LIPPO LIMITED
力寶有限公司
(Incorporated in Hong Kong with limited liability)
(Stock code: 226)

LIPPO CHINA RESOURCES LIMITED
力寶華潤有限公司
(Incorporated in Hong Kong with limited liability)
(Stock code: 156)

OVERSEAS REGULATORY ANNOUNCEMENT

This announcement is made pursuant to Rule 13.10(B) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The attached document has been released by Auric Pacific Group Limited ("Auric") on the Singapore Exchange Securities Trading Limited ("SGX"). Auric, in which Lippo China Resources Limited ("LCR") (a subsidiary of Lippo Limited ("Lippo")) is interested in approximately 49.3 per cent. of its issued share capital, is a company listed on the SGX.

Hong Kong, 11th April, 2013

As at the date of this announcement, the board composition of each of Lippo and LCR is as follows:

Lippo
Executive Directors:
Mr. Stephen Riady *(Chairman)*
Mr. John Luen Wai Lee *(Managing Director and Chief Executive Officer)*
Mr. Jark Pui Lee

Non-executive Director:
Mr. Leon Nim Leung Chan

Independent Non-executive Directors:
Mr. Edwin Neo
Mr. King Fai Tsui
Mr. Victor Ha Kuk Yung

LCR
Executive Directors:
Mr. Stephen Riady *(Chairman)*
Mr. John Luen Wai Lee *(Chief Executive Officer)*

Non-executive Director:
Mr. Leon Nim Leung Chan

Independent Non-executive Directors:
Mr. Edwin Neo
Mr. King Fai Tsui
Mr. Victor Ha Kuk Yung

ANNUAL REPORT 2012

AURIC PACIFIC

AURIC PACIFIC GROUP LIMITED

RISING ABOVE & BEYOND

TRUSTED BRAND
THROUGH THE GENERATIONS

HIGH SERVICE
STANDARDS

DELIVERING
QUALITY VALUE

CORPORATE PROFILE

Auric Pacific Group Limited ("APGL") is an established food & beverage group with diverse business interests ranging from distribution of fast moving consumer food, food manufacturing and retailing, management of restaurant and food court operations to other strategic investments including fund investment.

The Group is headquartered in Singapore and has grown its business operations across Asia including Singapore, Malaysia, Indonesia, Hong Kong and China.

In the marketing and distribution business, Auric Pacific Marketing Pte Ltd ("APM") and Auric Chun Yip Sdn Bhd rank among the leading players in Singapore and Malaysia respectively, having successfully built significant market share for many leading global consumer goods in their respective markets. In both Singapore and Malaysia, their business partners include household names such as Anlene, Berri Juice, Birds Eye, Fernleaf, Heinz, Kraft, Lee Kum Kee, Twinings, Ovaltine, McCain, Perfect Italiano, Kewpie Dressing, McCormick, Meadow Lea, Munchy's, Olive Grove, Praise, POST, Sara Lee, Simplot, Emborg, Sunquick, Paysan Breton, Vivo, Pringles, Dark Dog, Darabif, Amsterdam beer, Grolsch beer and many others. APM is also in the business of marketing and distributing leading brands of wines and spirits. Renowned brands in the portfolio include Hardys, Robert Mondavi, Kim Crawford, Nederburg, Cono Sur, Mudhouse, Tatachilla, Taylors and Banfi.

The Group has also built a portfolio of established house brands that have become household names. These brands comprise Sunshine and Top-One fresh bread and bakery products, Sunshine frozen pizzas, garlic bread and pies, Sunshine flour, SCS butter and cheese, Buttercup dairy spread and margarine, and Gourmet delicatessen and pizzas.

The Group's interests in food retailing are represented by its 61.42% interest in Mainboard-listed Food Junction Holdings Limited ("FJH") and its 100% interest in Delifrance Asia Ltd ("DFA"). FJH manages and operates a chain of food courts in Singapore, Malaysia and Indonesia (under various brand names such as Food Junction, Food Culture, FJ Square, The Food Place and Food Garden), as well as restaurants in Singapore, Hong Kong and China.

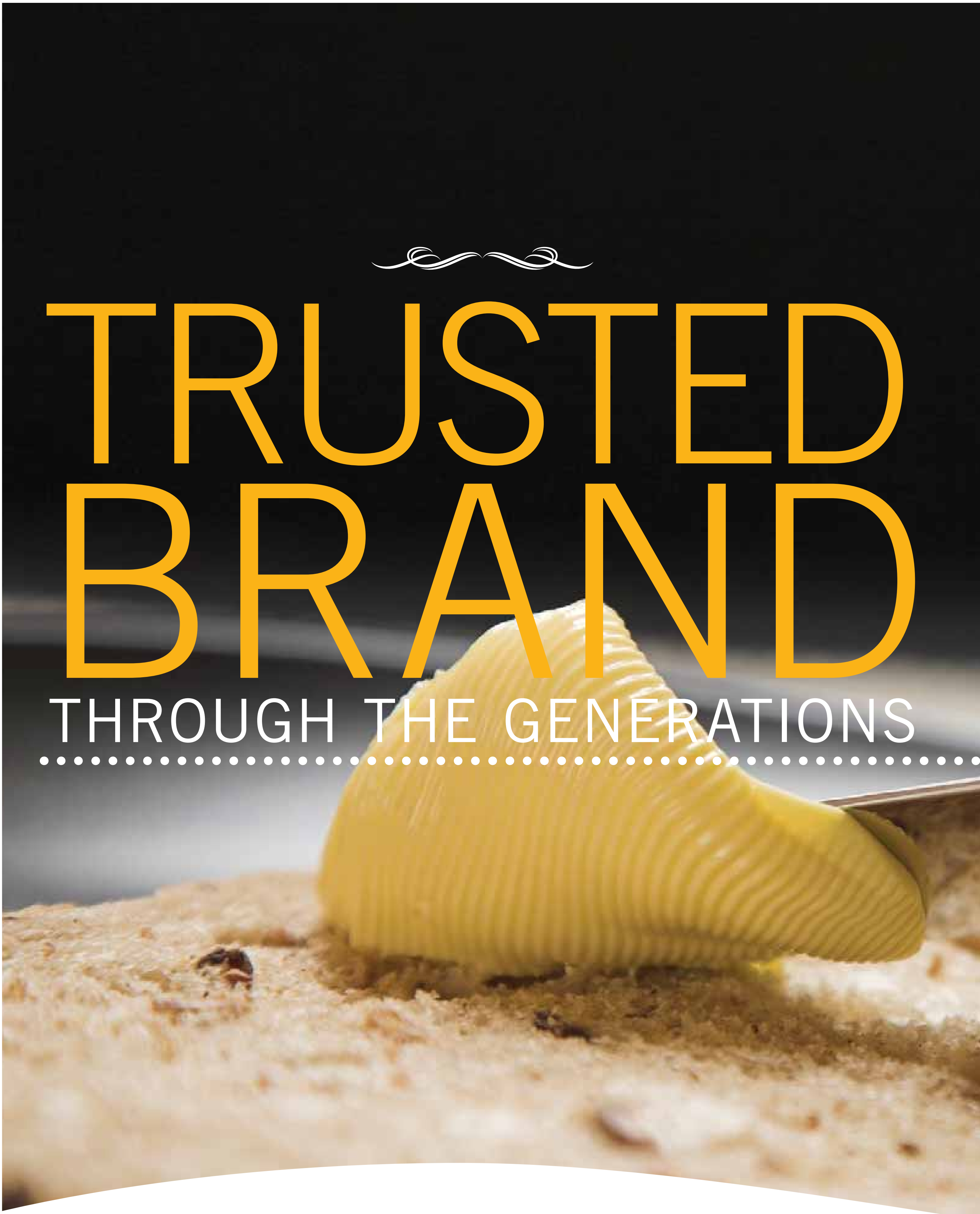
DFA, which APGL acquired in December 2007, began operations in Singapore in 1983 focusing on the manufacture of bakery products for wholesale customers. Since opening the first Délifrance Café in 1985, DFA has expanded the chain to more than 140 outlets spanning Singapore, Hong Kong, Malaysia and Brunei.

DFA's outlets are supported by centralised bakery and kitchen facilities in Singapore and Malaysia. These centralised facilities specialize in artisan breads, French pastries, desserts and ready-to-eat meals using the sous vide cooking process on a commercial scale.

APGL also operates Sunshine Bakeries, which started in the 1930s and is one of the most established and largest bread manufacturers in Singapore. Sunshine Bakeries produces fresh bread and buns daily under the Sunshine and Top-One brands. Buttercup dairy spread and margarine, which are manufactured at the Group's plant in Malaysia, have grown to become Malaysia's market leader in its category.

APGL is listed on the Mainboard of the Singapore Exchange. The Group is 49.28% owned by the Lippo Group of companies which has interests in property, retailing and media.

For more information, please visit the Group's website – www.auricgroup.com



Our House Brands

Sunshine · Buttercup · Gourmet · SCS · StarBakers · Bakers Pride · angus · Top-One · Twin Cows

Auric Pacific has forged a brand in its own right as a trusted Food & Beverage group. We are continually working to ensure our products evolve with the dynamic consumer lifestyles. It is our aim to enhance the brand equity of Auric Pacific, our business partners' products and our house brands through many generations.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of Auric Pacific Group Limited ("APGL"), I am pleased to present the Group's annual report for the financial year ended 31 December 2012 ("FY2012").

Group financial performance

2012 was a challenging year for APGL. Lingering global uncertainties stemming from the prolonged sovereign debt problem in Europe, the fiscal cliff issues in the USA, together with fears of an economic hard landing in China, had an adverse impact on the Singapore and Hong Kong economies in 2012. Gross domestic product ("GDP") growth in Singapore slowed markedly to 1.3%, while Hong Kong's economy grew only 1.4%, the slowest since the 2009 recession. In contrast, Malaysia benefited from strong domestic demand to record healthy GDP growth of 5.6%.

APGL has a strong presence in Singapore, Malaysia and Hong Kong. Despite the economic slowdown in Singapore and Hong Kong, which together generate approximately 75% of Group revenue, the Group was still able to deliver a commendable financial performance in FY2012. Group revenue was steady at S$390.0 million, buoyed by the Wholesale & Distribution, Manufacturing and Food Retail segments.

While the Wholesale and Distribution, and Manufacturing businesses showed improved segment profit before taxation, the Food Court segment posted a lower profit before tax in FY2012. The Food Retail segment recorded higher losses before taxation due to an impairment loss of S$5.0 million at a subsidiary, pre-operating costs and initial losses of new outlets opened during FY2012. These resulted in the Group reporting a loss before taxation of S$1.0 million in FY2012. At the bottom line however, Group profit after tax increased 36.0% to S$11.6 million in FY2012, lifted by a write-back of tax provision made in prior years for gains on disposal of properties.

To reward shareholders, the Directors have proposed a final dividend of 3 cents per share (one-tier tax-exempt) in respect of FY2012 for shareholders' approval at the forthcoming Annual General Meeting on 25 April 2013.

Stronger management team

We were delighted to welcome Ms Saw Phaik Hwa to APGL during the year. Phaik Hwa took on the role of Group Chief Executive Officer in May and has also been appointed as Executive Director of both APGL and our subsidiary, Food Junction Holdings Limited.

Having held numerous senior positions in large corporations, Phaik Hwa has proven leadership skills and a wealth of experience in consumer-related businesses. Since joining APGL, she has already undertaken a strategic review of the Group's various businesses and been strengthening our management bandwidth by bringing in people with the requisite experience and expertise to move the Group forward. To this end, the Group has appointed a new Chief Executive Officer - Food Group, Chief Manufacturing Officer and Chief Creative Officer to broaden the management team's know-how and provide fresh perspectives.

Outlook

Companies operating in the region's food and beverage sector are likely to face another challenging year in 2013 due to continuing global economic uncertainties, heightened competitive pressures, potential workforce shortages as well as rising costs for labour, rental and raw materials.

Nonetheless, we believe the coming years will prove to be exciting times for APGL. With Phaik Hwa at the helm and the injection of new talents to our management team, we are now in a stronger position to accelerate the Group's growth plans and further extend our foothold in existing markets, as well as expand into new markets in the region.

For the Wholesale & Distribution and Manufacturing segments, the Group is taking steps to further improve operational efficiency and our capabilities in branding, marketing and business development. At the same time, we plan to achieve organic growth by expanding our product portfolio and widening our geographical market reach.

For the Food Retail and Food Court segments, we aim to enhance the competitive position of our restaurants and food courts by improving the quality of customers' experience and managing costs effectively. Besides sourcing for attractive locations for expansion, we will also be looking to create and replicate successful concepts to reach new customer audiences.

However, the Group remains mindful of prevailing macro-economic risks and will exercise financial and business prudence as we execute our growth plans.

Appreciation

In closing, I would like to thank my fellow Directors for their invaluable counsel. On behalf of the Board, we would like to thank the Group's management and staff for their commitment and contributions. Last but not least, we would like to express our appreciation to shareholders, customers, principals, union and business associates for their support and patronage of the Group. Together, we can look forward to a new phase for APGL to rise above and beyond.

Albert Saychuan Cheok
Chairman

With Phaik Hwa at the helm and the injection of new talents to our management team, our Group is now in a stronger position to accelerate its growth plans.

1. Albert Saychuan Cheok 2. Saw Phaik Hwa 3. Dr. Stephen Riady
4. Dr. Ronnie Tan Keh Poo @ Tan Kay Poo 5. Bryan Chang Yew Chan
6. Edwin Neo 7. Dr. Lim Boh Soon

BOARD OF DIRECTORS

BOARD OF DIRECTORS

Albert Saychuan Cheok

Non-Executive Chairman

Mr. Albert Cheok was appointed a director of Auric Pacific Group Limited ("APGL") on 22 July 2002 and has served as non-executive Chairman of APGL since 23 February 2006. Mr. Cheok also serves as the Chairman of the Remuneration Committee. Mr. Cheok will retire at the forthcoming Annual General Meeting and being eligible, offers himself for re-election.

Mr. Cheok is a Fellow of the Australian Institute of Certified Public Accountants. Mr. Cheok graduated from the University of Adelaide, Australia with First Class Honours in Economics. He is a banker with over 30 years experience in banking in the Asia-Pacific region. Between May 1979 and February 1982, Mr. Cheok was an adviser to the Australian Government Inquiry into the Australian Financial System which introduced comprehensive reforms to the Australian banking system. He was Chief Manager at the Reserve Bank of Australia from October 1988 to September 1989 before becoming the Deputy Commissioner of Banking of Hong Kong for about three and a half years. He was subsequently appointed as the Executive Director in charge of Banking Supervision at the Hong Kong Monetary Authority from April 1993 to May 1995.

Mr. Cheok was the Non-Executive Director of Eoncap Islamic Bank Berhad and MIMB Investment Berhad in Malaysia from June 2009 to June 2011. He was also Chairman of Creative Master Bermuda Limited from May 2011 to October 2011 and Vice Chairman of the Export and Industry Bank of the Philippines from February 2006 to April 2012.

Mr. Cheok is a member of the Board of Governors of the Malaysian Institute of Corporate Governance. In Singapore, Mr. Cheok is also the Chairman of Bowsprit Capital Corporation Limited, the Manager of First Real Estate Investment Trust, and the Chairman of LMIRT Management Ltd, the Manager of Lippo Malls Indonesia Retail Trust. He is also a non-executive director of Amplefield Limited. In May 2011, Mr Cheok was appointed a director of IPP Financial Services Holdings Ltd. In 2012, he was appointed a Non-Executive Director of Adavale Resources Limited, a mining company listed in Australia.

Mr. Cheok has 50,000 shares in subsidiary company, Food Junction Holdings Limited.

Saw Phaik Hwa

Executive Director & Group Chief Executive Officer

Ms. Saw Phaik Hwa joined Auric Pacific Group Limited ("APGL") as Group Chief Executive Officer on 1 May 2012 and was appointed Executive Director on 25 July 2012.

She was appointed non-executive director of Food Junction Holdings Limited, a subsidiary of APGL on 13 July 2012 and was re-designated as an executive director on 14 September 2012. She is also a non-executive director of The Hour Glass Ltd, a director of the Esplanade Co. Ltd and sits on the board of trustees of the Singapore Management University and Tan Tock Seng Hospital Community Charity Fund.

As an avid practitioner of taiji, Ms. Saw serves as President of the Singapore Jian Chuan Tai Chi Chuan Physical Culture Association and as First Vice Chairman of Singapore Wushu Dragon and Lion Dance Federation. She is also the Vice President of the International Wu Style Tai Chi Chuan Federation and the governor for Singapore and Malaysia for the international body of Wu's Tai Chi Chuan Academy.

Ms. Saw was formerly the President and Chief Executive Officer of SMRT Corporation Ltd having transformed SMRT into a transport corporation with new business segments in retail and advertising. She was also the Regional President of DFS Venture Singapore (Pte) Ltd after holding various senior positions within the duty-free retail chain.

In 2005, she was conferred the Leading CEO Award organized by the Singapore Human Resources Institute and a Medal of Commendation at the 2007 May Day Award.

Ms. Saw graduated with Honours degree in Biochemistry from the University of Singapore and had also completed an Advanced Management Programme at the University of Hawaii.

Ms. Saw holds 270,000 shares in APGL.

BOARD OF DIRECTORS

Dr. Stephen Riady
Executive Director

Dr. Stephen Riady was appointed a director of Auric Pacific Group Limited ("APGL") on 12 May 1997. He assumed the role of Group Managing Director with effect from 10 May 1999 to 22 February 2006 and serves as executive director of APGL with effect from 23 February 2006. He was last re-elected as a Director at the Annual General Meeting on 27 April 2012.

Dr. Riady serves as a member of the Nomination Committee of APGL. He is also an Executive Director of Lippo Limited and has been its Chairman since 1991. As of 2011, he was appointed the Chairman of Lippo China Resources Limited and Hongkong Chinese Limited. Lippo Limited, Lippo China Resources Limited and Hongkong Chinese Limited are companies listed on the Main Board of The Stock Exchange of Hong Kong Limited. He was appointed the Executive Chairman of Overseas Union Enterprise Limited on 9 March 2010.

Dr. Riady is a graduate of the University of Southern California, United States of America and holds a Master Degree of Business Administration from Golden Gate University, United States of America. He was conferred an Honorary Degree of Doctor of Business Administration from Napier University, Edinburgh, United Kingdom, and is one of the first Honorary University Fellows installed by the Hong Kong Baptist University.

Please refer to the directors' report for details of Dr. Riady's shareholding interest in APGL and its subsidiary companies.

Dr. Ronnie Tan Keh Poo @ Tan Kay Poo
Non-Executive Director

Dr. Ronnie Tan Keh Poo was appointed a director of Auric Pacific Group Limited ("APGL") on 1 October 2004 and relinquished as an executive director on 31 July 2009. He currently serves as non-executive director and member of the Audit Committee of APGL. Dr. Tan will retire at the forthcoming Annual General Meeting and being eligible, offers himself for re-election.

Dr. Tan has stepped down as non-executive Chairman and Audit Committee member of Food Junction Holdings Limited ("FJH") with effect from 1 January 2010. He has retired as director of FJH and did not seek re-election at FJH Annual General Meeting held on 23 April 2012.

Dr. Tan is also a Director and Chief Executive Officer of Bowsprit Capital Corporation Limited, the Manager of First Real Estate Investment Trust in Singapore.

Dr. Tan qualified as a medical doctor from the University of Melbourne in 1977. He worked in various government and private healthcare facilities in Australia and Singapore as a medical practitioner until 1987. After receiving his Master of Health Administration from Loma Linda University, he joined Parkway Holdings Limited as its international business development manager, and also served as Chief Executive Officer of Gleneagles Hospital. In 1995, he worked in Indonesia as executive director of Lippo Group and Chief Executive Officer of Siloam group of hospitals. From 1998 to September 2004, he took up various postings as chief executive officer and director of AsiaMedic Limited and senior executive in Parkway Holdings Limited.

Dr. Tan does not have any shares in APGL or its subsidiary companies.

Bryan Chang Yew Chan
Independent Non-Executive Director

Mr. Bryan Chang Yew Chan was appointed as director of Auric Pacific Group Limited ("APGL") on 23 February 2006 and serves as an independent non-executive director of APGL. The Board and the Nomination Committee regard Mr. Chang as independent. Mr Chang was last re-elected as a director at the Annual General Meeting on 29 April 2012.

Mr. Chang serves as Chairman of the Audit Committee and a member of Nomination and Remuneration Committees of APGL. He presently holds directorships in Shin Yang Services Pte Ltd and a number of private limited companies.

Mr. Chang is currently the General Manager of Shin Yang Services Pte Ltd. Mr. Chang is principally engaged in design and execute business model, identify future revenue sources and formulate business plan, assume the role of Internal Consultant (internal audit, management information and resources allocation system) to its Head Office in Malaysia and act as personal adviser to the Chairman of the Group.

Mr. Chang holds a Bachelor degree in Accountancy from the National University of Singapore and is a Fellow Member of both The Institute of Certified Public Accountants of Singapore and The Certified Public Accountants Australia. He is also a member of The Institute of Internal Auditors, Singapore.

Mr. Chang does not have any shares in APGL or its subsidiary companies.

Edwin Neo

Independent Non-Executive Director

Mr. Edwin Neo was appointed a director of Auric Pacific Group Limited ("APGL") on 15 March 2011 and serves as an independent non-executive director of APGL. The Board and the Nomination Committee regard Mr. Neo as independent. Mr. Neo was last elected as a director at the Annual General Meeting on 29 April 2011.

Mr. Neo is currently an independent non-executive director of Lippo Limited and Lippo China Resources Limited. He is also a member of the Nomination Committee, Remuneration Committee and Audit Committee of Lippo Limited and Lippo China Resources Limited.

Mr. Neo was admitted as a solicitor of the Supreme Court of Hong Kong in 1976, as an advocate and solicitor of the Supreme Court of Singapore in 1991 and as a solicitor of the Supreme Court of England and Wales in 1993. Mr. Neo is a practicing lawyer and a notary public in Hong Kong. He is presently the senior partner of Hoosenally & Neo, Solicitors & Notaries (Hong Kong). Mr. Neo holds a Bachelor of Laws degree with honours and Post-graduate Certificate in Laws from the University of Hong Kong.

Mr. Neo does not have any shares in APGL or its subsidiary companies.

Dr. Lim Boh Soon

Independent Non-Executive Director

Dr. Lim Boh Soon was appointed as director of Auric Pacific Group Limited ("APGL") on 23 February 2006 and serves as an independent director of APGL. The Board and the Nomination Committee regard Dr. Lim as independent. Dr. Lim was last re-elected as a director at the Annual General Meeting on 29 April 2011.

