial Officer
Telephone No. : 65-6866 9246
Fax No.: 65-6365 7675
E-mail: francisc@kingwan.com.sg

E. SECURITIES TRANSACTIONS

Insider Trading Policy

The Company has a formal policy on dealings in the securities of the Company, which sets out the implications of insider trading and guidance on such dealings. The policy has been distributed to all Directors and officers. It has adopted best practices on securities dealings in compliance with Rule 1207(18) of the Listing Manual. In line with these best practices, the Company issues circulars to its Directors and officers informing that the Directors and its officers must not deal in its securities a month before the release of the full-year results and two weeks before the release of the quarterly results, as the case may be, and if they are in possession of unpublished material price-sensitive information. Directors and officers are also reminded that they should not deal in the Company's securities on short-term considerations.

F. STATEMENT OF COMPLIANCE

Our Board confirms that for FY2011, our Company has complied with the principal corporate governance recommendations.

ANALYSIS OF SHAREHOLDINGS

AS AT 17 June 2011

Issued and Fully Paid Up capital : S$46,813,734
Class of Shares : Ordinary Shares with equal voting rights

Size of Holdings	Number of Shareholders	%	Number of Shares	%
1 to 999	3	0.22	545	0.00
1,000 to 10,000	443	32.08	2,545,253	0.73
10,001 to 1,000,000	907	65.67	75,796,360	21.71
1,000,001 AND ABOVE	28	2.03	270,834,712	77.56
TOTAL	**1,381**	**100.00**	**349,176,870**	**100.00**

TOP TWENTY SHAREHOLDERS AS AT 17 June 2011

No.	Name of Shareholders	Number of Shares	%
1	Ganoktip Siriviriyakul	76,875,000	22.02
2	Chua Kim Hua	43,938,319	12.58
3	Chua Eng Eng	32,518,906	9.31
4	Chong Thim Pheng	25,250,000	7.23
5	Chua Hai Kuey	22,247,676	6.37
6	Kim Eng Securities Pte. Ltd.	18,215,000	5.22
7	Liong Kiam Teck	8,387,000	2.40
8	Ong Tze King	7,369,000	2.11
9	OCBC Securities Private Ltd	5,342,000	1.53
10	Thian Yim Pheng	4,050,000	1.16
11	HSBC (Singapore) Nominees Pte Ltd	4,000,000	1.15
12	UOB Kay Hian Pte Ltd	2,644,000	0.76
13	Phillip Securities Pte Ltd	2,250,000	0.64
14	Hong Heng Co Pte Ltd	2,000,000	0.57
15	Lim Chye Huat @ Bobby Lim Chye Huat	1,920,000	0.55
16	Koh Gek Huang	1,885,000	0.54
17	Poh Seng Kui	1,800,000	0.52
18	DBS Nominees Pte Ltd	1,723,000	0.49
19	Ang Chai Cheng	1,400,000	0.40
20	Chip Eng Seng Corporation Ltd	1,300,000	0.37
	TOTAL	**265,114,901**	**75.92**

SUBSTANTIAL SHAREHOLDERS

AS AT 17 June 2011

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Ordinary Shares	%	No. of Ordinary Shares	%
1. Ganoktip Siriviriyakul	76,875,000	22.02	Nil	Nil
2. Chua Kim Hua	44,113,319	12.63	Nil	Nil
3. Chua Eng Eng	35,633,906	10.20	Nil	Nil
4. Chua Hai Kuey	22,247,676	6.37	Nil	Nil
5. Chong Thim Pheng, Winstedt	26,400,000	7.56	Nil	Nil

SUPPLEMENTARY INFORMATION

Dealing In Securities & Compliance With Best Practices Guide

The Company has adopted its own internal Code of Best Practices on Securities Transactions ("Securities Transaction Code").

The Securities Transaction Code (the "Code") provides guidelines to the Company's directors and key officers of the Group who have access to 'price sensitive' information, in the dealing of Company's securities. In accordance with Rule 1207(18)(b) of the Listing Manual, directors and key officers of the Group should not deal in the Company's securities on short-term considerations and should be mindful that the law on insider dealing is applicable at all times, notwithstanding that the Best Practices Guide may provide window periods for Directors and officers to deal in the Company's securities. Circulars are issued to its directors and key officers that they must not trade in the listed securities of the Company two weeks before the release of the quarterly financial results and one month before the release of the full-year financial results, ending on the date of announcement of the relevant results. Outside this window period, Directors are required to notify the Company of their dealings within two business days under Sections 165 and 166 of the Companies Act, Cap. 50.