Dr. Lim serves as Chairman of Nomination Committee and also a member of the Audit and Remuneration Committees of APGL. He is currently a director of, and shareholder in, Arise Asset Management Pte Ltd and was the former Chief Executive Officer of Kuwait Finance House (Singapore) Pte Ltd. He holds directorships in CSE Global Ltd (independent non-executive director) listed on the Singapore Exchange Securities Trading Limited and AcrossAsia Limited (independent non-executive director) listed on The Stock Exchange of Hong Kong Limited. Dr. Lim is also an independent non-executive director on the Board of Smartag Solutions Berhad, which is listed on Bursa Malaysia, with effect from 20 September 2010.

Prior to that, Dr. Lim was the first foreign expatriate CEO of Vietcombank Fund Management Company ("Vietcombank"). Vietcombank is a subsidiary of the largest state-owned Bank for Foreign Trade in Vietnam, in which he was instrumental for setting up 2 offices and successfully raised 2 private equity funds. Previously, Dr. Lim was a Partner at UBS Capital Asia Pacific (S) Ltd from July 1996 to December 1999 in which he co-headed the private equity arm of UBS AG in Asia and UBS Investment Management Pte Ltd.

Dr. Lim graduated from the University of Strathclyde (formerly The Royal College of Science & Technology) in United Kingdom with a Bachelor of Science (First Class Honours) in Mechanical Engineering and subsequently a PhD in 1985 in Mechanical Engineering. He also obtained a Graduate Diploma in Marketing Management from the Singapore Institute of Management and a Diploma in Marketing from the Chartered Institute of Management in United Kingdom.

Dr. Lim holds 4,000 shares in APGL.

KEY EXECUTIVE PROFILE

Hee Siew Fong
Group Chief Financial Officer

Ms. Hee was appointed the Group Financial Controller in December 2009 and promoted to the Group Chief Financial Officer in August 2011. She is responsible for the Group's financial systems and controls, group accounting, corporate finance, treasury, taxation and insurance matters.

Prior to joining Auric Pacific Group Limited, Ms. Hee was the Group Financial Controller of Asia Enterprises Holding Limited and Singapore Airport Terminal Services Ltd since October 2004 and July 2008 respectively.

She has 20 years of experience in finance and accounting. She is a member of both The Institute of Certified Public Accountants of Singapore and The Certified Public Accountants Australia. She holds a Bachelor of Accountancy (Honours) degree from the Nanyang Technological University and a Master of Business Administration degree from the National University of Singapore.

Dora Chong Lee Buay
Chief Executive Officer – Food Group

Ms. Chong was appointed as the Chief Executive Officer of the Food Group on 21 Feb 2013. She is responsible for the marketing and distribution businesses for Singapore and Malaysia. Her main focus would be regional expansion. Her 33 years of professional career span across diverse industries from retailing to marketing and distribution. She came from the Beauty industry and for the past 13 years had managed the Asian regions.

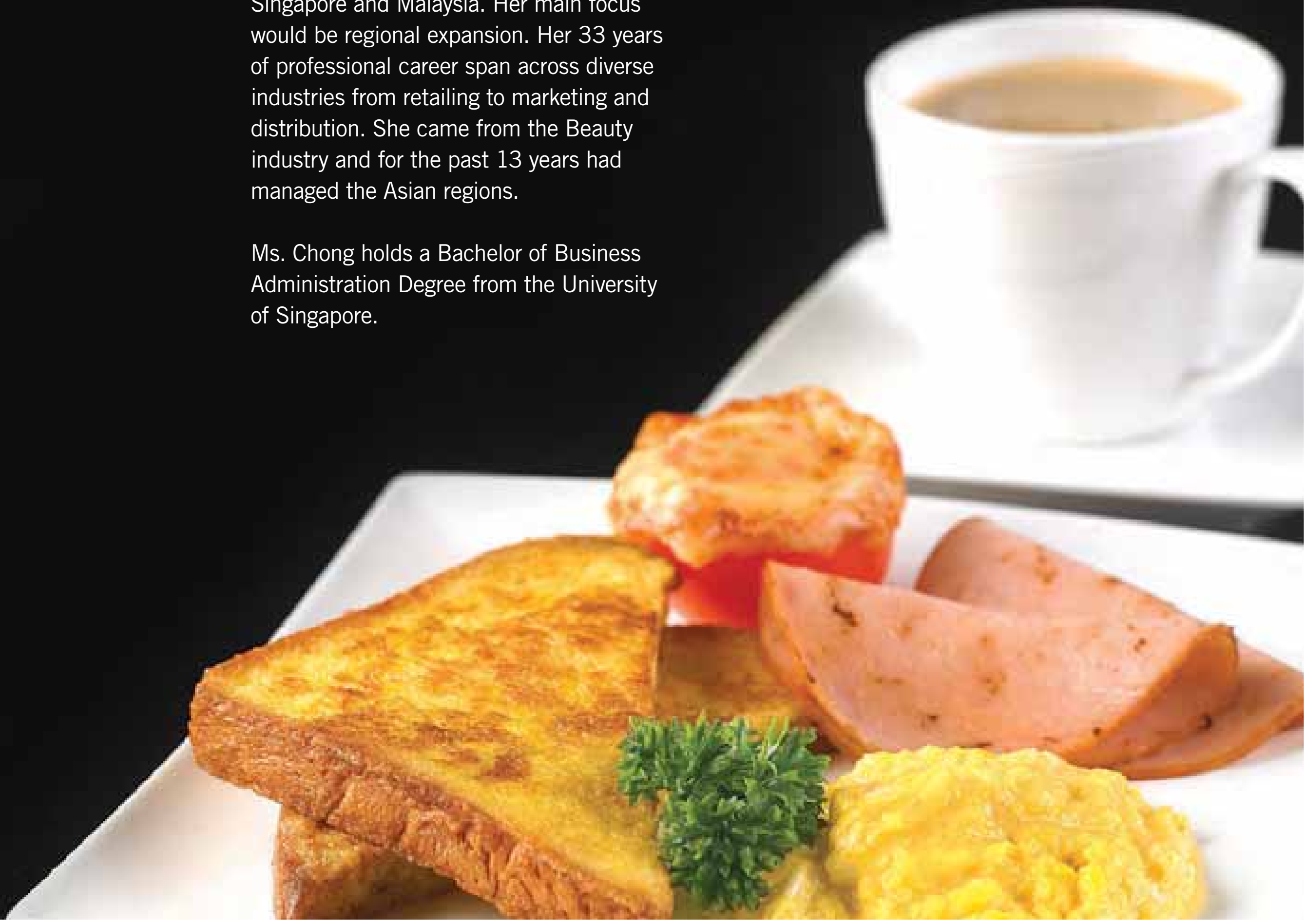
Ms. Chong holds a Bachelor of Business Administration Degree from the University of Singapore.

Timothy Chan Chee Mun
Chief Executive Officer – Delifrance Asia Ltd

Mr. Chan was appointed CEO Delifrance Asia Ltd in July 2011. He first joined Delifrance Asia Ltd as the Chief Operating Officer in October 2009. He is in charge of Delifrance operations in Singapore, Malaysia and Hong Kong.

Prior to joining Delifrance Asia Ltd, Mr. Chan was holding various positions of Finance Manager, Business Development Manager, Group General Manager and Executive Director in Polar Puffs & Cakes Pte Ltd from November 1994 to October 2009.

He has more than 18 years of experience in the food and beverage industry. He holds a Bachelor of Financial Administration from the University of New England, Australia.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Albert Saychuan Cheok
Non-Executive Chairman

Ms. Saw Phaik Hwa
Executive Director & Group Chief Executive Officer

Dr. Stephen Riady
Executive Director

Dr. Ronnie Tan Keh Poo @ Tan Kay Poo
Non-Executive Director

Mr. Bryan Chang Yew Chan
Independent Non-Executive Director

Dr. Lim Boh Soon
Independent Non-Executive Director

Mr. Edwin Neo
Independent Non-Executive Director

AUDIT COMMITTEE

Mr. Bryan Chang Yew Chan
Chairman

Dr. Lim Boh Soon
Member

Dr. Ronnie Tan Keh Poo @ Tan Kay Poo
Member

NOMINATION COMMITTEE

Dr. Lim Boh Soon
Chairman

Dr. Stephen Riady
Member

Mr. Bryan Chang Yew Chan
Member

REMUNERATION COMMITTEE

Mr. Albert Saychuan Cheok
Chairman

Mr. Bryan Chang Yew Chan
Member

Dr. Lim Boh Soon
Member

COMPANY SECRETARY

Mr. Thomas Loh
(resigned with effect from 22 March 2013)

CORPORATE HEAD OFFICE AND REGISTERED OFFICE

50 Collyer Quay
#06-03 OUE Bayfront
Singapore 049321
Tel: (65) 6336 2262
Fax: (65) 6336 2272
Website: www.auricgroup.com

DATE OF INCORPORATION

20 August 1988

COMPANY REGISTRATION NUMBER

198802981D

SHARE REGISTRAR

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902
Tel: (65) 6227 6660
Fax: (65) 6225 1452

AUDITORS

Ernst & Young LLP

Mr. Alvin Phua Chun Yen
Partner
(appointed since financial year 2008)

PRINCIPAL BANKER

Oversea-Chinese Banking Corporation Limited

STOCK EXCHANGE LISTING

The Singapore Exchange Securities Trading Limited

MANAGEMENT

Ms. Saw Phaik Hwa
Executive Director & Group Chief Executive Officer

Dr. Stephen Riady
Executive Director

Ms. Hee Siew Fong
Group Chief Financial Officer

Ms. Dora Chong Lee Buay
Chief Executive Officer – Food Group

Mr. Timothy Chan Chee Mun
Chief Executive Officer – Delifrance Asia Ltd

HIGH SERVICE STANDARDS

The customer always comes first. Our goal is to relentlessly pursue service excellence to bring to our customers enhanced dining experiences at our restaurants and food courts.

- High Quality Production Processes

- Fresh and Hygienic Produce

- Inviting Ambience

- Efficient Logistics

Délifrance®

CEO'S STATEMENT AND OPERATIONS REVIEW

Dear Shareholders,

It is my pleasure to deliver my inaugural message as CEO of Auric Pacific Group Limited ("APGL" or together with its subsidiaries, the "Group"). I was appointed to my current position at APGL in May last year. Through my prior experiences, I have gained awareness of the intricacies of consumer-related businesses and running a multifaceted organisation. Thus, I look forward to work closely with my management team to add value to APGL's businesses.

Since joining APGL, my management team and I have undertaken a strategic review of the Group's business operations and have been putting various strategies in place to drive the Group's growth. APGL has excellent products, wide marketing channels and a firm foothold in the F&B industry. We believe we can build on the intrinsic value of our core businesses.

The Group plans to strengthen our existing businesses by improving operational efficiencies and leveraging our marketing capabilities to enhance the Group's brands. We will also place emphasis on strengthening our business development capabilities and expanding our geographical reach. To this end, the Group has made various senior management appointments to accelerate our business expansion plans.

Group financial review

For the financial year ended 31 December 2012 ("FY2012"), Group revenue improved 0.8% to S$390.0 million, compared to S$386.8 million in FY2011. This was driven mainly by the Wholesale & Distribution, Manufacturing and Food Retail segments, and partially offset by reduced contributions from the Food Court and Other Investment segments.

The Wholesale and Distribution, and Manufacturing businesses registered higher segment profit before taxation (PBT) in FY2012. However, these were offset by lower PBT of the Food Court segment and higher loss before taxation at the Food Retail segment which was affected by an impairment loss, pre-operating costs, and initial losses of new outlets that began operations in FY2012.

Combined with a one-off provision for impairment loss of S$5.0 million, the Group recorded a loss before taxation of S$1.0 million in FY2012. In spite of this, the Group recorded a profit after tax of S$11.6 million in FY2012, a gain of 36.0% from S$8.5 million in FY2011. The increase was attributed to a write-back of tax provision made in prior years for gains on disposal of properties. As a result, profit attributable to owners of the Company rose 70.6% to S$14.6 million in FY2012.

The Group plans to strengthen our existing businesses by improving operational efficiencies and leveraging our marketing capabilities to enhance the Group's brands. We will also place emphasis on strengthening our business development capabilities and expanding our geographical reach.

Ms. Saw Phaik Hwa

CEO'S STATEMENT
AND OPERATIONS REVIEW

Manufacturing segment posted revenue of S$41.3 million in FY2012, up 3.2% from S$40.0 million previously, driven by increased sales from Sunshine Bakeries. Its PBT in FY2012 more than doubled to S$5.5 million from S$2.3 million previously, due to higher sales and improved gross profit margin.

As at 31 December 2012, the Group maintained a healthy balance sheet with shareholders' equity of S$234.7 million, which translates to a net asset value of S$1.87 per share.

Property, plant and equipment increased to S$40.3 million from S$34.4 million as at 31 December 2011, attributed mainly to the addition of new restaurants, food court and cafes. Trade debtors at the end of FY2012 were slightly higher at S$56.4 million compared to S$53.2 million previously, due to higher sales during the festive season in December. Other creditors and accruals increased to S$39.9 million, from S$36.6 million at the end of FY2011, due to higher expenditure on advertising and promotions.

During FY2012, the Group generated net cash of S$15.2 million from operating activities. Net cash used in investing activities amounted to S$9.1 million, attributed largely to capital expenditure. Net cash used in financing activities in FY2012 was S$2.5 million. This was due mainly to the payment of dividends in respect of FY2011 and partially offset by a decrease in fixed deposits pledged with banks. As a result, the Group had total cash and cash equivalents (including fixed deposits) of S$63.8 million at the end of FY2012.

Wholesale and Distribution

The Wholesale and Distribution segment registered revenue of S$209.1 million in FY2012, up 0.6% from S$207.9 million in FY2011, supported by higher sales of our distribution division in Singapore. Revenue contributions from new agency brands enabled the Group's division in Malaysia to post steady sales in FY2012. At 54%, the Wholesale and Distribution segment continued to command the largest share of Group revenue in FY2012.

The Wholesale and Distribution segment's PBT in FY2012 rose 16.3% to S$7.5 million compared against S$6.4 million previously. This was attributed to increased sales and higher profit margin as a result of improved sales mix, operational efficiencies and cost rationalisation.

Our Wholesale and Distribution team is experienced in driving sales, marketing and product development to build brands. We intend to leverage on our core capabilities to expand our brands and develop new products that will meet and drive customer needs.

Manufacturing

The Group's manufacturing operations comprise Sunshine Bakeries in Singapore and Auric Pacific Food Processing ("APFP") in Malaysia. Sunshine Bakeries produces fresh bread and buns under the Sunshine, Top-One and other house brands while APFP manufactures Buttercup dairy spread and margarine. The Manufacturing segment posted revenue of S$41.3 million in FY2012, up 3.2% from S$40.0 million previously, driven by increased sales from Sunshine Bakeries.

The Manufacturing segment's PBT in FY2012 more than doubled to S$5.5 million from S$2.3 million previously, due to higher sales and improved gross profit margin. Our operations in Singapore and Malaysia garnered better gross profit margin as a result of manufacturing cost efficiencies and improved procurement which lowered raw material costs.

Food Retail

Food Retail segment's revenue edged up 3.6% to S$110.1 million in FY2012, from S$106.3 million previously.
Our Food Retail segment comprises primarily revenue contributions from our 61%-owned Food Junction subsidiary as well as our Delifrance outlets in Singapore, Malaysia and Hong Kong.

In FY2012, we closed a few Delifrance outlets in Thailand and Hong Kong as part of our store rationalisation program. Notwithstanding this, the Group sustained the revenues derived from our Delifrance outlets in FY2012. Revenue from the Singapore operations improved on the back of new retail outlets, and healthy same store growth of our cafés following the conversion to Enhanced Café Concept. At the end of FY2012, the Group had a total of 147 Delifrance cafes, bake-off corners and Express Corners.

The Group also recorded a full-year revenue contribution in FY2012 from Alfafa, which is a casual dining restaurant in Hong Kong. Alfafa offers diners a full-service restaurant concept that features a Western menu with Asian influence. The Group plans to continue developing Alfafa and other concepts to reach new market segments.

CEO'S STATEMENT
AND OPERATIONS REVIEW

Working together with my management team, we are confident that our strategic business developments will drive the Group's growth and generate value for our shareholders.

Food Junction also registered higher revenue in FY2012 from its restaurants and food outlets. The increase was due mainly to incremental revenue streams from new restaurants – LP + Tetsu, Eggs & Berries, The MEDZ, The Boxing Crab, One Market in Singapore; as well as LiXuan in Shanghai.

In terms of segment result, Food Retail posted a wider loss before taxation of S$11.6 million compared to S$4.9 million in FY2011. This was due mainly to a one-off provision for impairment loss of S$5.0 million on intangible assets of Food Junction's investment in Malones operation in China, pre-operating costs and initial operating losses from the newly launched restaurants under Food Junction.

Going forward, the Group plans to increase its Delifrance outlets in Singapore, Malaysia and Hong Kong where we have built a strong base; and also to penetrate into new geographical markets. In addition, the Group is looking to increase the outlets of successful restaurant concepts that are operated by Food Junction in existing and new markets.

Food Court

The Food Court segment posted revenue of S$21.3 million in FY2012, down 7.3% from S$23.0 million in FY2011.

This was caused mainly by the cessation of three food courts, as well as temporary closure of one food court in Malaysia due to relocation. However, the loss of revenue from these food courts was partly compensated by maiden revenue from a new food court at Sembawang Shopping Centre in Singapore. Our food courts are operated by our subsidiary Food Junction which runs a total of 15 food courts in Singapore, Malaysia and Indonesia as at 31 December 2012. The segment's PBT in FY2012 decreased to S$0.7 million from S$2.4 million previously.

Food courts will remain as a core business of Food Junction. With substantial experience in this area, the Group will continue seeking opportunities to expand our food court business in Singapore and the region.

Investment Activities

Revenue generated from Investment Activities in FY2012 amounted to S$8.2 million, largely attributed to accrued interest income in relation to a mezzanine loan under Auric Pacific Real Estate Fund, and net gains from disposal of all quoted investments.

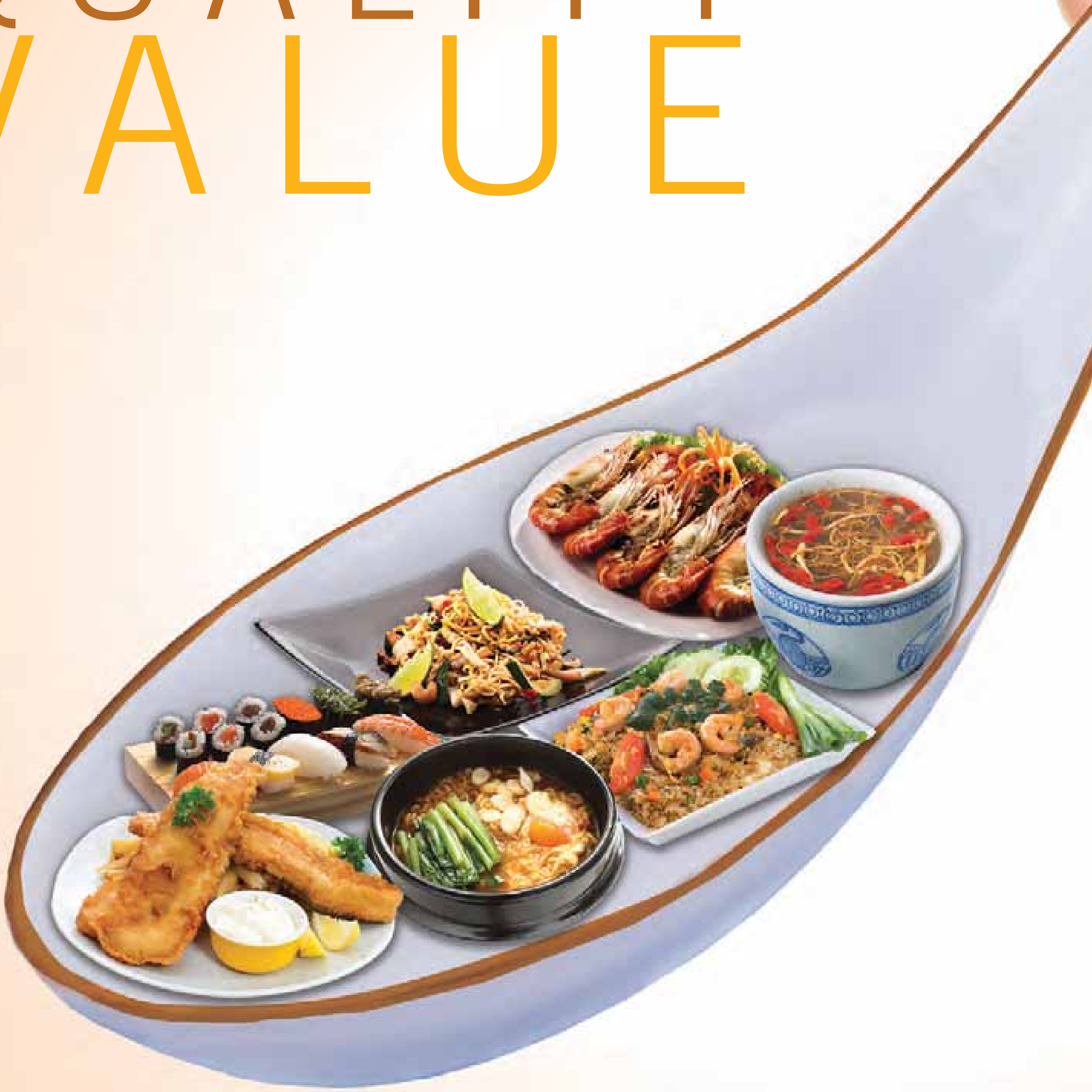
On 1 March 2013, APGL announced that the Company will be disposing its 60.0% interest in Auric Pacific Real Estate Fund (the "Sale") for a consideration of approximately HK$130.8 million. Auric Pacific Real Estate Fund acquired a mezzanine loan owing from Hunan Tianjing Mingyuan Property Co., Ltd ("Borrower"). Last year, the Group's subsidiary commenced arbitration proceedings in Hong Kong against the Borrower for failure to repay the loan. As arbitration proceedings will be a lengthy and costly process and the investment is not a core business of the Group, AGPL has decided on the Sale in the interests of the Company and shareholders. The Company will provide updates as and when there are material developments in this matter.

Closing

Looking ahead, the economic environment continues to be fraught with uncertainties. In addition, inflationary pressures and the tightening of labour force in Singapore are expected to be key business concerns. Nonetheless, working together with my management team, we are confident that our strategic business developments will drive the Group's growth and generate value for our shareholders.

Saw Phaik Hwa
Executive Director and Group Chief Executive Officer

DELIVERING QUALITY VALUE

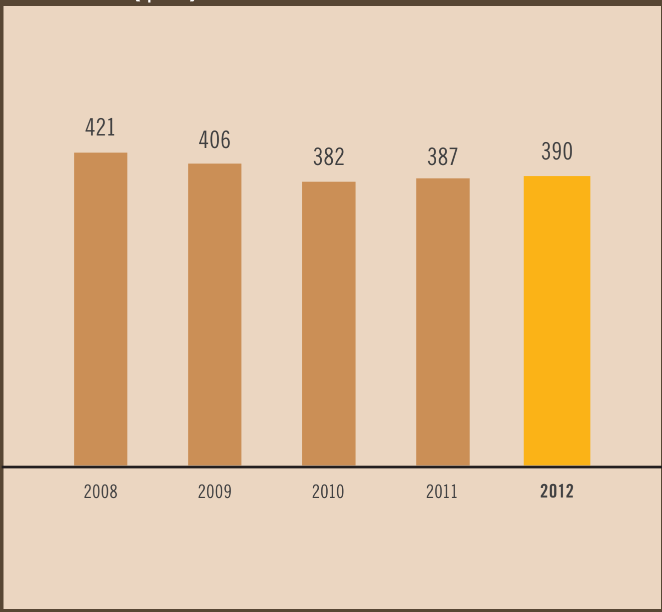


Quality is our hallmark. With an impeccable track record, our knowledge and experience enable us to attain the high levels of reliability, excellence and value that our partners and customers have come to expect of us.

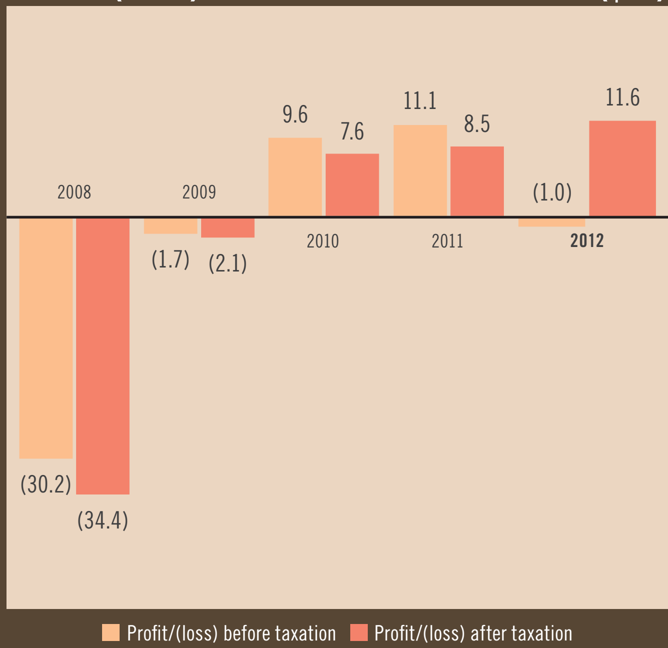
OUR FINANCIAL HIGHLIGHTS

	YEAR ENDED 31 DECEMBER ($'000)				
	2012	2011 (restated)	2010	2009	2008 (restated)
Income Statement					
Revenue					
Continuing operations	389,997	386,753	381,814	405,964	419,603
Discontinued operations	–	–	–	–	1,028
	389,997	386,753	381,814	405,964	420,631
Profit/(Loss) before taxation					
Continuing operations	(1,017)	11,096	9,601	(1,678)	(43,974)
Discontinued operations	–	–	–	–	13,736
	(1,017)	11,096	9,601	(1,678)	(30,238)
Income tax credit/(expense)					
Continuing operations	12,579	(2,592)	(2,032)	(419)	(1,387)
Discontinued operations	–	–	–	–	(2,782)
Profit/(Loss) for the financial year	11,562	8,504	7,569	(2,097)	(34,407)
Profit/(Loss) attributable to equity holders of the Company	14,613	8,566	6,302	(3,405)	(33,763)
Balance Sheet					
Fixed assets	40,312	34,421	33,627	35,125	40,128
Other Intangible Assets	67,594	70,924	73,796	76,651	79,525
Investment in a joint venture company	1,874	1,662	1,416	901	759
Investments in associated companies	282	282	1,607	1,463	1,663
Goodwill on consolidation	25,219	29,794	29,957	26,306	29,760
Long-term investments	12,907	16,448	17,728	22,376	21,938
Investment properties	–	–	–	–	5,500
Deferred tax assets	930	730	831	1,188	1,677
Fixed deposits (restricted)	5,304	5,848	720	623	731
Deposits and other debtors, prepayments and other recoverables (non-current)	6,420	7,782	7,553	4,962	7,109
Short-term investments	–	2,330	6,630	5,952	4,834
Fixed deposits	11,825	10,692	8,018	25,986	66,308
Working capital	105,815	89,455	85,999	48,294	169
Loans and borrowings (non-current)	(17,666)	(16,315)	(14,809)	(34)	(142)
Deferred tax liabilities	(4,775)	(5,154)	(5,800)	(5,927)	(6,912)
Other creditors (non-current)	(209)	(326)	(997)	(287)	(2,263)
Provisions (non-current)	(3,657)	(2,357)	(1,529)	(1,532)	(1,920)
Net assets	252,175	246,216	244,747	242,047	248,864
Financed by:					
Share capital	64,461	64,461	64,461	64,461	64,461
Reserves	170,231	160,732	157,499	153,491	157,126
	234,692	225,193	221,960	217,952	221,587
Minority interests	17,483	21,023	22,787	24,095	27,277
Total equity	252,175	246,216	244,747	242,047	248,864
Ratios					
Earnings/(Loss) per share (cents)	11.63	6.82	5.01	(2.71)	(26.87)
Dividends net per share (cents)	3.00	3.00	3.00	2.00	2.00
Net assets value per ordinary share ($)	1.87	1.79	1.77	1.73	1.76
Net tangible assets per ordinary share ($)	1.13	0.99	0.94	0.92	0.89
After tax return on equity attributable to equity holders of the Company (%)	6.23	3.80	2.84	(1.56)	(15.24)
Number of ordinary shares	125,667,324	125,667,324	125,667,324	125,667,324	125,667,324

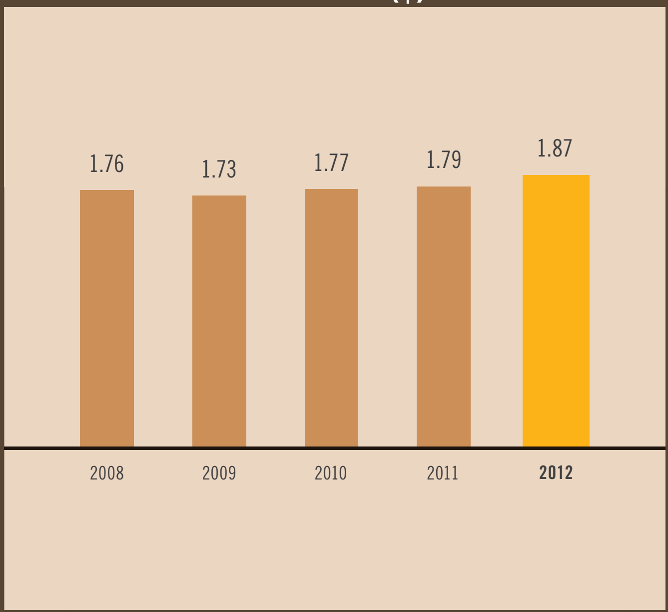
REVENUE ($'M)



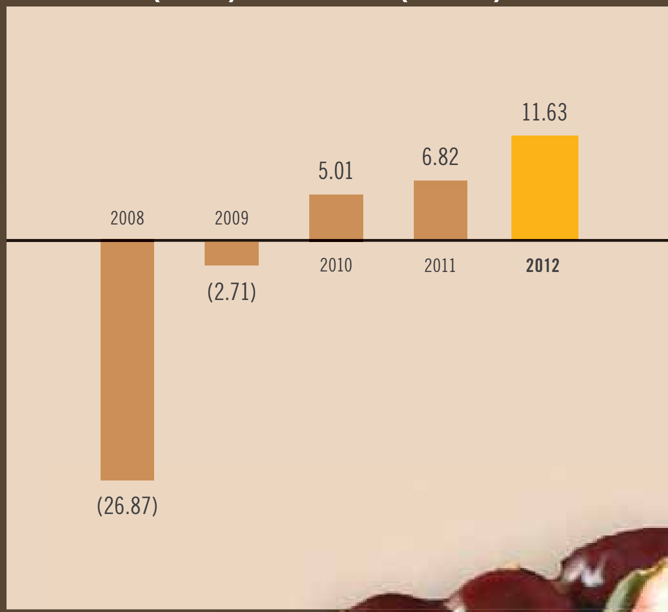
PROFIT/(LOSS) BEFORE AND AFTER TAXATION ($'M)



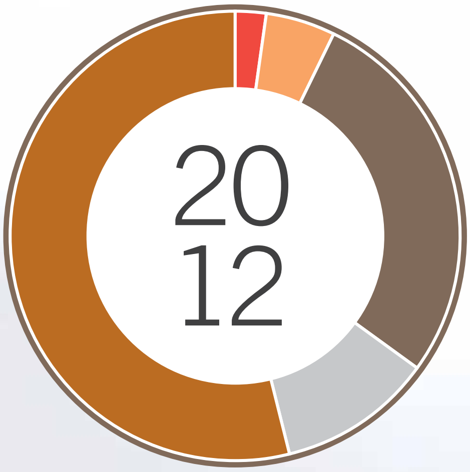
NET ASSET VALUE PER SHARE ($)

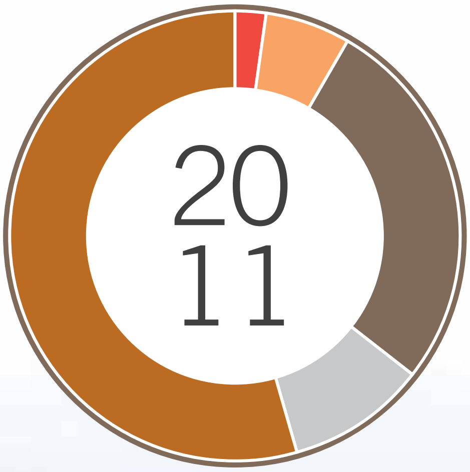


EARNINGS/(LOSS) PER SHARE (CENTS)



REVENUE BY BUSINESS SEGMENTS





	2012		2011	
	%	$'m	%	$'m
Wholesale & Distribution	**54%**	**209.1**	**54%**	**207.9**
Manufacturing	11%	41.3	10%	40.0
Food Retail	28%	110.1	27%	106.3
Food Court	5%	21.3	6%	23.0
Others	2%	8.2	3%	9.6
Group Revenue	100%	390.0	100%	386.8

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

This Corporate Governance Report (the "Report") describes Auric Pacific Group Limited (the "Company") corporate governance processes for the financial year ended 31 December 2012 and activities with reference to the Singapore's Code of Corporate Governance 2005 (the "Code").

The Board of Directors (the "Board") is pleased to confirm that for the financial year ended 31 December 2012, the Company has generally adhered to the framework as outlined in the Code and where there are deviations from the Code, the reasons for which deviation are explained accordingly. The Board is also pleased to inform that the Company has started to implement the revised Singapore's Code of Corporate Governance 2012 from 1 November 2012.

BOARD OF DIRECTORS

Principle 1: Board's Conduct of its Affairs

The principal functions of the Board are:

1) approving the broad policies, strategies and financial objectives of the Company and monitoring the performance of management;
2) overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
3) appointment of board directors recommended by the Nomination Committee;
4) approving annual budgets, major funding proposals, investment and divestment proposals; and
5) assuming responsibility for corporate governance.

The Company has adopted guidelines which set out matters requiring Board approval. Matters which require the decision of the Board are those involving corporate governance practices, material acquisitions and disposals of assets, corporate restructuring, share issuances, dividends and other returns to shareholders. The Board delegates certain decision making authorities to the Audit Committee, Nomination Committee and Remuneration Committee.

As regards material acquisition and realization transactions, the Board may, and for business efficacy purposes, delegate authority to board committees, to inter alia, review, negotiate, structure and manage those material acquisition and realization transactions, while retaining its authority to give its final approval for such transactions.

The Board conducts regular scheduled meetings. For the Financial Year 2012, the Board has scheduled board meetings to be held at least once every quarter. Ad-hoc meetings are convened when circumstances require.

The Company's Articles of Association (the "Articles") allow a board meeting to be conducted by way of a teleconference. During the year, there was a change of directors. Mr. Yao Che Wan retired as Group Managing Director ("GMD") on 29 April 2012 and Ms. Saw Phaik Hwa was appointed the Group Chief Executive Officer ("GCEO") on 1 May 2012. Ms Saw was subsequently appointed as an Executive Director on 25 July 2012. Dr. Stephen Riady and Mr. Bryan Chang Yew Chan were re-elected as directors at the 2012 Annual General Meeting. The attendance of the directors at meetings of the Board and Board committees, as well as the frequency of such meetings for FY2012, are disclosed in this Report.

CORPORATE GOVERNANCE REPORT

DIRECTORS' ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS FOR FY2012

Name of Director	Board	Audit Committee	Nomination Committee	Remuneration Committee
Number of Meetings Held	4	5	6	6
		Attendance		
Albert Saychuan Cheok	4	–	5 [d]	6
Yao Che Wan [a]	1	–	–	–
Saw Phaik Hwa [b]	2 [c]	3 [d]	–	–
Stephen Riady	2	–	2	–
Ronnie Tan Keh Poo @ Tan Kay Poo	4	3	2 [d]	1 [d]
Bryan Chang Yew Chan	4	5	6	6
Lim Boh Soon	4	5	6	6
Edwin Neo	4	–	1 [d]	–

Notes
(a) Mr. Yao Che Wan retired as GMD on 29 April 2012.
(b) Ms. Saw Phaik Hwa was appointed as GCEO on 1 May 2012 and Executive Director on 25 July 2012.
(c) Ms. Saw Phaik Hwa attended one Board Meeting as GCEO and two Board Meetings as Executive Director.
(d) By invitation from Chairman of the various Board Committees.

The Company encourages its directors to attend conferences or training programmes (at the Company's expense) in connection with their duties as directors in areas such as accounting and legal knowledge and to update themselves about new laws and regulations. An orientation programme will be organised for new directors to ensure that incoming directors are familiar with the Company's business and governance policies. Each director is provided with a Company Director's tool kit to allow directors to have quick reference to corporate governance principles and practices.

The Company encourages its directors to request from the Management further explanation, briefing or informal discussion on any aspect of the Company's operations. The GCEO is responsible for making the necessary arrangements for the briefings, informal discussions or explanations required by the director.

Principle 2: Board Composition and Balance

The Board consists of four independent non-executive directors who when taken together can be expected to exercise objective judgment, provide constructive advice on corporate matters impartially and help develop proposals on strategy. The Board is of the view that the effectiveness and proper functioning of the Board was not and is not impaired as the independent directors form the majority in the composition of the Board.

The independence of each director is reviewed annually by the Nomination Committee ("NC"). The NC adopts the Code's definition of what constitutes an independent director. From the NC's review of the independence of each director for FY2012, the NC is of the view that Mr. Albert Saychuan Cheok, Mr. Bryan Chang Yew Chan, Dr. Lim Boh Soon and Mr. Edwin Neo are independent directors, and further, that no individual or small group of individuals dominate the Board's decision making process.

Principle 2: Board Composition and Balance (cont'd)

Key information regarding the directors is given in the "Board of Directors" section of the annual report. The NC is of the view that the current Board comprises persons who as a group provide core competencies necessary to meet the Company's targets.

Whilst the Company's Articles allow for the appointment of a maximum of 12 directors, the NC is of the view that the current board size of 7 directors is adequate and appropriate, in relation to the nature and scope of the Company's operations. The Board seeks to maintain an appropriate balance of expertise, skills and attributes among the directors, and this is reflected in the diversity of background and competencies of the directors. Such competencies include banking, finance, accounting, legal, relevant industry knowledge and risk management.

Principle 3: Role of Chairman and Chief Executive Officer

The Company has a separate Chairman and GCEO. The position of Chairman is non-executive. The Chairman and GCEO are not related to each other.

To ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making, the roles of the Chairman and GCEO are separated. The GCEO bears executive responsibility for implementing the Board's decision and policies. In addition, the GCEO also supervises and directs the Company's business.

The role of the non-executive Chairman includes:
1) leading the Board to achieve its effectiveness on all aspects of its role;
2) working closely with the GCEO in setting Board Meeting agenda and scheduling Board Meetings and in this connection procure from Management accurate, timely and clear information for Board members;
3) promoting effective communication with shareholders, including at general meetings and extraordinary general meetings of shareholders;
4) encouraging constructive relations between the Board and Management and between executive directors and non-executive directors;
5) facilitating the effective contribution of non-executive directors in the functions of the Board; and
6) offering suggestions to the Chairman of the respective board committees on closer compliance with the Code.

BOARD COMMITTEES

Nomination Committee ("NC")

Principle 4: Board Membership

The establishment of the NC is mandated by Article 106 of the Articles. The NC comprises three directors, the majority of whom are independent. The Chairman of the NC, Dr. Lim Boh Soon, is an independent non-executive director who is not a substantial shareholder nor directly associated with a substantial shareholder.

The NC is guided by written Terms of Reference endorsed by the Board and which sets out its duties and responsibilities of this committee. It reviews the structure, size and composition of the Board, identifies the balance of skills, knowledge and experience required for the Board to discharge its responsibilities effectively and nominates candidates to meet the needs and requirements of the Group.

The principal functions of the NC are:
1) to review and make recommendations to the Board on all Board appointments, including making recommendations on the composition of the Board, taking into account the balance between executive and non-executive directors and between independent and non-independent directors;
2) to decide how the Board's performance will be evaluated and propose objective performance criteria for the Board's approval;
3) to assess the effectiveness of the Board as a whole, and the contribution by each individual director to the effectiveness of the Board;
4) to review all executive appointments of senior management; and
5) to review the training and development programs for the Board.

The NC will seek to identify the competencies and expertise required to enable the Board to fulfill its responsibilities in the selection of potential new members to the Board. The NC will in consultation with the Board determine the selection criteria for the new board member. The NC considers the recommendations of Board members as well as access to other independent research, if necessary in selecting and appointing new members to the Board.

New directors will be appointed by way of a board resolution, upon the recommendation of the NC. Such new directors must submit themselves for re-election at the next Annual General Meeting ("AGM") of the Company.

Article 91 of the Articles requires one third of the Board to retire by rotation at every AGM. The NC has reviewed the multiple directorships disclosed by each director of the Company and was of the view that for the role expected of each director, the existing various directorships of the respective director has not impinged on his/her ability to discharge his/her duties.

Principle 5: Board Performance

The NC evaluates the contribution of each director to the Company. Assessment parameters include demonstration of integrity, commitment and competence, attendance record at meetings of the Board and committees, vigour and intensity of participation at meetings and special contributions.

The NC also evaluates the Board's performance as a whole. The assessment process looks at both quantitative and qualitative criteria, which include review of discussions as reported in minutes of Board and Committee meetings, various financial benchmarks and performance ratios, the structural characteristics of the Board, the combined contributions and competencies of individual directors and the effectiveness of the Board in monitoring management's performance.

The NC is of the view that the Board as a whole provided effective policy and strategic direction for the Group and took active participation in monitoring the performance of the management and accordingly is satisfied with the effectiveness of the Board as a whole.

Principle 6: Access to Information

In order to ensure that the Board is able to fulfill its responsibilities, Management provides the board members with monthly management accounts and other relevant financial statements. The directors have also been provided with the phone numbers and e-mail addresses of the Company's senior management and company secretary to facilitate access.

Directors may have access to independent professional advice if this is needed. Directors, as a group or individually, may make a written request to the Board to appoint a nominated professional advisor to render advice. The cost will be borne by the Company.

The Company Secretary and in his absence, his designated officer, attends all board meetings and is responsible for ensuring that board procedures are being followed. The Company Secretary, together with other officers of the Company, procures the compliance by the Company of the relevant regulatory requirements including those of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The composition of the Company's Board of Directors and Board Committees for FY2012 is contained in the "Corporate Information" section of the annual report.

Remuneration Committee ("RC")

Principle 7: Procedures for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure on Remuneration

The RC consists of three members, all of whom are independent non-executive directors.

The RC is chaired by Mr. Albert Saychuan Cheok, an independent non-executive director. The other members of the RC are Dr. Lim Boh Soon and Mr. Bryan Chang Yew Chan. The RC has access to expert advice on executive compensation outside the Company, if circumstances require such advice.

The RC's principal functions are to:

1) make recommendations for approval by the entire Board of a framework of remuneration covering all aspects of remuneration including fees, salaries, allowances, bonuses, options and benefits-in-kind and the specific remuneration package for each class of directors and the GCEO (or executive of equivalent rank);
2) review executive directors' compensation annually and determine appropriate adjustments; and
3) administer any share option scheme of the Company.

CORPORATE GOVERNANCE REPORT

With effect from the financial year commencing 1 January 2003, executive directors no longer receive directors' fees. Non-executive directors are paid directors' fees to be approved by shareholders as a lump sum payment at each general meeting. A breakdown, showing the level and mix of each individual director's and key executive's remuneration payable for FY2012 is as follows:

REMUNERATION OF DIRECTORS (IN PERCENTAGE TERMS) FOR FY2012

Name of Director	Salary[1]	Bonus	Fees[2]	Benefits-In-Kind	Total
Above S$500,000	%	%	%	%	%
Saw Phaik Hwa [3]	85.4	7.0	–	7.6	100
Below S$250,000					
Albert Saychuan Cheok	–	–	100	–	100
Yao Che Wan [4]	55.3	–	–	44.7	100
Stephen Riady	80.6	–	–	19.4	100
Ronnie Tan Keh Poo @ Tan Kay Poo	–	–	100	–	100
Bryan Chang Yew Chan	–	–	100	–	100
Lim Boh Soon	–	–	100	–	100
Edwin Neo	–	–	100	–	100

Notes:
(1) Exclusive of fixed allowance but inclusive of CPF contribution.
(2) Directors' fees only payable after approval by shareholders at the AGM.
(3) Ms. Saw Phaik Hwa was appointed GCEO on 1 May 2012 and Executive Director on 25 July 2012.
(4) Mr. Yao Che Wan retired as GMD on 29 April 2012.

REMUNERATION OF KEY EXECUTIVES (IN PERCENTAGE TERMS) FOR FY2012

Name of Key Executive	Salary[1]	Bonus	Fees	Benefits-In-Kind	Total
Above S$250,000	%	%	%	%	%
Hee Siew Fong	68.0	23.4	–	8.6	100
Timothy Chan Chee Mun	70.2	21.6	–	8.2	100
Below S$250,000					
Joyce–Lynn Yap Ping Sin [2]	73.1	15.8	–	11.1	100

Notes:
(1) Exclusive of fixed allowance but inclusive of CPF contribution.
(2) Ms. Joyce-Lynn Yap resigned as Company Secretary on 31 October 2012.

The RC was of the view that the indicative remuneration for executive directors should be guided by the principles that remuneration should:
(1) reflect the qualifications and experience of the person;
(2) be broadly consistent with industry practice;
(3) reflect the duties and responsibilities of the position; and
(4) take into account the performance of the Group.

Non-executive directors have no service contracts and the Articles specify their terms of appointment. The RC will liaise with the GCEO when the service contracts of key executives are reviewed. The RC reviewed the service contracts of Ms. Saw Phaik Hwa and Dr. Stephen Riady.