The Board of Directors confirms that for the financial year ended 31 March 2011, the Company has complied with the principal corporate governance recommendations set out in the Best Practices Guide issued by the Singapore Exchange.

INTERESTED PERSON TRANSACTIONS

When a potential conflict of interest arises, the director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

As a listed company on the Singapore Exchange, the Company is required to comply with Chapter 9 of the Singapore Exchange Listing Manual on interested person transactions.

The Board of Directors is updated regularly on any interested person transactions and their cumulative values. If the Company intends to enter into an interested person transaction that was not previously approved by shareholders, the Board of Directors will ensure that the Company complies with the requisite rules under Chapter 9.

During the financial year ended 31 March 2011, the Company did not enter into any interested person transaction which require announcement or shareholders' approval under Chapter 9.

MATERIAL CONTRACTS

Save as disclosed in the report of the directors and financial statements, there was no other material contracts entered into by the Company or any of its subsidiaries involving the interest of the Chairman, Managing Director, any Director or substantial shareholders.

SHAREHOLDINGS IN THE HAND OF PUBLIC AS AT 17 JUNE 2011

The percentage of shareholdings in the hand of public is about 41%. Hence, the Company has complied with Rule 723 of the SGX-ST Listing Manual.

APPOINTMENT OF AUDITORS FOR SUBSIDIARIES AND SIGNIFICANT ASSOCIATES

The Company's Board and Audit Committee are satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Group. Thus, the Company has complied with Rule 716 of the SGX-ST Listing Manual.

NOTICE OF ANNUAL GENERAL MEETING

KING WAN CORPORATION LIMITED
(Incorporated in Singapore)
Company No.: 200001034R

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of KING WAN CORPORATION LIMITED (the "Company") will be held at the Board Room, 8 Sungei Kadut Loop, Singapore 729455 on Friday, 29 July 2011 at 10.00 a.m. for the following purposes:

As Ordinary Business:

1. To receive and adopt the Directors' Report and the Audited Accounts for the year ended 31 March 2011 and the Auditors' Report thereon. **[Resolution No. 1]**

2. To re-elect Ms. Chua Eng Eng who is retiring by rotation under Article 89 of the Company's Articles of Association. **[Resolution No. 2]**

3. To pass a resolution pursuant to Section 153(6) of the Companies Act, Cap 50 to re-appoint Mr. Chua Kim Hua as Director of the Company to hold office until the next annual general meeting of the Company. **[Resolution No. 3]**

4. To pass a resolution pursuant to Section 153(6) of the Companies Act, Cap 50 to re-appoint Mr. Lim Hock Beng as Director of the Company to hold office until the next annual general meeting of the Company. **[Resolution No. 4]**

5. To approve Directors' Fee of S$134,500 for the year ended 31 March 2011 (2010: S$128,500). **[Resolution No. 5]**

6. To approve the payment of a final one-tier tax exempt dividend of 0.8 cent per ordinary share for the year ended 31 March 2011. **[Resolution No. 6]**

7. To re-appoint Auditors and to authorise the Directors to fix their remuneration. **[Resolution No. 7]**

As Special Business:

8. To approve the issue of shares pursuant to Section 161 of the Companies Act, Chapter 50.

   "THAT pursuant to Section 161 of the Act, Chapter 50 and the listing rules of the Singapore Exchange Securities Trading Limited (SGX-ST), authority be and is hereby given to the Directors of the Company to (a) issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); (b) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively Instruments) including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares; (c) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and (d) (notwithstanding that the authority conferred by this

Resolution may have ceased to be in force) to issue shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force, provided that:

(i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the issued shares 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 20% of the issued shares in the capital of the Company;

(ii) for the purpose of determining the aggregate number of shares that may be issued (subject to such manner of calculation as may be prescribed by SGX-ST) under (i) above, the percentage of issued share capital shall be based on the issued shares in the capital of the Company at the time this Resolution is passed, after adjusting for (1) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards that are outstanding or subsisting when this Resolution is passed; and (2) any subsequent consolidation or sub-division of shares;

(iii) 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 is waived by the SGX-ST) and the Company's Articles of Association; and

(iv) unless revoked or varied by the Company in General Meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

[Resolution No. 8]

ORDER OF THE BOARD

Lim Bee Lian Eliza
Company Secretary
Singapore, 14 July 2011

Notes:

A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead and the proxy need not also be a Member of the Company. The instrument appointing a proxy must be deposited at the Registered Office of the Company at least 48 hours before the time appointed for the Meeting.