The remuneration packages of the GCEO and the other executive director, Dr. Stephen Riady have been individually negotiated taking into account the needs and financial environment of the Group. The service contracts for the GCEO and Dr. Stephen Riady are for a fixed term not exceeding 3 years or when he/she becomes disqualified from continuing to be a director, whichever is earlier, with any renewal of his/her employment upon expiry being subject to the recommendation of the NC.

The Board has endorsed the recommendations of the RC in relation to the executive directors' remuneration packages. During FY2012, there were no employees who are immediate family members of a director or the GCEO and whose remuneration exceeds S$150,000.

Since the last Executives' Share Option Scheme ("ESOS"), which expired on 16 December 2002, there has been no new scheme. Accordingly, none of the Directors of the Company was granted any options under the Company's Employees Share Option Scheme.

CORPORATE GOVERNANCE REPORT

Audit Committee ("AC")

Principle 10: Accountability and Audit
Principle 11: Audit Committee
Principle 12: Internal Controls

The AC comprises three members, all of whom are non-executive directors. The Chairman of the AC, Mr. Bryan Chang Yew Chan, is a qualified accountant and a Fellow Member of both The Institute of Certified Public Accountants of Singapore and Certified Public Accountants, Australia. He is also a member of The Institute of Internal Auditors, Singapore.

Dr. Lim Boh Soon is currently a director and shareholder of Arise Asset Management Pte Ltd and was formerly Chief Executive Officer of Kuwait Finance House (Singapore) Pte Ltd.

Dr. Ronnie Tan Keh Poo @ Tan Kay Poo is presently the Chief Executive Officer of Bowsprit Capital Corporation Limited, the Manager of First Real Estate Investment Trust in Singapore.

The NC is of the view that the members of the AC have sufficient financial management expertise and experience to discharge the AC's functions. The AC is guided by written Terms of Reference endorsed by the Board and which sets out its duties and responsibilities. It is duly authorised to investigate any matter within such Terms of Reference and has full access to and the co-operation of Management, as well as the full discretion to invite any director or executive officer to attend its meeting.

The AC performs the following main functions:

1) recommends to the Board of Directors the appointment, reappointment or removal of external auditors, and approving the remuneration and terms of engagement of the external auditors;
2) reviews the audit plans proposed by the external and internal auditors, evaluates the scope and results of the external and internal audits and reviews the audit reports;
3) evaluates the audit process;
4) with the Group Chief Financial Officer or the relevant officer and the external auditors, makes regular reviews of the financial state of affairs of the Company at the completion of the quarterly reviews and annual examination by the external auditors.

   At these quarterly and annual discussions, the AC seeks to be satisfied that:
   - there is proper reporting of financial and relevant information to shareholders (such as formal announcements relating to financial performance), taking into consideration the external auditors' audit of the annual financial statements and accompanying reports, before making the appropriate recommendation to the Board for approval;
   - the Company has an adequate system of accounting controls;
   - management has provided full assistance to external auditors; and
   - significant financial reporting issues and views and recommendations of the external and internal auditors have been addressed by management.
5) reviews with management and the internal auditors at least once annually:
   - the adequacy and effectiveness of the system of internal controls (financial and operational) and risk management policies and systems established by management;
   - the significant observations made by the internal auditors and management's responses; and
   - the internal auditing standards to ensure that these meet or exceed the standards set by nationally or internationally recognised professional bodies, including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.
6) holds separate meeting sessions with each of the internal auditors, the external auditors, other committees, and management to discuss matters that each of these groups believes should be discussed privately with the AC; and
7) reports actions and minutes of meetings of the AC to the Board of Directors with such recommendations as the AC considers appropriate.

The AC has the express power to conduct or authorise investigations into any matters within its terms of reference. The Company has put in place a whistleblowing policy, endorsed by the AC, where employees of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

Minutes of the AC meetings are circulated to the Board for information. The AC has conducted an annual review of the volume of non-audit services provided by the Company's external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors before confirming their re-nomination.

With regard to the appointment of auditing firm for the Group and associates, the Company has complied with Rules 712 and 715 of the Listing Rules of the SGX-ST.

The AC conducts review of interested person transactions in accordance with the Company's internal guidelines and when advised of such transactions by the compliance officer or as required by the relevant regulatory authorities for securities or the provisions of the Companies Act. If the AC becomes aware of any suspected fraud or irregularity, or suspected infringement of any Singapore law, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, the AC shall after discussing such matters with the external auditors as well as other advisers, report the matter as soon as possible to the Board.

During the financial year, the AC conducted factory and operation visits to the Company's subsidiaries. These visits form part of the risk management review.

As at the date of this report, the AC has met with the external auditors as well as the internal auditors, without the presence of management, at least once a year. The Company's external auditors, Ernst & Young LLP ("E&Y"), carries out in the course of their statutory audit an annual review of the Company's accounting controls to the extent of their scope as laid out in their audit plan. Material internal accounting control weaknesses noted during their audit and the auditors' recommendations are reported to the AC.

Principle 13: Internal Audits

To ensure the adequacy of the internal audit function, the AC will have regular discussions with the internal auditors. The Company's internal audit function has been outsourced to PricewaterhouseCoopers LLP ("PWC") and subsequently changed to RSM Ethos Pte Ltd ("RSM Ethos") during the financial year. The internal auditors report directly to the AC on audit matters and in carrying out its internal audit functions, has adopted the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The AC has reviewed the Company's risk management framework based on the reports of both E&Y, PWC and RSM Ethos and is satisfied that the overall control environment of the Company and the Group is conducive for the promotion of good controls.

Communication with Shareholders

Principle 14: Communication with Shareholders
Principle 15: Greater Shareholder Participation

Since the beginning of 2003, the Company has been announcing its results on a quarterly basis. Financial results, whether quarterly or full year, are published through the SGXNET. All information on the Company's new initiatives is disseminated via SGXNET. The Company does not practice selective disclosure.

The Company has an officer who communicates with its investors and attends to their queries. All shareholders of the Company receive the annual report and notice of AGM. The notice is also advertised in newspapers. At the AGMs, shareholders are given the opportunity to air their views and ask directors or management questions regarding the Company.

The Articles allow a member of the Company to appoint one or two proxies to attend and vote at the AGM instead of the member.

Dealings in Securities

The Company observes and complies with the SGX-ST Listing Rules on dealing in securities. Its officers are reminded not to deal in the Company's shares during the period commencing two weeks before the announcement of the Company's quarterly results, or one month before the announcement of its full year financial results, as the case may be, and ending on the date of the announcement of the results.

Interested Person Transactions Policy

The Company has adopted an internal policy in relation to transactions with interested persons which sets out the framework for the notification to and the approval by AC of interested person transactions ("IPT"). The aggregate value of IPTs entered into during the financial year under review under Chapter 9 of the SGX-ST Listing Rules were as follows:-

Name of Interested Person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
West Tower Holding Limited	$497,217	Not applicable
Overseas Union Enterprise Limited	$550,196	Not applicable

Material Contracts

There are no material contracts of the Company or its subsidiary companies involving the interests of the GCEO, each director or controlling shareholder, either for the financial year ended 31 December 2012 or entered into since the end of the previous financial years.

RISK FACTORS STATEMENT

The Group is committed to manage risk especially due to greater business diversifications over the past few years.

Exposures ranging from politics, business, and operations to financial risks cannot be fully controlled or eliminated owing to the consideration of cost over benefit element. Hence, we tend to adopt the approach to address the basics as part of our strategy to identify, evaluate, control and mitigate risks.

POLITICAL RISK

As the Group expands our businesses overseas, we pay close attention to political and economic environments that we operate in. Changes in policies that may pose impacts on our investments are carefully evaluated. Significant projects are monitored closely to ensure key areas of concerns are properly addressed and attended.

BUSINESS RISK

Our food and distribution businesses operate under a highly competitive environment. For instance on bakery business, not only do we face direct competition from other manufacturers and distributors but also from our customers, which grow their house brands in promoting their own private labels.

Owing to global consolidation in food businesses through mergers and acquisitions, our distribution business is subjected to intense competition and the risk of losing agencies. One way to mitigate such risk is through further expansion and development of our own house brands. In addition, continuing efforts will be made to secure more profitable agencies and very importantly, improve current margin through inter-group business synergies, cost efficiency and productivity.

OPERATING RISK

Major risks confronting operations arise from environmental, health and safety in production, stock pilferage, stock obsolescence, raw materials and energy costs, staff retention etc. Some of these risks can be controlled while some are uncontrollable. Stringent policies and procedures have been established for production, warehouse and inventory control. The management adopts a relentless approach to ensure both external regulations and internal rules are observed and abided. In addition, on financial aspect, we have set accounting policy that requires appropriate provisions to be made, where necessary, for probable losses arising from stock loss and obsolescence and other contingent liabilities in litigations.

To mitigate operating risk, the Group has taken up adequate insurance cover against any financial loss suffered as part of safeguarding the assets.

FINANCIAL RISK

A. Investment Risk

The Board of Directors has overall responsibility for determining the level and type of business investment risk the Group undertakes. All major investment proposals are submitted to the Board for evaluation and approval.

The monitoring of new existing investments is facilitated by regular communications and reporting from Management at the Board meetings.

RISK FACTORS STATEMENT

B. Credit Risk

Credit risk related to trade and other debtors is primarily limited to the risk arising from debtors' inability to make payments when obligations are due. Credit policies with guidelines on credit terms and limits set the basis for credit control. All customers are subjected to continuing observations and supervision.

C. Liquidity Risk

Cash flow requirements are closely monitored and we maintain a level of cash to meet our obligations and commitments due. To ensure cash efficiency, we manage a cash pool controlled by the Group head office, whereby maximization of cash flow position can be achieved.

D. Interest Rate Risk

The Group obtains partial financing through external borrowings. Hence, interest rate fluctuations coupled with foreign exchanges can constitute additional risk to our financial performance.

The Group tends to monitor the interest rate fluctuations closely and where necessary, restructure our loans to save interest costs. The Group also uses interest rate swaps to hedge against changes in interest rates.

E. Foreign Exchange Risk

The Group's exposure to foreign currency risk arises primarily from its investments in subsidiaries overseas. The currency giving rise to these risks are United States dollar, Hong Kong dollar, Malaysian ringgit and Renminbi. The Group's policy is not to hedge our foreign currency exposures of investments in subsidiaries apart from some forward contracts purchased to meet the foreign currency requirements to the overseas suppliers.

DIRECTORS' REPORT

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Auric Pacific Group Limited ("the Company") and its subsidiary companies (collectively, "the Group") and the balance sheet and the statement of changes in equity of the Company for the financial year ended 31 December 2012.

DIRECTORS

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

Mr. Albert Saychuan Cheok	(Non-Executive Chairman)
Ms. Saw Phaik Hwa #	(Executive Director and Group Chief Executive Officer)
Dr. Stephen Riady	(Executive Director)
Dr. Ronnie Tan Keh Poo @ Tan Kay Poo	(Non-Executive Director)
Mr. Bryan Chang Yew Chan	(Independent Non-Executive Director)
Dr. Lim Boh Soon	(Independent Non-Executive Director)
Mr. Edwin Neo	(Independent Non-Executive Director)

#: Appointed as Group Chief Executive Officer on 1 May 2012 and Executive Director on 25 July 2012

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50 ("the Act"), the following directors, who held office at the end of the financial year, had interests in the shares of the Company and its related companies as stated below:-

	Shareholdings registered in the name of directors as at			Shareholdings in which directors are deemed to have an interest as at		
	1.1.2012	31.12.2012	21.1.2013	1.1.2012	31.12.2012	21.1.2013
Auric Pacific Group Limited (Ordinary shares)						
Dr. Stephen Riady	–	–	–	89,420,646	89,420,646	89,420,646
Dr. Lim Boh Soon	–	–	–	4,000	4,000	4,000
Ms. Saw Phaik Hwa	–	270,000	270,000	–	–	–
Food Junction Holdings Limited (Ordinary shares)						
Mr. Albert Saychuan Cheok	–	–	–	–	50,000	50,000

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

By virtue of Section 7 of the Act, Dr. Stephen Riady is deemed to have interests in shares of the subsidiary companies of the Company.

Except as disclosed above, the following directors who held office at the end of the financial year had interests in the shares of the following entities, which are related corporations to a corporate shareholder of the Company :-

	Shareholdings registered in the name of directors as at			Shareholdings in which directors are deemed to have an interest as at		
	1.1.2012	31.12.2012	21.1.2013	1.1.2012	31.12.2012	21.1.2013
Goldstream Capital Limited (Ordinary shares)						
Dr. Stephen Riady	–	–	–	10	10	10
Bravado International Ltd (Ordinary shares)						
Dr. Stephen Riady	–	–	–	1	1	1
Nine Heritage Pte Ltd (Ordinary shares)						
Dr. Stephen Riady	–	–	–	800,000	800,000	800,000
Pantogon Holdings Pte Ltd (Ordinary shares)						
Dr. Stephen Riady	–	–	–	1,000,000	1,000,000	1,000,000
Win Joyce Limited (Ordinary shares)						
Dr. Stephen Riady	–	–	–	2	2	2
Goldmax Pacific Limited (Ordinary shares)						
Dr. Stephen Riady	–	–	–	1	1	1
Jeremiah Holdings Limited (Ordinary shares of S$1.00 each)						
Dr. Stephen Riady	–	–	–	779,187	779,187	779,187
Dragon Board Holdings Limited (Ordinary shares of S$1.00 each)						
Dr. Stephen Riady	–	–	–	1	1	1
Lippo China Resources Limited (Ordinary shares of HK$0.10 each)						
Dr. Stephen Riady	–	–	–	6,544,696,389	6,544,696,389	6,544,696,389

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

	Shareholdings registered in the name of directors as at			Shareholdings in which directors are deemed to have an interest as at		
	1.1.2012	31.12.2012	21.1.2013	1.1.2012	31.12.2012	21.1.2013
Lippo Limited (Ordinary shares of HK$0.10 each)	–	–	–	319,322,219	319,322,219	319,322,219
Hongkong Chinese Limited (Ordinary shares of HK$1.00 each)	–	–	–	1,120,987,842	1,120,987,842	1,120,987,842
The HCB General Investment (Singapore) Pte Ltd (Ordinary shares) (became a wholly-owned subsidiary of Lippo Capital Limited on 10/2/2012)	–	–	–	70,000	100,000	100,000
East Winds Food Pte Ltd (Ordinary shares) Dr. Stephen Riady	–	–	–	400,000 (disposed on 7/2/2012)	–	–

Apart from the above, Dr. Stephen Riady is also deemed to have interests in the holding companies of the controlling shareholders and companies related to the controlling shareholders as stated below :-

	Shareholdings registered in the name of directors as at			Shareholdings in which directors are deemed to have an interest as at		
	1.1.2012	31.12.2012	21.1.2013	1.1.2012	31.12.2012	21.1.2013
Lippo Capital Limited (Ordinary shares of HK$1.00 each)	–	–	–	705,690,001	705,690,001	705,690,001
First Tower Corporation (Ordinary shares of US$1.00 each)	–	–	–	1	1	1

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

	Shareholdings registered in the name of directors as at			Shareholdings in which directors are deemed to have an interest as at		
	1.1.2012	31.12.2012	21.1.2013	1.1.2012	31.12.2012	21.1.2013
Skyscraper Realty Limited (Ordinary shares of US$1.00 each)	–	–	–	10	10	10
Lippo Finance Limited (Ordinary shares of HK$1.00 each)	–	–	–	6,176,470	6,176,470	6,176,470
Lanius Limited * (Ordinary shares of HK$1.00 each)	–	–	–	20	20	20
Tamsett Holdings Limited (Ordinary shares of US$1.00 each)	–	–	–	1	1	1
Max Turbo Limited (Ordinary shares of US$1.00 each)	–	–	–	100	100	100
Lippo Realty (Shanghai) Limited (formerly known as Shanghai Lippo Fuxing Real Estate Limited) @ (Total paid-up registered capital: US$23,750,000)	–	–	–	23,750,000	23,750,000	23,750,000
TechnoSolve Limited (Ordinary shares of HK$1.00 each)	–	–	–	18,053,500	18,053,500	18,053,500
Kingtek Limited (Ordinary shares of US$1.00 each)	–	–	–	60	60	60
Beijing Lippo Century Realty Co., Ltd. (Total paid-up registered capital: US$36,000,000)	–	–	–	36,000,000	36,000,000	36,000,000
Multi-World Builders & Development Corporation (Ordinary shares)	–	–	–	4,080	4,080	4,080
Chung Po Investment Holding Co., Ltd. (Ordinary shares of HK$1.00 each)	–	–	–	1,200,000	1,200,000	1,200,000

* The trustee of a discretionary trust which was founded by Dr. Mochtar Riady, who does not have any interest in the share capital of Lanius Limited. The beneficiaries of the trust included, inter alia, Dr. Stephen Riady and other members of the family.

@ This entity became a wholly-owned subsidiary company of Lippo China Resources Limited in 2011.

Except as disclosed in this report, no other director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company and its related companies, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

DIRECTORS' REPORT

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than as disclosed in the financial statements) by reason of a contract made by the Company or by a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, apart from remuneration from the Company and/or related corporations in their capacities as directors/executives of those corporations.

OPTIONS

There is presently no option scheme on unissued shares of the Company.

REVIEW OF INTERNAL CONTROLS AND RISKS

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group's internal controls, addressing financial, operational and compliance risks, were adequate as at 31 December 2012.

AUDIT COMMITTEE

The Audit Committee ("AC") carried out its functions in accordance with Section 201B(5) of the Act, including the following:-

- Reviews the audit plans of the internal and external auditors of the Company, and reviews the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's management to the external and internal auditors
- Reviews the quarterly and annual financial statements and the auditors' report on the annual financial statements of the Company before their submission to the board of directors
- Reviews effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors
- Meets with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC
- Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes, and any reports received from regulators
- Reviews the cost effectiveness and the independence and objectivity of the external auditors
- Reviews the nature and extent of non-audit services provided by the external auditors
- Recommends to the board of directors the external auditors to be nominated, approves the compensation of the external auditors, and reviews the scope and results of the audit
- Reports actions and minutes of the AC to the board of directors with such recommendations as the AC considers appropriate
- Reviews interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual

DIRECTORS' REPORT

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

The AC convened 5 meetings during the financial year. As at the date of this report, the AC has also met with the external and internal auditors, without the presence of management, at least once a year and had visited some of its subsidiaries.

Further details regarding the AC are disclosed in the Report on Corporate Governance as set out in the Annual Report of the Company.

AUDITORS

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

On behalf of the board of directors,

Saw Phaik Hwa
Executive Director and Group Chief Executive Officer

Stephen Riady
Executive Director

Singapore
20 March 2013

STATEMENT BY DIRECTORS

We, Saw Phaik Hwa and Stephen Riady, being two of the directors of Auric Pacific Group Limited (the "Company"), do hereby state that, in the opinion of the directors:-

(i) the accompanying consolidated statement of comprehensive income, balance sheets, statements of changes in equity and consolidated cash flow statement, together with the notes thereto, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012, and the results of the business, changes in equity, and cash flows of the Group, and the changes in equity of the Company for the financial year then ended on that date; and

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

On behalf of the board of directors,

Saw Phaik Hwa
Executive Director and Group Chief Executive Officer

Stephen Riady
Executive Director

Singapore
20 March 2013

INDEPENDENT AUDITORS' REPORT

For the financial year ended 31 December 2012
To the Members of Auric Pacific Group Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Auric Pacific Group Limited ("the Company") and its subsidiary companies (collectively, "the Group") set out on pages 45 to 133, which comprise the balance sheets of the Group and the Company as at 31 December 2012, the statements of changes in equity of the Group and the Company, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards, so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Ernst & Young LLP
Public Accountants and Certified Public Accountants
Singapore

20 March 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2012
(In Singapore dollars)

	Note	Group 2012 $'000	Group 2011 $'000 (Restated)
Revenue	3	389,997	386,753
Cost of revenue	4	(226,077)	(228,776)
Gross profit		163,920	157,977
Other item of income			
Other revenue	5	2,268	2,342
Other items of expenses			
Selling and marketing expenses		(66,479)	(64,271)
General and administration expenses		(33,685)	(28,614)
Investment related activities		(203)	4,101
Finance costs	6	(382)	(477)
Other operating expenses	5	(67,256)	(59,902)
Share of results of an associated company		–	(747)
Share of results of a joint venture company		800	687
(Loss)/profit before taxation	7	(1,017)	11,096
Income tax credit/(expense)	8	12,579	(2,592)
Profit for the financial year, net of taxation		11,562	8,504
Other comprehensive expenses:			
Foreign currency translation	28 (a)	(1,449)	(2,048)
Other comprehensive expenses for the financial year, net of taxation		(1,449)	(2,048)
Total comprehensive income for the financial year		10,113	6,456
Profit attributable to:			
Owners of the Company		14,613	8,566
Non-controlling interests		(3,051)	(62)
		11,562	8,504
Total comprehensive income attributable to:			
Owners of the Company		13,213	6,583
Non-controlling interests		(3,100)	(127)
		10,113	6,456
Earnings per share attributable to owners of the Company (cents per share):			
Basic	9	11.63	6.82
Diluted	9	11.63	6.82

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

BALANCE SHEETS

As at 31 December 2012
(In Singapore dollars)

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	40,312	34,421	488	648
Intangible assets	11	92,813	100,718	–	–
Interest in subsidiary companies	12	–	–	95,107	67,061
Investment in an associated company	13	282	282	–	–
Investment in a joint venture company	14	1,874	1,662	–	–
Long-term investments	15	12,907	16,448	–	–
Other debtors	18	4,134	2,937	–	–
Prepayments and other recoverables	18	2,286	3,220	–	–
Deferred tax assets	26	930	730	–	–
		155,538	160,418	95,595	67,709
Current assets					
Short-term investments	15	–	2,330	–	–
Stocks	16	36,855	36,642	–	–
Trade debtors	17	56,411	53,174	–	–
Other debtors	18	46,582	52,165	603	2,413
Prepayments and other recoverables	18	2,954	2,403	16	17
Amounts due from subsidiary companies	19	–	–	203,979	280,031
Fixed deposits (restricted)	20	5,304	5,848	1,000	5,000
Cash and cash equivalents	20	58,533	55,998	17,702	16,286
		206,639	208,560	223,300	303,747
Total assets		362,177	368,978	318,895	371,456
EQUITY AND LIABILITIES					
Current liabilities					
Trade creditors	21	32,968	36,984	–	–
Other creditors and accruals	22	39,891	36,564	2,153	2,038
Deferred income		885	490	–	–
Provisions	23	1,039	1,265	–	–
Amounts due to subsidiary companies	24	–	–	191,591	258,732
Loans and borrowings	25	6,275	5,270	–	–
Tax payable		2,637	18,652	295	43
		83,695	99,225	194,039	260,813
Net current assets		122,944	109,335	29,261	42,934

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

BALANCE SHEETS

As at 31 December 2012
(In Singapore dollars)

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
EQUITY AND LIABILITIES (CONT'D)					
Non-current liabilities					
Deferred income		209	326	–	–
Other liability	22	17,569	16,315	–	–
Provisions	23	3,657	1,742	100	100
Loans and borrowings	25	97	–	–	–
Deferred tax liabilities	26	4,775	5,154	534	–
		26,307	23,537	634	100
Total liabilities		110,002	122,762	194,673	260,913
Net assets		252,175	246,216	124,222	110,543
Equity attributable to owners of the Company					
Share capital	27	64,461	64,461	64,461	64,461
Retained earnings		173,250	162,407	51,286	37,607
Other reserves	28	(3,019)	(1,675)	–	–
Merger reserve	29	–	–	8,475	8,475
		234,692	225,193	124,222	110,543
Non-controlling interests		17,483	21,023	–	–
Total equity		252,175	246,216	124,222	110,543
Total equity and liabilities		362,177	368,978	318,895	371,456

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2012
(In Singapore dollars)

	Attributable to owners of the Company								
	Share capital (Note 27) $'000	Retained earnings $'000	Other reserves, total (Note 28) $'000	Foreign currency translation reserve (Note 28 (a)) $'000	Discount/ (premium paid) on acquisition of non-controlling interests (Note 28 (b)) $'000	Gain on purchase of treasury shares by a subsidiary company Note 28 (c)) $'000	Total equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group									
2012									
Balance at 1 January 2012	64,461	162,407	(1,675)	(4,141)	2,004	462	225,193	21,023	246,216
Profit/(loss) for the financial year	–	14,613	–	–	–	–	14,613	(3,051)	11,562
Other comprehensive expense									
Foreign currency translation	–	–	(1,400)	(1,400)	–	–	(1,400)	(49)	(1,449)
Other comprehensive expense for the financial year, net of taxation	–	–	(1,400)	(1,400)	–	–	(1,400)	(49)	(1,449)
Total comprehensive income/(expense) for the financial year	–	14,613	(1,400)	(1,400)	–	–	13,213	(3,100)	10,113
Contributions by and distributions to owners									
Purchase of treasury shares by a subsidiary company (Note 12)	–	–	56	–	–	56	56	(185)	(129)
Dividend on ordinary shares (Note 30)	–	(3,770)	–	–	–	–	(3,770)	–	(3,770)
Dividend paid to minority shareholders of a subsidiary company	–	–	–	–	–	–	–	(255)	(255)
Total contributions by and distributions to owners	–	(3,770)	56	–	–	56	(3,714)	(440)	(4,154)
Balance at 31 December 2012	64,461	173,250	(3,019)	(5,541)	2,004	518	234,692	17,483	252,175

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2012
(In Singapore dollars)

	Attributable to owners of the Company								
	Share capital	Retained earnings	Other reserves, total	Foreign currency translation reserve	Discount/ (premium paid) on acquisition of non-controlling interests	Gain on purchase of treasury shares by a subsidiary company	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	(Note 27) $'000	$'000	(Note 28) $'000	(Note 28 (a)) $'000	(Note 28 (b)) $'000	Note 28 (c)) $'000	$'000	$'000	$'000
Group									
2011									
Balance at 1 January 2011	64,461	157,611	(112)	(2,158)	2,004	42	221,960	22,787	244,747
Profit/(loss) for the financial year	–	8,566	–	–	–	–	8,566	(62)	8,504
Other comprehensive expense									
Foreign currency translation	–	–	(1,983)	(1,983)	–	–	(1,983)	(65)	(2,048)
Other comprehensive expense for the financial year, net of taxation	–	–	(1,983)	(1,983)	–	–	(1,983)	(65)	(2,048)
Total comprehensive income/(expense) for the financial year	–	8,566	(1,983)	(1,983)	–	–	6,583	(127)	6,456
Contributions by and distributions to owners									
Purchase of treasury shares by a subsidiary company (Note 12)	–	–	420	–	–	420	420	(1,506)	(1,086)
Dividend on ordinary shares (Note 30)	–	(3,770)	–	–	–	–	(3,770)	–	(3,770)
Dividend paid to minority shareholders of a subsidiary company	–	–	–	–	–	–	–	(131)	(131)
Total contributions by and distributions to owners	–	(3,770)	420	–	–	420	(3,350)	(1,637)	(4,987)
Balance at 31 December 2011	64,461	162,407	(1,675)	(4,141)	2,004	462	225,193	21,023	246,216

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2012
(In Singapore dollars)

	Share capital (Note 27) $'000	Retained earnings * $'000	Merger reserve (Note 29) $'000	Total equity $'000
Company				
2012				
Balance at 1 January 2012	64,461	37,607	8,475	110,543
Profit for the financial year	–	17,449	–	17,449
Other comprehensive income for the financial year, net of taxation	–	–	–	–
Total comprehensive income for the financial year	–	17,449	–	17,449
Contributions by and distributions to owners				
Dividend on ordinary shares (Note 30)	–	(3,770)	–	(3,770)
Total contributions by and distributions to owners	–	(3,770)	–	(3,770)
Balance at 31 December 2012	64,461	51,286	8,475	124,222
2011				
Balance at 1 January 2011	64,461	39,393	8,475	112,329
Profit for the financial year	–	1,984	–	1,984
Other comprehensive income for the financial year, net of taxation	–	–	–	–
Total comprehensive income for the financial year	–	1,984	–	1,984
Contributions by and distributions to owners				
Dividend on ordinary shares (Note 30)	–	(3,770)	–	(3,770)
Total contributions by and distributions to owners	–	(3,770)	–	(3,770)
Balance at 31 December 2011	64,461	37,607	8,475	110,543

* It includes an amount of $32,617,000 (2011: $32,617,000), which relates to the gain resulting from an internal restructuring of certain subsidiary companies in 1999. This amount is non-distributable in accordance with the Company's Memorandum and Articles of Association.

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2012
(In Singapore dollars)

	Group 2012 $'000	2011 $'000
Cash flows from operating activities		
(Loss)/profit before taxation	(1,017)	11,096
Adjustments for:		
Dividend income	(44)	(148)
Interest income	(4,541)	(4,453)
Interest expense	382	477
Share of results of an associated company	–	747
Share of results of a joint venture company	(800)	(687)
Depreciation of property, plant and equipment	10,796	8,863
Fair value changes of financial instruments:		
– (Gain)/loss on investment funds at fair value through profit or loss	(124)	12
– (Gain)/loss on investment securities held-for-trading	(86)	342
– Loss on redeemable preference shares issued by a subsidiary company	840	1,529
– Loss on derivative financial instrument at fair value through profit or loss	–	316
Gain on disposal of investment securities held-for-trading	(51)	(3)
Gain on disposal of unquoted preferred shares	–	(5,889)
Loss on disposal of unquoted equity shares	–	77
Allowance for impairment on trade debtors	347	880
Allowance for impairment on non-trade debtors	91	–
Bad debts recovered	(4)	–
Amortisation of intangible assets	2,816	2,964
Net gain on disposal of property, plant and equipment	(252)	(105)
Stocks written down	2,740	2,022
Property, plant and equipment written off	1,236	1,120
Allowance for impairment on property, plant and equipment	336	523
Translation differences	417	(2,901)
Write-off of non-trade debtor	808	–
Impairment loss on intangible assets	5,000	–
Realised gain on derivative financial instrument	(936)	–
Operating cash flows before working capital changes	17,954	16,782
Increase/(decrease) in assets:		
Stocks	(2,953)	1,215
Trade and other debtors	788	2,332
(Decrease)/increase in liabilities:		
Trade and other creditors	(201)	831
Net cash generated from operations	15,588	21,160
Tax paid	(2,759)	(3,313)
Interest paid	(382)	(477)
Interest received	2,782	3,711
Net cash flows generated from operating activities	15,229	21,081

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2012
(In Singapore dollars)

	Group 2012 $'000	Group 2011 $'000
Cash flows from investing activities		
Dividend income received	44	148
Dividend income received from a joint venture company	588	441
Proceeds on disposal of property, plant and equipment	527	348
Proceeds on disposal of investment securities held-for-trading	2,625	3,958
Proceeds from disposal of unquoted equity shares	–	628
Proceeds from disposal of unquoted preferred shares	–	19,981
Proceeds from return of capital from investment funds	296	79
Proceeds on capital distribution from an associated company	–	578
Purchase of property, plant and equipment	(16,945)	(11,245)
Purchase of investment funds	–	(12,241)
Purchase of investment securities held-for-trading	(157)	–
Proceeds from realisation of derivative financial instrument	1,034	–
Proceeds from withdrawal of investment fund	2,874	–
Net cash flows (used in)/generated from investing activities	(9,114)	2,675
Cash flows from financing activities		
Repayment of obligations under finance leases	(24)	(16)
Dividend on ordinary shares	(3,770)	(3,770)
Dividend paid to minority shareholders of a subsidiary company	(255)	(131)
Proceeds from bank borrowings	27,885	23,511
Purchase of treasury shares by a subsidiary company	(129)	(1,086)
Repayment of bank borrowings	(26,766)	(33,696)
Decrease/(increase) in fixed deposits pledged with banks	544	(5,128)
Net cash flows used in financing activities	(2,515)	(20,316)
Net increase in cash and cash equivalents	3,600	3,440
Cash and cash equivalents at beginning of financial year	55,998	52,893
Effect of exchange rate changes on cash and cash equivalents	(1,065)	(335)
Cash and cash equivalents at end of financial year (Note A)	58,533	55,998

(A) Analysis of the balances of cash and cash equivalents

	Group 2012 $'000	Group 2011 $'000
Fixed deposits (restricted)	5,304	5,848
Fixed deposits (current)	12,623	10,692
Cash and bank balances	45,910	45,306
	63,837	61,846
Fixed deposits pledged with banks (Note 20)	(5,304)	(5,848)
	58,533	55,998

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

1. CORPORATE INFORMATION

Auric Pacific Group Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited.

The registered office and principal place of business of the Company is located at 50 Collyer Quay, #06-03, OUE Bayfront, Singapore 049321.

The principal activities of the Company are those of investment holding and the provision of services to its subsidiary companies. There have been no significant changes in the nature of these activities during the financial year. The principal activities of its subsidiary companies are disclosed in Note 12 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group, and the balance sheet and the statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars (SGD or $), and all values are rounded to the nearest thousand ($'000) unless otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2012. The adoption of these FRS and INT FRS did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 1, *Presentation of Items of Other Comprehensive Income*	1 July 2012
Revised FRS 19, *Employee Benefits*	1 January 2013
Improvements to FRSs 2012	1 January 2013
– Amendment to FRS 1, *Presentation of Financial Statements*	1 January 2013
– Amendment to FRS 16, *Property, Plant and Equipment*	1 January 2013
– Amendment to FRS 32, *Financial Instruments: Presentation*	1 January 2013
Amendments to FRS 107, *Disclosures – Offsetting of Financial Assets and Financial Liabilities*	1 January 2013
FRS 113, *Fair Value Measurement*	1 January 2013
Revised FRS 27, *Separate Financial Statements*	1 January 2014
Revised FRS 28, *Investments in Associates and Joint Ventures*	1 January 2014
Amendments to FRS 32, *Offsetting of Financial Assets and Financial Liabilities*	1 January 2014
FRS 110, *Consolidated Financial Statements*	1 January 2014
FRS 111, *Joint Arrangements*	1 January 2014
FRS 112, *Disclosure of Interests in Other Entities*	1 January 2014

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

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

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

The nature of the impending changes in accounting policy on adoption of the Amendments to FRS 1, FRS 111, Revised FRS 28 and FRS 112 are described below.

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

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

The Amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the Amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

<u>FRS 111 *Joint Arrangements* and Revised FRS 28 *Investments in Associates and Joint Ventures*</u>

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

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

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

The Group currently applies equity accounting for its investment in a joint venture.

<u>FRS 112 *Disclosure of Interests in Other Entities*</u>

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

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in 2014.

2.4 Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

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

2.4 Significant accounting estimates and judgements (cont'd)

(a) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each 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:

Useful lives of plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over the plant and equipment's estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 1 to 10 (2011: 1 to 10) years. Changes in the expected level of usage could impact the economic useful lives of these assets; therefore, future depreciation charges could be revised. The carrying amount of the Group's plant and equipment at the end of each reporting period is disclosed in Note 10 to the financial statements.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. Further details of the key assumptions applied in the impairment assessment of goodwill and trademark licence agreement, are disclosed in Note 11 to the financial statements.

Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's loans and receivables at the end of each reporting period are disclosed in Note 20 to the financial statements.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective companies' domicile.

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

2.4 Significant accounting estimates and judgements (cont'd)

(a) *Key sources of estimation uncertainty (cont'd)*

Taxes (cont'd)

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying amount of the Group's deferred tax assets, and recognised and unrecognised tax losses at the balance sheet date are disclosed in Note 26 to the financial statements.

Fair values of financial instruments

Where the fair values of financial instruments recorded on the balance sheets cannot be derived from active markets, they are determined using secondary market quotations approximating the carrying values of the financial instruments. The valuation of financial instruments is described in Note 33 to the financial statements.

The fair value of mezzanine loan held is estimated based on the indicative price from an agreement with a prospective buyer for the sales of redeemable preference shares held by the Group (Note 39).

(b) *Judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Useful life of trademark license agreement

Trademark license agreement arose from the Group's acquisition of Edmontor Investments Pte Ltd in 2008, and was related to the right to use the "Delifrance" trademark granted under a license agreement. Since its acquisition in 2008, management had estimated the useful life of trademark license agreement to be indefinite, as management believed that there was no foreseeable limit to the period over which the agreement was expected to generate net cash inflows to the Group. Moreover, the agreement allowed for automatic renewal without significant cost.

In September 2011, Grand Moulins De Paris ("GMP") renewed the trademark license agreement for a period of 7 years (Initial Period). The revised agreement shall be further extended for a period of 7 years (First Renewal Period) and beyond, subject to the satisfactory compliance with the terms and conditions of the revised agreement. Management believes it would be able to meet the new terms and conditions in the revised agreement and the agreement would be renewed beyond the period of 21 years. There is no foreseeable limit to the period over which the revised agreement is expected to generate net cash inflows to the Group.

Operating lease commitments – as lessor

The Group has entered into operating leases with the landlords on its food court premises. The Group licences the use of the food and beverage stalls within the food courts to individual stallholders. The Group has determined that these are operating lease arrangements where significant risks and rewards of these food court premises have not been transferred.

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

2.4 Significant accounting estimates and judgements (cont'd)

(b) Judgements made in applying accounting policies (cont'd)

Impairment of available-for-sale investments

The Group records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of the investment is less than its cost, and the financial health of and near-term business outlook for the financial asset, including factors such as industry and sector performance, changes in technology, and operational and financing cash flows.

For the impairment assessment of financial assets carried at cost, the Group will assess if there is the presence of objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss has been incurred. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Consolidation of special purpose entity ("SPE")

The Group holds a 100% equity interest in an entity, which provides a mezzanine loan to a third party and its principal activity is that of investment holding. Therefore, the Group consolidates the entity in its financial statements.

2.5 Basis of consolidation and business combinations

(a) Basis of consolidation

<u>Basis of consolidation from 1 January 2010</u>

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

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

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

Losses within a subsidiary company are attributed to the non-controlling interest even if that results in a deficit balance.

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

2.5 Basis of consolidation and business combinations (cont'd)

(a) Basis of consolidation (cont'd)

A change in the ownership interest of a subsidiary company, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
– De-recognises the carrying amount of any non-controlling interest;
– De-recognises the cumulative translation differences recorded in equity;
– Recognises the fair value of the consideration received;
– Recognises the fair value of any investment retained;
– Recognises any surplus or deficit in profit or loss; and
– Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

– Acquisition of non-controlling interests, prior to 1 January 2010, was accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.
– Losses incurred by the Group were attributed to the non-controlling interests until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interests had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interests and the owners of the Company.
– Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments as at 1 January 2010 has not been restated.

(b) Business combinations

Business combinations from 1 January 2010

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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

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

2.5 Basis of consolidation and business combinations (cont'd)

(b) Business combinations (cont'd)

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

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.14(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

<u>Business combinations prior to 1 January 2010</u>

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

2.6 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiary companies not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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

2.7 Foreign currency

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary companies and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) *Consolidated financial statements*

For consolidation purposes, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary company that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.8 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

(a) *Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

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

2.8 Revenue (cont'd)

(b) *Sale of food and beverage*

Revenue from sale of food and beverage is recognised upon the delivery to and acceptance by customers, net of sales discounts.

(c) *Operation of food courts*

Revenue from operation of food courts is recognised when fees are charged to the food court tenants based on a percentage of their gross sales.

(d) *Sale of investment securities held-for-trading*

Revenue from the sale of investment securities is recognised as earned upon the execution of sale and purchase contracts.

(e) *Interest income*

Interest income is recognised using the effective interest method.

(f) *Dividend income*

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

(g) *Royalty and franchise income*

Royalty income is recognised based on percentage of sales to the franchisees. Franchise income under the 'Delifrance' trademark is recognised in accordance with the underlying agreements.

2.9 Employee benefits

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2.10 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

2.11 Government grants

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

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, under a general heading such as "other revenue".

2.12 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Expenditure for additions, improvements and renewals are capitalised and all other repair and maintenance costs are recognised in profit or loss as incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

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

2.13 Depreciation

Depreciation of a property, plant and equipment begins when it is available for use and is calculated on the straight-line method to write off the costs of property, plant and equipment over their estimated useful lives as follows :-

Leasehold land and improvements, and factory and office buildings	–	Over period of lease ranging from 5 to 50 years
Plant and other equipment	–	1 to 10 years
Food court equipment	–	6 years
Motor vehicles	–	3 to 6 years

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

Construction-in-progress is not depreciated as the asset is not available for use.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

2.14 Intangible assets

(a) Goodwill on consolidation

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.7 to the financial statements.

Goodwill and fair value adjustments which arose on acquisitions of foreign operations before 1 January 2005 are deemed to be assets and liabilities of the Group and are recorded in SGD at the rates prevailing at the date of acquisition.

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised on a straight-line basis over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

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

2.14 Intangible assets (cont'd)

(b) *Other intangible assets (cont'd)*

Intangible assets relating to unpatented technology, customer relationships, management service agreement, and order backlog acquired in a business combination have finite useful lives and are measured at cost less accumulated amortisation and impairment losses. These intangible assets are amortised in profit or loss on a straight-line basis over their estimated useful lives as follows:

Unpatented technology	10 years
Customer relationships	10 years
Management service agreement	3 years
Order backlog	1 year

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(i) Trademarks

Trademarks were acquired in business combinations. The useful life of the "Food Junction" trademark is estimated to be indefinite given that no legal, regulatory, contractual, competitive, economic or any other factors limit the life of the trademarks. The useful life of the "Malone's" trademark is estimated to be indefinite because it is expected to contribute to net cash inflows indefinitely. As a result, trademarks would not be amortised until the useful life is determined to be finite. Trademarks would be tested for impairment in accordance with *FRS 36* annually and whenever there is an indication that it may be impaired.

(ii) Trademark licence agreement

Trademark licence agreement ("the Agreement") was acquired in a business combination. The Agreement relates to the right to use a trademark, and allows for automatic renewal without significant cost. As a result, management believes there is no foreseeable limit to the period over which the Agreement is expected to generate net cash inflows to the Group, and the useful life of the Agreement is estimated to be indefinite (Note 2.4(b)).

2.15 Investments in subsidiary companies

A subsidiary company is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less any accumulated impairment losses.

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

2.16 Investment in an associated company

An associated company is an entity, not being a subsidiary company or a joint venture company, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associated companies.

The Group's investment in an associated company is accounted for using the equity method. Under the equity method, the investment in the associated company is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associated company.

Goodwill relating to the associated company is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment.

Any excess of the Group's share of the net fair value of the associated companies' identifiable assets, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the associated companies in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associated company. Where there has been a change recognised in other comprehensive income by the associated company, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associated companies are eliminated to the extent of the interest in the associated company.

The Group's share of the profit or loss of its associated company is shown on the face of profit or loss after tax.

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

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

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

Upon loss of significant influence over the associated company, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associated company upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

2.17 Investment in a joint venture company

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. Investment in a joint venture company is accounted for using the equity method. Under the equity method, the Group's investment in the joint venture company is measured in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint venture company, less any accumulated impairment losses. When the Group's share of losses in the joint venture company equals or exceeds its interest in the joint venture company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture company.

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

2.17 Investment in a joint venture company (cont'd)

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, income and expenses and unrealised gains and losses on such transactions between the Group and its joint venture company. Losses on transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

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

Upon loss of joint control, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the former joint venture company upon loss of joint control and the aggregate of the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.18 Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition. The Group does not have any financial assets designated as held-to-maturity investments.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held-for-trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by *FRS 39*. Derivatives are classified as held-for-trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss includes exchange differences.

Available-for-sale financial assets

Available-for-sale financial assets include equity securities. Equity securities classified as available-for-sale are those, which are neither classified as held-for-trading nor designated at fair value through profit or loss.

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

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

2.18 Financial assets (cont'd)

Subsequent measurement (cont'd)

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

Investments in equity securities whose fair value cannot be reliably measured are measured at cost less any accumulated impairment losses.

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2.19 Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, and fixed deposits, which are readily convertible to known amounts of cash, and which are subject to an insignificant risk to changes in value.

2.20 Stocks

Stocks are stated at the lower of cost and net realisable value. Costs incurred in bringing the stocks to their present location and condition are accounted for as follows:

- Raw materials and stores: Purchase costs on a weighted-average basis; and

- Finished goods and goods for sale: Costs of direct materials, labour and production overheads based on the level of normal activity, assigned on a weighted-average basis.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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

2.21 Impairment of assets

(a) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

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

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

Available-for-sale financial assets

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

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

2.21 Impairment of assets (cont'd)

(a) Impairment of financial assets (cont'd)

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

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss is transferred from equity and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in equity.

(b) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.22 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of financial liabilities not at fair value through profit or loss, plus directly attributable transaction costs.

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

2.22 Financial liabilities (cont'd)

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Group has designated the redeemable preference shares issued by a subsidiary company upon initial recognition at fair value through profit or loss.

Other financial liabilities

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

Derecognition

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

2.23 Redeemable preference shares

Redeemable preference shares issued by a subsidiary company relate to the Group's real estate fund investment activities and are classified as financial liabilities at fair value through profit or loss. The liabilities arising from the redeemable shares are carried at the redemption amount being the net asset value calculated in accordance with FRS.

For the purpose of calculating the net assets attributable to shareholders in accordance with the redemption requirements, the assets and liabilities relating to the real estate fund investment activities are measured at fair value.

2.24 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 an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

2.25 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relating to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred taxation is provided, using the liability method on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiary companies, associated company and joint venture company, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiary companies, associated company and joint venture company, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

2.25 Taxes (cont'd)

(b) Deferred tax (cont'd)

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax, except:

- Where the goods and services tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of goods and services tax included.