Explanatory Notes on Ordinary Resolutions to be transacted:

a. Ms. Chua Eng Eng is the Managing Director of the Company.
b. Mr. Chua Kim Hua is the Executive Chairman of the Company. If re-appointed, he will remain as member of the Nominating Committee.
c. Mr. Lim Hock Beng is an Independent Non-Executive Director, Chairman of the Audit Committee and also a member of the Remuneration Committee and Nomination Committee. If he is re-elected, he will continue as the Chairman of the Audit Committee and also a member of the Remuneration Committee and Nomination Committee.
d. The Audit Committee has recommended that Deloitte & Touche LLP be re-appointed as Auditors.

e. Resolution No. 8 is to empower the Directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding 50% of the issued shares in the capital of the Company of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders, does not exceed 20% of the Company's issued shares. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time that Resolution No. 8 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution No. 8 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of King Wan Corporation Limited (the "Company") will be closed at 5.00 p.m. on 12 August 2011 (the "Books Closure Date") for the purpose of determining the entitlements of shareholders in respect of the proposed final one-tier tax exempt dividend of 0.8 cent per ordinary share.

Shareholders whose securities accounts with The Central Depository (Pte) Ltd are credited with shares as at 5.00 p.m. on the Books Closure Date will be entitled to the dividend.

Registrable transfers (in respect of Share not registered in the name of CDP) together with all relevant documents of title received by the Company's Registrar, M&C Services Private Ltd at 138 Robinson Road #17-00 The Corporate Office Singapore 068906, up to 5:00 p.m. on the Books Closure Date will, subject to the Articles of Association of the Company, be registered before entitlements to the dividend are determined.

The final one-tier tax exempt dividend if approved by shareholders, will be paid on or about 26 August 2011.

By Order of the Board

Eliza Lim Bee Lian
Company Secretary
14 July 2011

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KING WAN CORPORATION LIMITED

PROXY FORM

Important:

1. For investors who have used their CPF monies to buy King Wan Corporation Limited's shares, the Annual Report is forwarded to them at the request of their CPF Approved nominee and is sent solely for information only.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We _____ (Name)

of _____ (Address)

being a member/members of King Wan Corporation Limited ("the Company") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at the Board Room, 8 Sungei Kadut Loop, Singapore 729455 on Friday, 29 July 2011 at 10.00 a.m. and at any adjournment thereof.

I/We have indicated with an "X" in the appropriate box against such item how I/we wish my/our proxy/proxies to vote. If no specific direction as to voting is given, my/our proxy/proxies may vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.

	Resolutions relating to:	For	Against
1	Adoption of the Reports and Accounts for the year ended 31 March 2011 and the Auditors' Report thereon.		
2	Re-election of Ms. Chua Eng Eng as Director.		
3	Re-appointment of Mr. Chua Kim Hua as Director.		
4	Re-appointment of Mr. Lim Hock Beng as Director.		
5	Approval of Directors' fee of S$134,500.		
6	To approve the payment of Final one-tier tax exempt dividend of 0.8 cent per ordinary share.		
7	Re-appointment of Auditors.		
8	Authority for allotment and issuance of shares pursuant to Section 161 of the Companies Act, Cap. 50.		

Signed this …… day of July 2011

Total Number of Shares Held in:	
CDP Register	
Register of Members	

_____

Signature of Shareholder(s)
or Common Seal of Corporate Shareholder

Important: Please read notes overleaf

Postage stamp

To: The Company Secretary
KING WAN CORPORATION LIMITED
8 Sungei Kadut Loop
Singapore 729455

Fold along dotted line

NOTES:

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

b. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint no more than two proxies to attend and vote on his behalf and such proxy need not be a member of the Company. Where a member appoints two proxies, the appointment shall be deemed to be alternative unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

c. A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy by resolution of its directors or other governing body such person as it thinks fit to vote on its behalf.

d. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company not less than 48 hours before the time appointed for the Annual General Meeting.

e. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.

f. In the case of members whose Shares are deposited with The Central Depository (Pte) Limited ("CDP"), the Company shall be entitled to reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Annual General Meeting as certified by the CDP to the Company.

g. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

h. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

KING WAN CORPORATION LIMITED

FINANCIAL STATEMENTS 2011

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