The net amount of goods and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheets.

2.26 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

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

2.26 Leases (cont'd)

a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.8(c). Contingent rents are recognised as revenue in the period in which they are earned.

2.27 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) The amount of the obligation cannot be measured with sufficient reliability.

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

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

2.28 Contingencies (cont'd)

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

2.29 Related parties

A related party is defined as follows:

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

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

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

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. REVENUE

	Group 2012 $'000	2011 $'000 (Restated)
Revenue was made up of the following:-		
Sales of goods	251,547	249,028
Sales of food and beverage	109,710	106,002
Fees charged to food court stallholders (including contingent licensing fee)	21,340	22,920
Interest income *	4,541	4,453
Sales of investment securities held-for-trading	2,625	3,958
Dividend income from quoted investment securities	44	148
Royalty and franchise income	190	244
	389,997	386,753
* Interest income:–		
– Fixed deposits, and cash and bank balances	63	70
– Investment funds at fair value through profit or loss	148	148
– Mezzanine loan	4,330	4,235
	4,541	4,453

4. COST OF REVENUE

	Group 2012 $'000	2011 $'000 (Restated)
Cost of goods sold	(160,454)	(161,031)
Cost of food and beverage	(38,008)	(37,483)
Cost of goods manufactured	(25,041)	(26,307)
Cost of investment securities held-for-trading	(2,574)	(3,955)
	(226,077)	(228,776)

5. OTHER REVENUE AND OTHER OPERATING EXPENSES

(a) Other revenue

Other revenue included the following for the financial years ended 31 December:

	Group	
	2012 $'000	2011 $'000
Recovery of costs from tenants	630	597
Income from expired coupons	23	90
Finance income on rental deposits	306	310
Income from forfeiture of deposits	100	281
Marketing and sponsorship income received from suppliers	203	174

(b) Other operating expenses

Other operating expenses included the following for the financial years ended 31 December:

	Group	
	2012 $'000	2011 $'000
Operating lease expenses (including contingent rental expenses)	(35,085)	(34,589)
Repair and maintenance	(3,093)	(2,289)
Utilities expenses	(7,477)	(6,980)
Impairment loss on intangible assets	(5,000)	–

6. FINANCE COSTS

	Group	
	2012 $'000	2011 $'000
Finance costs are made up of the following :–		
– bank borrowings	(315)	(441)
– obligations under finance leases	(4)	(2)
– others	(63)	(34)
	(382)	(477)

7. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation included the following for the financial years ended 31 December:-

	Group 2012 $'000	Group 2011 $'000
Advertising and promotional expenses	(8,724)	(9,674)
Allowance for impairment on non-trade debtors	(91)	–
Allowance for impairment on property, plant and equipment	(336)	(523)
Allowance for impairment on trade debtors	(347)	(880)
Amortisation of intangible assets	(2,816)	(2,964)
Bad debts recovered	4	–
Depreciation of property, plant and equipment	(10,796)	(8,863)
Employee benefits expense :–		
– Salaries, bonuses and related expenses	(57,587)	(55,080)
– Contributions to defined contribution plans	(5,383)	(4,868)
Fair value changes of financial instruments :-		
– Gain/(loss) on investment securities held-for-trading	86	(342)
– Loss on redeemable preference shares issued by a subsidiary company	(840)	(1,529)
– Loss on derivative financial instrument at fair value through profit or loss	–	(316)
– Gain/(loss) on investment funds at fair value through profit or loss	124	(12)
Fees paid to:		
– Auditors of the Company		
• Audit services	(726)	(710)
• Non-audit services	(331)	(203)
– Other auditors		
• Audit services	(198)	(246)
• Non-audit services	(38)	(47)
Gain on disposal of investment securities held-for-trading	51	3
Gain on disposal of unquoted preferred shares	–	5,889
Impairment loss on intangible assets	(5,000)	–
Loss on disposal of unquoted equity shares	–	(77)
Net foreign exchange (loss)/gain	(1,944)	2,032
Net gain on disposal of property, plant and equipment	252	105
Operating lease expenses (including contingent rent):		
– classified under other operating expenses	(35,085)	(34,589)
– classified under general and administration expenses	(801)	(998)
Property, plant and equipment written off	(1,236)	(1,120)
Realised gain on derivative financial instrument	936	–
Remuneration paid to:–		
– Directors of the Company :		
Fees paid to directors	(485)	(424)
Salaries, bonuses and related expenses	(980)	(830)
Contributions to defined contribution plans	(11)	(4)
– Directors of the subsidiary companies and other key management personnel:		
Fees paid to directors of the subsidiary companies	(172)	(215)
Salaries, bonuses and related expenses	(2,261)	(2,519)
Contributions to defined contribution plans	(138)	(151)
Stocks recognised as an expense in cost of sales	(203,988)	(200,734)
Write-off of non-trade debtor	(808)	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

8. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2012 and 2011 are:

	Group	
	2012 $'000	2011 $'000
Consolidated income statement:		
Current income tax:–		
Current income taxation	(3,886)	(3,627)
Overprovision in respect of previous years	443	451
Prior years' provision no longer required*	15,422	–
	11,979	(3,176)
Deferred income tax:–		
Origination and reversal of temporary differences	453	546
Benefits from temporary differences previously unrecognised	147	38
Income tax credit/(expense) recognised in profit or loss	12,579	(2,592)

* The Group has written back the provision of $15.4m which relates to excess tax provided on gains from the disposal of their investment properties which is no longer required following the completion of the review by the IRAS.

Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2012 and 2011 are as follows :-

	Group	
	2012 $'000	2011 $'000
(Loss)/profit before taxation	(1,017)	11,096
Tax calculated at the domestic tax rate of 17% (2011: 17%)	(173)	1,886
Adjustments:		
Benefits from temporary differences not recognised	1,704	1,018
Different tax rates of subsidiary companies operating in other jurisdictions	220	710
Non-deductible expenses	3,786	2,150
Income not subject to taxation	(1,458)	(2,473)
Effect of partial tax exemption and tax relief	(1,044)	(221)
Benefits from temporary differences previously unrecognised	(147)	(38)
Share of results of an associated company and a joint venture company	(136)	11
Deferred tax on royalty income	534	–
Overprovision in respect of previous years	(443)	(451)
Prior years' provision no longer required	(15,422)	–
Income tax (credit)/expenses recognised in profit or loss	(12,579)	2,592

8. INCOME TAX EXPENSE (CONT'D)

Relationship between tax expense and accounting profit (cont'd)

The nature of expenses that are not deductible for income tax purpose included the following:

	Group	
	2012 $'000	2011 $'000
Non-revenue generated interest expense	40	466
Depreciation for non-qualifying assets	747	414
Fair value loss on redeemable preference shares issued by a subsidiary company	43	260
Entertainment and private car expenses	134	144
Exchange loss arising from revaluation of non-trade balances	345	182
Impairment for intangible assets	850	–
Non-deductible investment related expense	674	–

The nature of income not subject to taxation purpose included the following:

Income from foreign subsidiary companies not subject to taxation	(844)	(2,156)
Exempt dividend income	(255)	(25)

(a) In 2012, in relation to the Singapore Group Relief System, the Group had utilised tax losses and capital allowances of approximately $4,131,000 (2011: $1,554,000) and $59,000 (2011: $134,000) respectively to set off the assessable income of certain companies within the Group. The utilisation of tax losses and capital allowances under the Singapore Group Relief System was subject to compliance with the relevant rules and procedures and agreement respectively of the Inland Revenue Authority of Singapore.

(b) As at 31 December 2012, the Group has unutilised tax losses of approximately $8,286,000 (2011: $21,064,000), unabsorbed capital allowances of $1,910,000 (2011: $1,624,000), unabsorbed donation relief of Nil (2011: $847,000) and unrealised loss on investment securities and investment funds of $168,000 (2011: $2,994,000) respectively, available for offset against future taxable income, subject to compliance with the relevant rules and procedures and agreement of the respective tax authorities. No deferred tax assets are recognised due to the uncertainty of the recoverability.

9. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the "profit for the financial year, net of taxation, attributable to owners of the Company" by the weighted average number of ordinary shares outstanding during the financial year of 125,667,324 (2011: 125,667,324).

Diluted earnings per share are calculated by dividing the "profit for the financial year, net of taxation, attributable to owners of the Company" by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares outstanding during the financial year of 125,667,324 (2011: 125,667,324).

As there was no unexpired share option scheme and no warrants granted, the basic and diluted earnings per share are the same.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the financial years ended 31 December:

	Group	
	2012	**2011**
	$'000	**$'000**
Profit for the year attributable to owners of the Company	14,613	8,566
Weighted average number of ordinary shares for basic earnings per share computation ('000)	125,667	125,667

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and improvements, and factory and office buildings $'000	Plant and other equipment $'000	Food court equipment $'000	Motor vehicles $'000	Con-struction-in-progress $'000	Total $'000
Group						
Cost :–						
Balance at 1 January 2011	21,281	47,195	1,870	2,315	60	72,721
Additions *	4,440	4,410	549	169	2,275	11,843
Disposals	(243)	(3,965)	(61)	(327)	–	(4,596)
Write-offs #	(1,484)	(4,746)	(65)	–	(249)	(6,544)
Translation differences	31	(371)	5	(8)	37	(306)
Balance at 31 December 2011 and 1 January 2012	24,025	42,523	2,298	2,149	2,123	73,118
Additions *	12,083	5,173	1,641	–	247	19,144
Disposals	(1,168)	(1,481)	(63)	(285)	–	(2,997)
Write-offs #	(3,788)	(2,297)	(461)	(55)	(19)	(6,620)
Reclassification	887	705	293	–	(1,885)	–
Translation differences	(536)	(640)	(35)	(18)	(58)	(1,287)
Balance at 31 December 2012	31,503	43,983	3,673	1,791	408	81,358
Accumulated depreciation and impairment loss :–						
Balance at 1 January 2011	(13,292)	(23,471)	(471)	(1,809)	(51)	(39,094)
Charge for the financial year (Note 7)	(3,878)	(4,301)	(499)	(185)	–	(8,863)
Impairment loss	(425)	(9)	(89)	–	–	(523)
Disposals	242	3,940	41	130	–	4,353
Write-offs #	1,037	4,140	18	–	–	5,195
Translation differences	(50)	288	(12)	9	–	235
Balance at 31 December 2011 and 1 January 2012	(16,366)	(19,413)	(1,012)	(1,855)	(51)	(38,697)
Charge for the financial year (Note 7)	(5,904)	(4,148)	(666)	(78)	–	(10,796)
Impairment write-back/(loss)	418	(532)	88	-	(310)	(336)
Disposals	1,089	1,426	49	158	–	2,722
Write-offs #	3,009	1,938	371	50	–	5,368
Translation differences	150	496	28	19	–	693
Balance at 31 December 2012	(17,604)	(20,233)	(1,142)	(1,706)	(361)	(41,046)
Net carrying amount :–						
As at 31 December 2011	7,659	23,110	1,286	294	2,072	34,421
As at 31 December 2012	13,899	23,750	2,531	85	47	40,312

* Included in additions for the financial year were $164,000 (2011: Nil) of obligations under finance leases and $2,035,000 (2011: $598,000) of reinstatement costs for dismantling, removal and restoration of property, plant and equipment which was provided for (Note 23). Cash payments of $16,945,000 (2011: $11,245,000) were made to purchase property, plant and equipment during the financial year.

\# Included in write-offs for the financial year was an amount of $16,000 (2011: $229,000), relating to reinstatement costs for dismantling, removal and restoration of property, plant and equipment for those outlets which were closed down during the financial year.

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

	Office equipment $'000
Company	
Cost :–	
Balance at 1 January 2011	2,408
Additions	680
Disposals	(327)
Write-offs	(709)
Balance at 31 December 2011 and 1 January 2012	2,052
Additions	83
Disposals	(337)
Balance at 31 December 2012	1,798
Accumulated depreciation :–	
Balance at 1 January 2011	(1,963)
Charge for the financial year	(280)
Disposals	131
Write-offs	708
Balance at 31 December 2011 and 1 January 2012	(1,404)
Charge for the financial year	(239)
Disposals	333
Balance at 31 December 2012	(1,310)
Net carrying amount :–	
As at 31 December 2011	648
As at 31 December 2012	488

Construction-in-progress

The Group's construction-in-progress included an amount of $47,000 (2011: $2,072,000) which relates to expenditure for new start-up food retail and food court outlets in the course of renovations.

Assets held under finance leases

The carrying amount of plant and equipment of the Group held under finance lease obligations as at 31 December 2012 is $65,000 (2011: $22,000). These relate to assets assumed from the acquisitions of subsidiary companies in prior years.

Leased assets are pledged as security for the related finance lease obligations (Note 25).

Impairment of assets

A subsidiary of the Group had made provision for impairment loss on fixed assets of $523,000 in the prior year as part of the Group's ongoing review of its operations. During the financial year, these fixed assets were disposed. A write back of impairment loss of $514,000 was recognised for the financial year ended 31 December 2012.

In addition, another subsidiary of the Group carried out a review of the recoverable amount of its property, plant and equipment because the entity was in a loss making position and has not shown signs of improvement. An impairment loss of $850,000 was recognised in general and administrative expenses line item of profit or loss for the financial year ended 31 December 2012.

11. INTANGIBLE ASSETS

	Goodwill on consolidation $'000	Trademarks $'000	Trademark licence agreement $'000	Unpatented technology $'000	Customer relationships $'000	Management service agreement $'000	Order backlog $'000	Total $'000
Group								
Cost:								
Balance at 1 January 2011	37,664	20,638	32,495	14,245	14,802	216	–	120,060
Adjustment to intangible asset arising from acquisition of subsidiary company in prior year	(92)	–	–	–	–	–	92	–
Translation differences	(71)	–	–	–	–	–	–	(71)
Balance at 31 December 2011 and 1 January 2012	37,501	20,638	32,495	14,245	14,802	216	92	119,989
Translation differences	(89)	–	–	–	–	–	–	(89)
Balance at 31 December 2012	37,412	20,638	32,495	14,245	14,802	216	92	119,900
Accumulated amortisation and impairment loss:								
Balance at 1 January 2011	(7,707)	–	–	(4,275)	(4,198)	(127)	–	(16,307)
Charge for the financial year (Note 7)	–	–	–	(1,425)	(1,375)	(72)	(92)	(2,964)
Balance at 31 December 2011 and 1 January 2012	(7,707)	–	–	(5,700)	(5,573)	(199)	(92)	(19,271)
Charge for the financial year (Note 7)	–	–	–	(1,424)	(1,375)	(17)	–	(2,816)
Allowance for impairment	(1,486)	(3,514)	–	–	–	–	–	(5,000)
Balance at 31 December 2012	(9,193)	(3,514)	–	(7,124)	(6,948)	(216)	(92)	(27,087)
Net carrying amount:								
Balance at 31 December 2011	29,794	20,638	32,495	8,545	9,229	17	–	100,718
Balance at 31 December 2012	28,219	17,124	32,495	7,121	7,854	–	–	92,813

11. INTANGIBLE ASSETS (CONT'D)

(a) Amortisation expense

Trademarks relate to "Food Junction" and "Malone's" trademarks and the useful lives of these trademarks are estimated to be indefinite.

Trademark licence agreement relates to the right to use the "Delifrance" trademark granted under a licence agreement. The useful life of this trademark licence agreement is estimated to be indefinite.

Unpatented technology relates to Delifrance's Modified Sons Vide Process for the Group's food retail business, which allows for the preparation of food to reduce wastage significantly, increases the shelf life of the food items, and reduces the time required to reheat food significantly. The remaining amortisation period of unpatented technology is 5 (2011: 6) years.

Customer relationships relate to tenancy agreements between the stallholders and the food court operators in the food court business. The remaining amortisation period is 5 (2011: 6) years.

Management service agreement relates to the trademark license agreement between a subsidiary company of the Group and its licensee for the provision of management services to the licensee.

The amortisation of unpatented technology, customer relationships, and management service agreement are included in the "Selling and marketing, and other operating expenses" line items in profit or loss.

(b) Impairment testing of goodwill on consolidation and trademark license agreement

Goodwill and trademark license agreement acquired through business combinations has been allocated to the Group's cash-generating units ("CGU") identified according to each individual business unit for impairment testing.

The carrying amount of goodwill and intangible assets with indefinite life allocated to each CGU is as follows:-

	Goodwill 2012 $'000	Trademarks 2012 $'000	Basis on which recoverable values are determined	Growth rates per annum %	Pre-tax discount rate per annum %
Auric Chun Yip Sdn Bhd (i)	2,998	–	Value-in-use	10.0 – 25.0	10.70
Auric Pacific Food Processing Sdn Bhd (i)	184	–	Value-in-use	5.0	13.30
Edmontor Investments Pte Ltd (ii)	11,449	32,495	Fair value less cost to sell	9.0 – 13.0	13.30
Food Junction Holdings Limited (iii)	10,101	16,661	Fair value less cost to sell	7.0 – 8.0	14.80
Malones Holdings Pte Ltd (iv)	–	463	Value-in-use	4.0	12.20
All Around Limited (v)	3,487	–	Value-in-use	-13.0 – 15.0	12.60
	28,219	49,619			

11. INTANGIBLE ASSETS (CONT'D)

(b) *Impairment testing of goodwill on consolidation and trademark license agreement (cont'd)*

	Goodwill 2011 $'000	Trademarks 2011 $'000	Basis on which recoverable values are determined	Growth rates per annum %	Pre-tax discount rate per annum %
Auric Chun Yip Sdn Bhd (i)	3,080	–	Value-in-use	10.0 – 25.0	10.60
Auric Pacific Food Processing Sdn Bhd (i)	191	–	Value-in-use	5.0	13.30
Edmontor Investments Pte Ltd (ii)	11,449	32,495	Fair value less cost to sell	9.0 – 13.0	10.90
Food Junction Holdings Limited (iii)	10,101	16,661	Fair value less cost to sell	7.0 – 8.0	12.40
Malones Holdings Pte Ltd (iv)	1,486	3,977	Value-in-use	4.0	11.50
All Around Limited (v)	3,487	–	Value-in-use	3.0	8.20
	29,794	53,133			

The intangible assets' recoverable amount calculation using cash flow projections is based on financial budgets approved by management covering a period of 5 (2011: 5) years. Management has considered and determined the factors applied in these financial budgets which include budgeted gross margins and the target growth rates.

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("WACC").

Growth rates – Management determines the growth rates based on past performance and its expectations for market development. The forecasted long-term growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Budgeted gross margins – Gross margins are based on average values achieved in the three years preceding the start of the budget period. These are increased over the budget period for anticipated efficiency improvements.

(i) In 2012 and 2011, no impairment loss was assessed to be required for the goodwill acquired for Auric Chun Yip Sdn Bhd and Auric Pacific Food Processing Sdn Bhd as their recoverable amounts were in excess of their carrying values.

(ii) In 2012 and 2011, impairment assessment review had been performed for the goodwill and trademark license agreement acquired for Edmontor Investments Pte Ltd and no further impairment was assessed as the recoverable amount was in excess of the carrying value.

(iii) In 2012 and 2011, impairment assessment review had been performed for the goodwill acquired for FJH and no further impairment was assessed as the recoverable amount was in excess of the carrying value.

(iv) In 2012, impairment assessment review had been performed for the goodwill and trademarks of Malones Holdings Pte Ltd and impairment was assessed to be required as the recoverable amount of goodwill and trademarks was lower than the carrying amount. The Group has impaired $1,486,000 and $3,514,000 of goodwill and trademarks respectively during the financial year as Malones Holdings Pte Ltd was performing under expectation.

(v) In 2012 and 2011, impairment assessment review had been performed for the goodwill and trademark acquired by FJH in All Around Ltd and no further impairment was assessed as the recoverable amount was in excess of the carrying value.

12. INTEREST IN SUBSIDIARY COMPANIES

	Company	
	2012	2011
	$'000	$'000
Unquoted ordinary shares, at cost	101,534	101,572
Long term intercompany receivables (Note 19)	28,084	–
	129,618	101,572
Allowance for impairment	(34,511)	(34,511)
	95,107	67,061

Impairment assessment of interest in subsidiary companies

An allowance for impairment loss of $34,511,000 was recognised for the interest in subsidiary companies. In 2012 and 2011, no further allowance for impairment loss was recognised.

The long term intercompany receivables are disbursed for investment activities, which are expected to generate returns in the long run. The receivables have no fixed repayment term.

Details of subsidiary companies as at 31 December are:-

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investments		Percentage of equity held by the Group	
		2012	2011	2012	2011
		$'000	$'000	%	%
Held by the Company					
APG Foods Pte Ltd ++ (Singapore)	Investment holding (Singapore)	50,000	50,000	100	100
Auric Property Pte Ltd ++ (Singapore)	Property investment (Singapore)	10,000	10,000	100	100
Auric Pacific Investment Holdings Pte Ltd ++ (Singapore)	Investment holding (Singapore)	#	#	100	100
Milford Sound Pte Ltd ++ (Singapore)	Investment trading (Singapore)	#	#	100	100
Top-One Foods Pte Ltd ++++ (Singapore)	Dormant	9,815	9,815	100	100
Auric Pacific (M) Sdn Bhd +++ (Malaysia)	Food wholesale and distribution (Malaysia)	634	634	100	100
Classic Aspire Sdn Bhd +++ (Malaysia)	Investment trading (Malaysia)				
– Ordinary shares ^		25	63	100	100
– Preference shares		8,991	8,991	100	100
Sunshine Services (HK) Ltd +++ (Hong Kong)	Investment trading (Hong Kong)	#	#	100	100

12. INTEREST IN SUBSIDIARY COMPANIES (CONT'D)

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investments 2012 $'000	Cost of investments 2011 $'000	Percentage of equity held by the Group 2012 %	Percentage of equity held by the Group 2011 %
Held by the Company (cont'd)					
Cold Storage Holdings Limited + (England)	Dormant	21,948	21,948	100	100
Auric Pacific China Limited + (British Virgin Islands)	Dormant	#	#	100	100
Charm Fit Pte Ltd ++ (Singapore)	Investment holding (Singapore)	1	1	100	100
AP Fund Management Pte Ltd ++ (Singapore)	Fund manager (Singapore)	120	120	100	100
		101,534	101,572		

Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group 2012 %	Percentage of equity held by the Group 2011 %
Held by subsidiary companies			
Auric Pacific Marketing Pte Ltd ++ (Singapore)	Food wholesale and distribution (Singapore)	100	100
Auric Pacific Food Industries Pte Ltd ++ (Singapore)	Food wholesale, distribution and manufacturing (Singapore)	100	100
Centurion Marketing Pte Ltd ++ (Singapore)	Food wholesale and distribution (Singapore)	100	100
Sunshine Manufacturing Pte Ltd ++++ (Singapore)	Dormant	100	100
Gourmet Foods Pte Ltd ++++ (Singapore)	Dormant	100	100
Auric Pacific (International) Pte Ltd ++++ (Singapore)	Dormant	100	100
Auric Pacific Investment Pte Ltd ++ (Singapore)	Investment holding (Singapore)	100	100
Auric Pacific Dairy (Foshan) Limited + (British Virgin Islands)	Investment holding (British Virgin Islands)	100	100

12. INTEREST IN SUBSIDIARY COMPANIES (CONT'D)

Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group 2012 %	2011 %
Held by subsidiary companies (cont'd)			
Auric Pacific Fine Wines Pte Ltd ++ (Singapore)	Dormant	100	100
Auric Asset Management Pte Ltd ++++ (Singapore)	Investment management and advisory services (Singapore)	100	100
Auric Chun Yip Sdn Bhd +++ (Malaysia)	Supply of bakery, confectionery and dairy products (Malaysia)	100	100
Confidence Driven Sdn Bhd +++ (Malaysia)	Dormant	100	100
Auric Pacific Food Processing Sdn Bhd +++ (Malaysia)	Manufacture of and dealer in butter, margarine and related confectionery products (Malaysia)	100	100
Chunex Pte Ltd ++ (Singapore)	Dormant	100	100
Auric Pacific Bakeries Sdn Bhd +++ (Malaysia)	Food wholesale, distribution and manufacturing (Malaysia)	100	100
Maxreal Property Investment Pte Ltd ++++ (Singapore)	Dormant	100	100
Auric Pacific Realty Pte Ltd ++ (Singapore)	Investment holding (Singapore)	100	100
APG Strategic Investment Pte Ltd ++ (Singapore)	Investment holding (Singapore)	100	100
Mequestic Investments Limited + (British Virgin Islands)	Dormant	60	60
Red Oasis Pte Ltd ++++ (Singapore)	Dormant	60	60
Foshan Ausoon Diary Co Ltd * (People's Republic of China)	Sublet of farm for rental income (People's Republic of China)	75	75
Guangzhou Ausoon Food & Beverage Enterprise Management Co Ltd * (People's Republic of China)	Food and beverage management (People's Republic of China)	75	75

12. INTEREST IN SUBSIDIARY COMPANIES (CONT'D)

Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group 2012 %	2011 %
Held by subsidiary companies (cont'd)			
Gainfield Holdings Limited + (British Virgin Islands)	Investment holding (British Virgin Islands)	100	100
Auric Pacific Food Retail Pte Ltd ++ (Singapore)	Investment holding (Singapore)	100	100
Auric Pacific Real Estate Fund + (Cayman Islands)	Private equity fund (Cayman Islands)	100	100
Champ Mark Holdings Limited + (British Virgin Islands)	Investment holding (British Virgin Islands)	100	100
Edmontor Investments Pte Ltd ++ (Singapore)	Investment holding (Singapore)	100	100
Delifrance Asia Ltd ++ (Singapore)	Management and holding company, and sale of Delifrance group's franchising activities (Singapore)	100	100
Cuisine Creation Pte Ltd ++ (Singapore)	Dormant	100	100
Cuisine Continental Pte Ltd ++ (Singapore)	Food and beverages retail, catering and central kitchen production (Singapore)	100	100
Delifrance Singapore Pte Ltd ++ (Singapore)	Manufacture and sale of French bakery and pastry products and the operation of café-bakeries, bakery corners, and restaurants (Singapore)	100	100
Nouvelle Carte Asia Pte Ltd ++++ (Singapore)	Dormant	100	100
Delifrance (HK) Limited +++ (Hong Kong)	Manufacture and sale of French bakery and pastry products and the operation of café-bakeries and kiosks (Hong Kong)	100	100
Delifrance Food (M) Sdn Bhd ** (Malaysia)	Dormant	100	100

12. INTEREST IN SUBSIDIARY COMPANIES (CONT'D)

Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group 2012 %	2011 %
Held by subsidiary companies (cont'd)			
Delifrance (Malaysia) Sdn Bhd +++ (Malaysia)	Manufacture and sale of French bakery and pastry products and the operation of café-bakeries (Malaysia)	100	100
Shanghai Delifrance Foodstuff Co., Ltd. **** (People's Republic of China)	Manufacture and sale of bakery and pastry products and the operation of café-bakeries (People's Republic of China)	100	100
DLF (Thailand) Ltd ## *** (Thailand)	Manufacture and sale of bakery and pastry products and the operation of café-bakeries (Thailand)	49	49
DLF (NSW) Pty Ltd + (Australia)	Dormant	100	100
Cuisine Continental (HK) Limited (Hong Kong)@@	Retailing of food and beverage products and services (Hong Kong)	100	–
Food Junction Holdings Limited ++ (Singapore)	Investment holding and provision of management services to its subsidiary companies (Singapore)	61.42	61.08
Food Junction Management Pte Ltd ++ (Singapore)	Operation and management of food courts (Singapore)	61.42	61.08
Food Junction International Pte Ltd ++ (Singapore)	Investment holding company (Singapore)	61.42	61.08
Food Culture Pte Ltd ++ (Singapore)	Operation and management of food courts and sale of food and beverage (Singapore)	61.42	61.08
FNC International Pte Ltd ++ (Singapore)	Sale of food and beverage, and conduct cooking courses (Singapore)	61.42	61.08
Malones Holdings Pte Ltd ++ (Singapore)	Investment holding company for Malone's business operations (Singapore)	61.42	61.08
Food Junction Singapore Pte Ltd ++ (Singapore)	Sale of food and beverage (Singapore)	61.42	61.08

12. INTEREST IN SUBSIDIARY COMPANIES (CONT'D)

Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group 2012 %	2011 %
Held by subsidiary companies (cont'd)			
T&W Food Junction Sdn Bhd +++ (Malaysia)	Management of food courts and operation of food outlets (Malaysia)	61.42	61.08
Food Culture Sdn Bhd +++ (Malaysia)	Dormant	61.42	61.08
PT. FJ Square Indonesia +++ (Indonesia)	Management of food courts and operation of food outlets (Indonesia)	61.42	61.08
Food Junction Beijing Co., Ltd @ (People's Republic of China)	Management of food courts and operation of food outlets (People's Republic of China)	61.42	61.08
Malone's Limited +++ (Hong Kong)	Owns and manages trademarks in Hong Kong (Hong Kong)	61.42	61.08
Maibo Restaurant Management (Shanghai) Co., Ltd +++ (People's Republic of China)	Management and operation of restaurants in Shanghai (People's Republic of China)	61.42	61.08
All Around Limited + (British Virgin Islands)	Investment holding (British Virgin Islands)	61.42	61.08
LCR Catering Services Limited+++ (Hong Kong)	Management and operation of restaurant in Hong Kong (Hong Kong)	55.28	54.97
Eggs & Berries (Singapore) Pte Ltd ++ (Singapore)	Sale of food and beverages (Singapore)	61.42	61.08
Star Party Pte. Ltd. ++ (Singapore)	Investment holding (Singapore)	61.42	61.08
Lifestyle Dining Pte. Ltd. ++ (Singapore)	Investment holding (Singapore)	61.42	61.08
LP+Tetsu Pte.Ltd. ++ (Singapore)	Sale of food and beverages (Singapore)	61.42	61.08
Zutis Pte. Ltd. ++ (Singapore)	Sale of food and beverages (Singapore)	61.42	61.08
Medzs Pte. Ltd. ++ (Singapore)	Investment holding (Singapore)	61.42	61.08

12. INTEREST IN SUBSIDIARY COMPANIES (CONT'D)

Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group 2012 %	2011 %
Held by subsidiary companies (cont'd)			
Eggs & Berry Pte. Ltd. ++ (Singapore)	Investment holding (Singapore)	61.42	61.08
Medzs (Singapore) Pte. Ltd. ++ (Singapore)	Sale of food and beverages (Singapore)	61.42	61.08
The Boxing Crab Pte. Ltd.++ [(1)] (Singapore)	Sale of food and beverages (Singapore)	61.42	–
Wan Style Pte. Ltd.++ [(2)] (Singapore)	Investment holding (Singapore)	61.42	–
Wan Style (Singapore) Pte. Ltd.++ [(3)] (Singapore)	Sale of food and beverages (Singapore)	61.42	–
Food Junction (China) Pte. Ltd.++ [(4)] (Singapore)	Investment holding (Singapore)	61.42	–

Investment cost is less than $1,000.
Deemed subsidiary company as the Group has more than half of the voting rights of the shareholders.
* Audited by Foshan Da Cheng Certified Public Accountants, People's Republic of China.
** Audited by OK Yau & How Yong, Malaysia.
*** Audited by Dharmniti Auditing Co. Ltd, Thailand.
**** Audited by Shanghai Saint C.P.A. Partnership, People's Republic of China.
+ Not required to be audited by the law of the country of incorporation.
++ Audited by Ernst & Young LLP, Singapore.
+++ Audited by member firms of Ernst & Young Global in the respective countries.
++++ Qualified for exemption from audit for the financial year ended 31 December 2012 in accordance with Section 205(b) of the Singapore Companies Act.
@ Audited by LegendHouse CPAs, People's Republic of China.
@@ Audited by Anthony Kam & Associates Ltd
^ Sold to a subsidiary- Auric Pacific (M) Sdn Bhd

(1) On 17 January 2012, Food Junction Holding Limited ("FJH") incorporated a wholly-owned subsidiary company, The Boxing Crab Pte. Ltd. with an issued capital of $200,000.

(2) On 31 January 2012, FJH incorporated a wholly-owned subsidiary company, Wan Style Pte. Ltd. with an issued capital of $1,000.

(3) On 7 February 2012, FJH incorporated a wholly-owned subsidiary company, Wan Style (Singapore) Pte. Ltd. with an issued capital of $200,000.

(4) On 17 February 2012, FJH incorporated a wholly-owned subsidiary company, Food Junction (China) Pte. Ltd. with. an issued capital of $1,000.

13. INVESTMENT IN AN ASSOCIATED COMPANY

	Group	
	2012	2011
	$'000	$'000
Unquoted equity shares, at cost	3,422	3,422
Costs directly attributable to acquisition of an associated company	22	22
	3,444	3,444
Share of post-acquisition reserves:		
Share of post-acquisition losses (net of tax)	(1,566)	(1,566)
Accumulated impairment loss	(1,596)	(1,596)
	(3,162)	(3,162)
Net carrying amount	282	282

There is no contingent liability relating to the Group's interest in its associated company.

Details of the associated company as at 31 December are as follows:-

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of Investments		Percentage of equity held by the Group	
		2012	2011	2012	2011
		$'000	$'000	%	%
Held by a subsidiary company					
JVC Capital Pte Ltd * (Singapore)	Property agency and brokerage (Singapore)	3,444	3,444	44.45	44.45

* Audited by Lee SF & Co, Singapore.

In 2011, the associated company carried out a capital reduction exercise and the amount distributed to the Group is $578,000.

13. INVESTMENT IN AN ASSOCIATED COMPANY (CONT'D)

The summarised financial information of the associated company, which has not been adjusted for the proportion of ownership interests held by the Group, is as follows:-

	2012 $'000	2011 $'000
Assets and liabilities :–		
Non-current assets	516	516
Current assets	272	275
Total assets	788	791
Current liabilities	(162)	(157)
Total liabilities	(162)	(157)
Results :–		
Revenue	–	–
Loss for the financial year	(6)	(88)

14. INVESTMENT IN A JOINT VENTURE COMPANY

	Group 2012 $'000	Group 2011 $'000
Unquoted equity shares, at cost	453	453
Share of post-acquisition profits	2,705	1,905
Post-acquisition dividend received	(1,284)	(696)
Net carrying amount	1,874	1,662

There are no contingent liabilities relating to the Group's interest in the joint venture company.

Details of the joint venture company as at 31 December are as follows:

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2012 $'000	Cost of investment 2011 $'000	Percentage of equity held by the Group 2012 %	Percentage of equity held by the Group 2011 %
Delifrance Singapore Wholesale Pte Ltd * (Singapore)	Wholesale of French bakery and pastry products (Singapore)	453	453	49	49

* Formally known as Delifrance Asia Wholesale Pte Ltd
* Audited by Ernst & Young LLP, Singapore.

14. INVESTMENT IN A JOINT VENTURE COMPANY (CONT'D)

The summarised financial information of the joint venture company, which has not been adjusted for the proportion of ownership interests held by the Group, is as follows:-

	2012 $'000	2011 $'000
Assets and liabilities :–		
Non-current assets	813	836
Current assets	4,543	4,038
Total assets	5,356	4,874
Current liabilities	(643)	(596)
Total liabilities	(643)	(596)
Income and expenses :–		
Revenue	11,925	10,460
Cost of sales and other expenses	(10,292)	(8,972)

15. LONG-TERM AND SHORT-TERM INVESTMENTS

	Group	
	2012 $'000	2011 $'000 (Restated)
Non-current:		
Long-term investments		
Financial assets at fair value through profit or loss :–		
Investment funds (unquoted) [1]	1,741	1,880
Available-for-sale financial assets at cost :–		
Unquoted equity shares [2]	1,350	1,493
Investment funds (unquoted) [1]	9,816	13,075
	12,907	16,448
Current:		
Short-term investments		
Investments held-for-trading :–		
Investment securities (quoted) [3]	–	2,330

15. LONG-TERM AND SHORT-TERM INVESTMENTS (CONT'D)

(1) Unquoted investment funds are held in the following currencies:-

	Group	
	2012 $'000	2011 $'000
United States dollars	10,983	11,381
Singapore dollars	574	3,574
	11,557	14,955

(2) The breakdown of unquoted equity shares are as follows:-

	Group	
	2012 $'000	2011 $'000
Unquoted equity shares, at cost	3,399	3,542
Allowance for impairment	(2,049)	(2,049)
	1,350	1,493

Unquoted equity shares were measured at cost less accumulated impairment loss. The fair value cannot be reliably measured as these unquoted equity shares do not have quoted market prices in an active market and it is not practicable to determine the fair value using valuation models as the assumptions in these models cannot be reasonably determined.

Unquoted equity shares are denominated in United States dollars.

(3) Quoted investment securities are held in the following currencies:-

	Group	
	2012 $'000	2011 $'000
Singapore dollars	–	2,144
Hong Kong dollars	–	186
	–	2,330

16. STOCKS

	Group	
	2012	2011
	$'000	$'000
Balance sheet:		
Raw materials and stores	1,976	2,697
Finished goods and goods for sale	34,879	33,945
Total	36,855	36,642
Income statement:		
Stocks recognised as an expense in cost of sales	203,988	200,734
Inclusive of the following charge :		
– stocks written down	2,740	2,022

17. TRADE DEBTORS

	Group	
	2012	2011
	$'000	$'000
Trade debtors are stated net of allowance for impairment of	(3,687)	(4,484)

Trade debtors of the Group are held in the following currencies:-

Singapore dollars	37,575	36,029
Malaysian ringgit	16,607	16,144
Other currencies	2,229	1,001
	56,411	53,174

Trade debtors of the Group are non-interest bearing and are generally on 30 to 120 (2011: 30 to 120) days' credit terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Included in trade debtors is an amount of $742,343 (2011: $339,000) due from a joint venture company of the Group. The amount due from the joint venture company arose from sales made to that company, and is unsecured, interest-free, repayable within normal trade credit terms and is to be settled in cash. The amount is denominated in Singapore dollars.

17. TRADE DEBTORS (CONT'D)

Trade debtors that are past due but not impaired

The Group has trade debtors amounting to $18,169,000 (2011: $15,100,000) that are past due at the balance sheet date but not impaired. These debtors are unsecured and the analysis of their aging at the balance sheet date is as follows:-

	Group	
	2012	2011
	$'000	$'000
Less than 30 days	12,133	10,586
30 to 60 days	2,211	2,216
61 to 90 days	462	404
91 to 120 days	653	1,467
More than 120 days	2,710	427
	18,169	15,100

Trade debtors that are impaired

The Group's trade debtors that are impaired as at balance sheet date and the movements of the allowance account used to record the impairment are as follows:

	Group					
	Collectively impaired		Individually impaired		Total	
	2012	2011	2012	2011	2012	2011
	$'000	$'000	$'000	$'000	$'000	$'000
Trade debtors	101	119	3,588	4,365	3,689	4,484
Allowance for impairment	(101)	(119)	(3,588)	(4,365)	(3,689)	(4,484)
	–	–	–	–	–	–
Movements in allowance account:–						
Balance at 1 January	119	1,141	4,365	2,654	4,484	3,795
(Write-back)/charge for the financial year	(16)	(945)	363	1,825	347	880
Write-off against allowance	–	(54)	(867)	(50)	(867)	(104)
Reclassification	–	–	(122)	–	(122)	–
Exchange differences	(2)	(23)	(151)	(64)	(153)	(87)
Balance at 31 December	101	119	3,588	4,365	3,689	4,484

Trade debtors that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These debtors are not secured by any collateral or credit enhancements.

For the financial year ended 31 December 2012, an allowance for impairment of $347,000 (2011: $880,000) and bad debts recovered of $4,000 (2011: Nil) were recognised in profit or loss subsequent to a debt recovery assessment performed on trade debtors as at balance sheet date.

18. OTHER DEBTORS, AND PREPAYMENTS AND OTHER RECOVERABLES

(a) *Other debtors*

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Non-current				
Refundable deposits	4,134	2,934	–	–
Staff loans [1]	–	3	–	–
Total other debtors, non-current	4,134	2,937	–	–
Current				
Staff loans [1]	10	41	–	–
Refundable deposits placed with landlords	5,521	7,753	139	140
Refundable deposits for potential investments	62	1,991	62	1,991
Sundry debtors	3,226	3,056	402	282
Interest receivable	2,547	788	–	–
Tax recoverable	784	2,045	–	–
	12,150	15,674	603	2,413
Loans and receivables at amortised cost (Note 20)	16,284	18,611	603	2,413
Mezzanine loan, carried at fair value through profit or loss [2]	34,432	36,491	–	–
Total other debtors, current	46,582	52,165	603	2,413
Total other debtors	50,716	55,102	603	2,413
Other debtors are stated net of allowance for impairment of	(612)	(418)	–	–

(1) Staff loans are unsecured, non-interest bearing, and have repayment terms of 7 (2011: 19) months.

(2) Management has regarded its carrying value $34,432,000 (2011: $36,491,000) to approximately equal to the indicative price from an agreement with a prospective buyer for the sale of RPS held by the Group. There was a default by the Borrower in 2012 but there was no deemed recoverability issue as the loan was secured by a first ranking mortgage over the land which was valued at RMB 455,000,000. The secured mortgage value was more than two times the outstanding loan amounts.

18. OTHER DEBTORS, PREPAYMENTS AND OTHER RECOVERABLES (CONT'D)

(a) Other debtors (cont'd)

Other debtors of the Group and the Company are held in the following currencies:-

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Singapore dollars	7,209	7,713	603	484
Malaysian ringgit	2,794	2,508	–	–
Renminbi	586	908	–	–
Hong Kong dollars	40,103	42,177	–	168
United States dollars	–	1,761	–	1,761
Other currencies	24	35	–	–
	50,716	55,102	603	2,413

Other debtors that are past due but not impaired

The Group has other debtors amounting to $34,931,000 (2011: $109,000) that are past due at the balance sheet date but not impaired. These debtors are unsecured and the analysis of their aging at the balance sheet date is as follows:-

	Group	
	2012 $'000	2011 $'000
Less than 30 days	16	2
30 to 60 days	8	90
61 to 90 days	119	2
91 to 120 days	3	–
More than 120 days	34,785	15
	34,931	109

Other debtors that are impaired

The Group's other debtors that are impaired at the balance sheet date and the movements of the allowance account used to record the impairment are as follows:-

	Group Individually impaired	
	2012 $'000	2011 $'000
Other debtors	612	418
Allowance for impairment	(612)	(418)
	–	–

18. OTHER DEBTORS, PREPAYMENTS AND OTHER RECOVERABLES (CONT'D)

(a) *Other debtors (cont'd)*

Other debtors that are impaired (cont'd)

Movements in allowance account:-

	Group Individually impaired 2012 $'000	Group Individually impaired 2011 $'000
Balance at 1 January	418	1,317
Reclassification of trade debtors as at 1 January	122	–
	540	1,317
Charge for the financial year	91	–
Write-off against allowance	–	(907)
Translation differences	(19)	8
Balance at 31 December	612	418

An allowance for impairment of $91,000 (2011: Nil) was recognised in profit or loss for the financial year ended 31 December 2012.

Other debtors that are individually determined to be impaired at the balance sheet date relate to debtors that have defaulted on payments. There are no balances that are collectively determined to be impaired.

(b) *Prepayments and other recoverables*

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Non-current				
Deferred lease expenses	151	284	–	–
Renovation fees to be billed to tenants #	389	721	–	–
Prepayments	1,746	2,215	–	–
	2,286	3,220	–	–
Current				
Deferred lease expenses	152	50	–	–
Renovation fees to be billed to tenants #	974	728	–	–
Renovation costs recoverable *	281	96	–	–
Prepayments	1,433	1,461	16	17
Advance payment for purchases	114	68	–	–
	2,954	2,403	16	17
Total prepayments and other recoverables	5,240	5,623	16	17
# Loans and receivables at amortised cost (Note 20)	1,363	1,449	–	–

* This relates to renovation costs which may be recoverable from tenants, upon finalisation of renovation works.

19. AMOUNTS DUE FROM SUBSIDIARY COMPANIES

	Company	
	2012	2011
	$'000	$'000
Loans to subsidiary companies	61,742	163,964
Allowance for impairment	(8,484)	(10,527)
	53,258	153,437
Amounts due from subsidiary companies (non-trade)	182,117	127,863
Less: Long term intercompany receivables (non-trade) (Note 12)	(28,084)	–
Allowance for impairment	(3,312)	(1,269)
	150,721	126,594
Total	203,979	280,031

As at 31 December 2012, loans to subsidiary companies are non-trade in nature, unsecured, interest-free, except for loans of $30,200,000 (2011: $30,200,000), and $21,800,000 (2011: $21,800,000) to subsidiary companies, which bear interest at Nil% (2011: 2.28%) and Nil% (2011: 2.28%) per annum respectively, and are repayable on demand.

The amounts due from subsidiary companies are non-trade in nature, unsecured, interest-free except for a balance of $6,389,000 (2011: $3,144,000) which bears interest rate ranges from 0.31% to 0.32% (2011: 3.0%) , repayable on demand and to be settled by offsetting against the amount due to subsidiary companies in due course.

Amounts due from subsidiary companies that are past due but not impaired:

The Company does not have any loans to and amounts due from subsidiary companies that are past due but not impaired at the balance sheet date.

Loans to and amounts due from subsidiary companies are held in the following currencies:-

	Company	
	2012	2011
	$'000	$'000
Singapore dollars	203,779	279,822
Renminbi	200	209
	203,979	280,031

Amounts due from subsidiary companies that are impaired:

The Company's loans to and amounts due from subsidiary companies that are impaired at the balance sheet date and the movements in allowance account used to record the impairment are as follows:

Loans to subsidiary companies :

	2012	2011
Loans to subsidiary companies	8,484	10,527
Allowance for impairment	(8,484)	(10,527)
	–	–

19. AMOUNTS DUE FROM SUBSIDIARY COMPANIES (CONT'D)

Amounts due from subsidiary companies that are impaired (cont'd):

	Company Individually impaired	
	2012	2011
	$'000	$'000
Loans to subsidiary companies :		
Movements in allowance account :-		
Balance at 1 January	10,527	10,527
Reclassification to amounts due from subsidiary companies	(2,043)	–
Balance at 31 December	8,484	10,527

	Company	
	2012	2011
	$'000	$'000
Amounts due from subsidiary companies:		
Amounts due from subsidiary companies	3,312	1,269
Allowance for impairment	(3,312)	(1,269)
	–	–

	Company Individually impaired	
	2012	2011
	$'000	$'000
Movements in allowance account :–		
Balance at 1 January	1,269	1,026
Charge for the financial year	–	243
Reclassification from loans to subsidiary companies	2,043	–
Balance at 31 December	3,312	1,269

For the financial year ended 31 December 2012, no allowance for impairment (2011: $243,000) was recognised in profit or loss of the Company, subsequent to a recovery assessment performed on loans to and amounts due from subsidiary companies as at balance sheet date.

Loans to and amounts due from subsidiary companies that are individually determined to be impaired at the balance sheet date relate to subsidiary companies that are in financial difficulties and have defaulted on payments. There are no balances that are collectively determined to be impaired as at balance sheet date.

20. FIXED DEPOSITS (RESTRICTED), AND CASH AND CASH EQUIVALENTS

(A) Fixed deposits (restricted)

Fixed deposits (restricted) relates to pledges of $3,672,000 (2011: $848,000) and $1,632,000 (2011: Nil) to banks as security for banker's guarantees issued in lieu of rental deposits and bank borrowings, and for issuance of security, utility and rental deposits respectively.

In 2011, fixed deposits (restricted) relates to pledges of $5,000,0000 to banks as securities for foreign exchange forward contract facilities relating to the mezzanine loan.

(B) Cash and cash equivalents

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Fixed deposits (a)	11,825	10,692	11,764	8,506
Cash and bank balances (b)	46,708	45,306	5,938	7,780
	58,533	55,998	17,702	16,286

(a) Fixed deposits

Fixed deposits are held in the following currencies:–

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Singapore dollars	8,235	8,527	8,214	8,506
Malaysian ringgit	20	1,314	–	–
Hong Kong dollars	–	851	–	–
United States dollars	3,550	–	3,550	–
Other currencies	20	–	–	–
	11,825	10,692	11,764	8,506

Fixed deposits have effective interest rates ranging from 0.02% to 3.25% (2011: 0.01% to 4.0%) per annum and are made for varying periods of primarily less than 3 (2011: 3) months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

20. FIXED DEPOSITS (RESTRICTED), AND CASH AND CASH EQUIVALENTS (CONT'D)

(B) Cash and cash equivalents (cont'd)

(b) Cash and bank balances:-

Cash and bank balances are held in the following currencies:–

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Singapore dollars	22,005	22,445	4,878	6,896
United States dollars	2,000	937	1,055	879
Malaysian ringgit	10,113	9,510	–	–
Renminbi	364	855	5	5
Indonesian rupiah	731	883	–	–
Hong Kong dollars	11,484	10,658	–	–
Other currencies	11	18	–	–
	46,708	45,306	5,938	7,780

Cash and bank balances earn interest at floating rates based on daily bank deposit rates ranging up to 0.01% (2011: 3.55%) per annum.

The carrying amounts of loans and receivables comprise:-

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Trade debtors (Note 17)	56,411	53,174	–	–
Other debtors (Note 18 (a))	16,284	18,611	603	2,413
Other recoverables (Note 18 (b))	1,363	1,449	–	–
Amounts due from subsidiary companies (Note 19)	–	–	203,979	280,031
Cash and cash equivalents	58,533	55,998	17,702	16,286
Fixed deposits (restricted)	5,304	5,848	1,000	5,000
	137,895	135,080	223,284	303,730

21. TRADE CREDITORS

Trade creditors are non-interest bearing and are normally settled on their normal trade terms of 7 to 90 (2011: 7 to 90) days.

Trade creditors of the Group are held in the following currencies:-

	Group	
	2012	2011
	$'000	$'000
Singapore dollars	19,409	20,422
United States dollars	2,400	3,750
Malaysian ringgit	6,105	5,280
Australian dollars	1,553	3,269
Hong Kong dollars	2,248	2,638
Other currencies	1,253	1,625
	32,968	36,984

22. OTHER CREDITORS AND ACCRUALS, AND OTHER LIABILITY

(a) *Other creditors and accruals*

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Sundry creditors	7,906	6,845	365	285
Accrual for unutilised leave	1,086	1,114	140	167
Accrued operating expenses	27,859	25,017	1,648	1,270
Deposits from tenants	3,040	3,272	–	–
Derivative financial instrument	–	316	–	316
Total other creditors and accruals	39,891	36,564	2,153	2,038

(b) *Other liability*

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Non-current				
Redeemable preference shares issued by a subsidiary company [(1)] (Note 33)	17,569	16,315	–	–

(1) In 2010, Auric Pacific Real Estate Fund ("APREF"), a private equity fund sponsored by the Group, issued 1,520 redeemable preference shares ("RPS") at $10,000 each specifically for the real estate fund investment activities. The RPS generally do not carry a voting right and are entitled to distributions from the net proceeds arising from the sale of investments and all other proceeds from the real estate fund investment activities, at the discretion of the investment committee. The shares have duration of 5 years with an option to extend by up to 2 consecutive one-year period or a single two-year period. Management has designated the RPS as a financial liability at fair value through profit or loss.

The Group has recognised a fair value loss of $1,254,000 (2011: fair value loss of $1,529,000) from the RPS to the profit or loss. RPS is denominated in Singapore dollars.

22. OTHER CREDITORS AND ACCRUALS, AND OTHER LIABILITY (CONT'D)

Other creditors and accruals of the Group and of the Company are held in the following currencies:-

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Singapore dollars	28,548	23,777	2,147	2,032
Malaysian ringgit	6,775	4,920	–	–
Renminbi	1,634	1,991	6	6
Hong Kong dollars	2,415	5,231	–	–
Other currencies	519	645	–	–
	39,891	36,564	2,153	2,038

The carrying amounts of financial liabilities at amortised cost comprise:-

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Trade creditors (Note 21)	32,968	36,984	–	–
Other creditors and accruals	39,891	36,564	2,153	2,038
Amounts due to subsidiary companies (Note 24)	–	–	191,591	258,732
Loans and borrowings (Note 25)	6,372	5,270	–	–
	79,231	78,818	193,744	260,770
Less:				
– Obligations under finance leases (Note 25)	(65)	(22)	–	–
Total financial liabilities at amortised cost	79,166	78,796	193,744	260,770

23. PROVISIONS

Provisions for reinstatement costs:-

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Balance at 1 January	3,007	2,820	100	100
Provision during the financial year	2,035	598	–	–
Utilised during the financial year	(319)	(231)	–	–
Write-back during the financial year	(15)	(225)	–	–
Finance costs during the year	67	59	–	–
Translation differences	(79)	(14)	–	–
Balance at 31 December	4,696	3,007	100	100
Comprises:				
Current	1,039	1,265	–	–
Non-current	3,657	1,742	100	100
	4,696	3,007	100	100

Provisions for reinstatement costs are recognised for expected costs for dismantling, removal and restoration of property, plant and equipment based on the best estimate of the expenditure with reference to past experience.

It is expected that these costs will be incurred after one year from the balance sheet date and would have been incurred within 6 (2011: 7) years of the balance sheet date. The provision is discounted using a current rate of 5% (2011: 5%) per annum that reflects the risks specific to the liability.

24. AMOUNTS DUE TO SUBSIDIARY COMPANIES

	Company	
	2012 $'000	2011 $'000
Loans from subsidiary companies	70,795	70,795
Amounts due to subsidiary companies (non-trade)	120,796	187,937
	191,591	258,732

Loans from subsidiary companies are non-trade in nature, unsecured, interest-free, except for a loan of $2,350,000 (2011: $2,350,000) from a subsidiary company, which bears interest at 3.5% (2011: 3.5%) per annum, is repayable on demand and to be settled by offsetting against the amounts due from subsidiary companies in due course.

The amounts due to subsidiary companies are non-trade in nature, unsecured, interest-free and repayable on demand, except for a balance of $35,289,000 (2011: $65,922,000) which bears an interest rate of 0.3% (2011: 3.0%) per annum. These represent amounts received from the Company's subsidiary companies for working capital purposes.

Loans from and amounts due to subsidiary companies are denominated in Singapore dollars.

25. LOANS AND BORROWINGS

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Current :				
Bank borrowings				
– secured [1]	784	–	–	–
– unsecured [2]	5,426	5,248	–	–
Obligations under finance leases [3]	65	22	–	–
	6,275	5,270	–	–
Non-current :				
Obligations under finance leases [3]	97	–	–	–
Total loans and borrowings	6,372	5,270	–	–

Loans and borrowings of the Group and of the Company are held in the following currencies:-

Renminbi	784	–	–	–
Malaysian ringgit	5,588	5,270	–	–
	6,372	5,270	–	–

(1) The bank loan of $784,000 by a subsidiary in China was secured by fixed deposit of $1,200,000. The loan bears a weighted average effective interest rate of 7.3% per annum.

(2) Bankers' acceptances issued by the subsidiary companies of $5,426,000 (2011: $5,248,000) bear a weighted average effective interest rate of 3.7% (2011: 3.6%) per annum and are repayable within 3 (2011: 3) months.

(3) The Group has obligations under finance leases for certain plant and equipment. These leases are classified as finance leases and expire over the 3 (2011: 1) year. The implicit average interest rate in the leases ranges from 3.8% to 3.9% (2011: 3.9% to 4.8%) per annum. These obligations are secured by the rights to the leased plant and equipment (Note 10).

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

	Group	
	2012	2011
	$'000	$'000
Within 1 year	74	24
Within 2 to 5 years	103	–
Total minimum lease payments	177	24
Less: Amounts representing finance charges	(15)	(2)
Present value of minimum lease payments	162	22
Present value of minimum lease payments :		
Within 1 year	65	22
Within 2 to 5 years	97	–
Total	162	22

26. DEFERRED TAX ASSETS/(LIABILITIES)

(a) *Deferred tax assets*

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Balance at 1 January	730	831	–	–
Credit/(reversal) during the financial year	221	(84)	–	–
Translation differences	(21)	(17)	–	–
Balance at 31 December	930	730	–	–

Net deferred tax assets recognised as at 31 December relate to the following:-

Accruals	930	730	–	–

(b) *Deferred tax liabilities*

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Balance at 1 January	(5,154)	(5,800)	–	–
Write-back/(provision) during the financial year	379	668	(534)	–
Adjustment to deferred tax arising from acquisition of subsidiary company	–	(18)	–	–
Translation differences	–	(4)	–	–
Balance at 31 December	(4,775)	(5,154)	(534)	–

Deferred tax liabilities as at 31 December, after appropriately offsetting against deferred tax assets, relate to the following:-

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Deferred tax liabilities :–				
Excess of net book values over tax written down values of property, plant and equipment	(1,832)	(2,273)	–	–
Fair value adjustments on acquisition of subsidiary companies	(2,594)	(3,070)	–	–
Unremitted income	(534)	–	(534)	–
Gross deferred tax liabilities	(4,960)	(5,343)	(534)	–
Deferred tax assets :–				
Accruals	185	189	–	–
Gross deferred tax assets	185	189	–	–
Net deferred tax liabilities	(4,775)	(5,154)	(534)	–

26. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Unrecognised temporary differences relating to investments in subsidiary companies, associated companies and joint venture companies

Net deferred tax assets not recognised at 31 December relate to the following:-

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Deferred tax assets :–				
Unutilised tax losses	1,399	4,015	–	1,794
Unabsorbed capital allowances	34	276	–	110
Unabsorbed donation relief	–	144	–	144
Unrealised loss on investment funds and investment securities	29	509	–	–
Accruals	7	284	–	111
Gross deferred tax assets	1,469	5,228	–	2,159
Deferred tax liabilities :–				
Unremitted income	–	–	–	(454)
Gross deferred tax liabilities	–	–	–	(454)
Net deferred tax assets not recognised	1,469	5,228	–	1,705

The Group and the Company did not recognise deferred tax assets amounting to $1,469,000 (2011: $5,228,000) and Nil (2011: $1,705,000) respectively, as it is not probable that taxable profits will be available against which the deferred tax assets can be utilised.

Tax consequences of proposed dividends

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 30).

27. SHARE CAPITAL

	Group and Company	
	2012 $'000	2011 $'000
Issued and fully paid ($'000)	64,461	64,461
Number of ordinary shares	125,667,324	125,667,324

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares do not carry any par value.

28. OTHER RESERVES

(a) *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 the Group's reporting currency.

(b) *Discount/(premium paid) on acquisition of non-controlling interests*

Discount/ (premium paid) on acquisition of non-controlling interests represents the differences between acquired equity and acquisition costs, which have arisen from the acquisition of non-controlling interests.

The reserve is used to account for transactions with non-controlling shareholders in terms of the economic entity model, whereby the excess of the cost of the transactions over the acquirer's interest in previously recognised assets and liabilities is allocated to this reserve. This reserve is also used in common control transactions (where all of the combining entities in a business combination are ultimately controlled by the same entity) where the excess of the cost over the acquirer's proportionate share of the net assets is allocated to this reserve.

(c) *Gain on purchase of treasury shares by subsidiary company*

The reserve relates to the subsidiary company's difference between the carrying amount of non-controlling interests and the cost of treasury shares acquired.

29. MERGER RESERVE

The reserve arose from a Scheme of Arrangement undertaken by a subsidiary company in prior financial year and is not distributable.

30. DIVIDEND ON ORDINARY SHARES

	Group and Company	
	2012	2011
	$'000	$'000
Declared and paid during the financial year		
Dividend on ordinary shares :–		
Final tax exempt (one-tier) dividend for 2011: $0.03 (2010: $0.03) per share	3,770	3,770
Proposed but not recognised as a liability as at 31 December		
Dividend on ordinary shares, subject to shareholders approval at AGM :–		
Final tax exempt (one-tier) dividend for 2012 : $0.03 (2011: $0.03) per share	3,770	3,770

At the Annual General Meeting on 25 April 2013, a final exempt dividend of 3 cents per share amounting to a total of $3,770,000 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ended 31 December 2012.

31. CONTINGENT LIABILITIES AND COMMITMENTS

(a) *Operating lease commitments – As lessee*

The Group leases certain properties and vehicles under lease agreements that are non-cancellable. These leases expire on various dates till 15 December 2032 (2011: 15 December 2032) and leases for properties contain provisions for rental adjustments. A few of the lease agreements provide for renewable options, escalation clauses and contingent rentals based on percentage of sales in excess of base rent. There are no restrictions placed upon the Group's activities concerning dividends, additional debt or further leasing by entering into these leases. Rental expense (including contingent rental) for the Group was $35,886,000 (2011: $35,587,000) for the financial year ended 31 December 2012. Future minimum lease payments for the leases are as follows:-

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Within 1 year	33,495	29,443	503	503
Within 2 to 5 years	44,269	32,254	266	769
More than 5 years	7,037	8,546	–	–
	84,801	70,243	769	1,272

(b) *Operating lease commitments – As lessor*

The Group licenses the use of F&B stalls within food courts to individual third party tenants and a subsidiary company. Such licences are typically for a period of one to two years and are not cancellable. In the course of a financial year, there may be terminations and renewals of such licences and the Group has accounted for licence fee in respect of non-cancellable leases as at annual balance sheet date. Licences that expired and not renewed during the financial year were not accounted for.

All the leases provided for variable rent. During the year, the variable rent amounted to $3,705,000 (2011: $3,860,000).

Future minimum lease rental receivable (after group elimination):

	Group	
	2012	2011
	$'000	$'000
Within 1 year	13,601	13,360
Within 2 to 5 years	6,033	2,913
	19,634	16,273

(c) *Capital commitments*

Capital expenditure contracted for as at the balance sheet date but not recognised in the financial statements is as follows :-

	Group	
	2012	2011
	$'000	$'000
Capital commitments in respect of plant and equipment	577	184

31. CONTINGENT LIABILITIES AND COMMITMENTS (CONT'D)

(d) Bankers' guarantees

	Group	
	2012	2011
	$'000	$'000
Secured [1]	4,745	2,111
Unsecured [2]	5,785	1,540
	10,530	3,651

[1] As at 31 December 2012, the Group had Nil (2011: $20,000) banker's guarantee issued by a bank to the Comptroller of Goods and Services Tax in the ordinary course of business, secured over fixed deposits.

As at 31 December 2012, the Group had approximately $3,672,000 (2011: $848,000) of fixed deposits pledged to banks as security for bankers' guarantees issued in lieu of rental deposits.

As at 31 December 2012, the Group had approximately $1,073,000 (2011: $1,243,000) bankers' guarantees which is in lieu of rental deposits to landlords for retail outlets and this is secured against the leasehold property (Note 10).

[2] Banker's guarantee amounting to $400,000 (2011: $246,000) was issued by the Group to suppliers in the ordinary course of business. Of this, $100,000 and $81,000 are denominated in Malaysian Ringgit and Euro Dollar respectively. An amount of $103,000 was denominated in Malaysian Ringgit in 2011.

Banker's guarantees of $4,300,000 were issued by a subsidiary company of the Group for the lease of premises for operation of foodcourts.

In 2011, banker's guarantee of $265,000 was issued as a security bond for foreign workers.

Banker's guarantee of $302,000 (2011: $278,000) was issued by the Group, which is in lieu of utility deposits.

As at 31 December 2012, the Group had approximately $766,000 (2011: $743,000) banker's guarantees which is in lieu of rental and utility deposits.

(e) Financial support

As at 31 December 2012 and 2011, the Company has provided financial support to certain subsidiary companies to enable them to continue as a going concern. The net deficit position of these subsidiary companies as at 31 December 2012 amounted to $47,031,000 (2011: $45,543,000).

32. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the Group had the following significant transactions with its related parties during the financial years at terms agreed between the companies :-

	Group	
	2012 $'000	2011 $'000
Purchase of an investment fund	–	3,000
Rental expenses paid to related parties	(1,813)	(1,271)
Sale of goods to a joint venture company	4,067	3,427
Sale of food and beverage to a related company	201	319
Sale of a motor vehicle to a director	150	–
Sale of sculptures to a related company	349	–
Compensation of key management personnel :–		
Remuneration paid to :–		
Directors of the Company		
Fees paid to directors of the Company	(485)	(424)
Salaries, bonuses and related expenses	(980)	(830)
Contributions to defined contribution plans	(11)	(4)
Directors of subsidiary companies and other key management personnel		
Fees paid to directors of the subsidiary companies	(172)	(215)
Salaries, bonuses and related expenses	(2,261)	(2,519)
Contributions to defined contribution plans	(138)	(151)

33. FAIR VALUES OF FINANCIAL INSTRUMENTS

(a) *Fair values of financial instruments that are carried at fair value*

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Group 2012			
	Quoted prices in active market for identical instruments (Level 1) $'000	Significant unobservable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Financial assets:				
Financial assets at fair value through profit or loss:–				
Investment funds (unquoted) (Note 15)	–	1,741	–	1,741
Mezzanine loan (unquoted) (Note 18)	–	–	34,432	34,432
Total	–	1,741	34,432	36,173
Financial liabilities:				
Financial liabilities at fair value through profit or loss:–				
Redeemable preference shares issued by a subsidiary company (unquoted) (Note 22)	–	–	(17,569)	(17,569)

	Group 2011			
	Quoted prices in active market for identical instruments (Level 1) $'000	Significant unobservable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Financial assets:				
Financial assets at fair value through profit or loss:-				
Investment funds (unquoted) (Note 15)	–	1,880	–	1,880
Mezzanine loan (unquoted) (Note 18)	–	36,491	–	36,491
Investments held-for-trading:–				
Investment securities (quoted) (Note 15)	2,330	–	–	2,330
Total	2,330	38,371	–	40,701
Financial liabilities :				
Financial liabilities at fair value through profit or loss:–				
Redeemable preference shares issued by a subsidiary company (unquoted) (Note 22)	–	(16,315)	–	(16,315)

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

(a) *Fair values of financial instruments that are carried at fair value (cont'd)*

Fair value hierarchy

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

Level 1 – Quoted prices in active markets for identical assets or liabilities;

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

Level 3 – Inputs for asset or liability that are not based on observable market data (unobservable inputs)

The following table presents the reconciliation for all financial instruments measured at fair value based on significant unobservable inputs (Level 3).

	Group 2012	
	Mezzanine loan (Unquoted) $'000	Total $'000
Opening balance	–	–
Transfer from Level 2	34,432	34,432
Closing balance	34,432	34,432

During the financial year ended 31 December 2012, the Group transferred a financial instrument from Level 2 to Level 3 of the fair value hierarchy. The carrying amount of the total financial assets transferred was $34,432,000.

The reason for the transfers from Level 2 to Level 3 is that inputs to the valuation model for the financial instrument ceased to be observable. Prior to transfer, the fair value of the instrument was determined using observable market transactions for the same or similar instruments. Since the transfer, the instrument has been valued using non market-observable inputs based on the indicative price from an agreement with a prospective buyer for the sale of redeemable preference shares held by the Group.

Determination of fair value

Quoted investment securities (Note 15): Fair value is determined directly by reference to their published market bid prices at the end of the reporting period.

Unquoted mezzanine loan (Note 18(a)): The carrying amount of this loan approximates its fair value based on the indicative price from an agreement with a prospective buyer for the sale of redeemable preference shares held by the Group (Note 39).

Unquoted redeemable preference shares issued by a subsidiary company (Note 22(b)): Fair value is determined at the redemption amount being the net asset value of the real estate fund calculated in accordance with FRS.

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

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

Trade debtors, other debtors (current portion), trade creditors, other creditors and accruals, amounts due from/(to) subsidiary companies, loans and borrowings, cash and cash equivalents, and fixed deposits (restricted)

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

The fair value of the long term intercompany receivable cannot be determined as the repayment term is not determinable.

Unquoted investment funds (Note 15): Fair value is determined by reference to secondary market quotations approximating the carrying value of the investment funds.

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

The fair values of financial assets by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	Group			
	2012		2011	
	Carrying value $'000	Fair value $'000	Carrying value $'000	Fair value $'000
Financial assets				
Available-for-sale financial assets:-–				
– Unquoted equity shares, at cost (Note 15)	1,350	*	1,493	*

* Investments in unquoted equity shares and preferred shares carried at cost

Fair value information has not been disclosed for the Group's investments in unquoted equity shares that are carried at cost less accumulated impairment loss because fair value cannot be measured reliably. The unquoted equity shares represent investments in technology-related investment fund companies which are not quoted on any market. The fair value cannot be reliably measured as these unquoted equity shares do not have quoted market prices in an active market, and it is not practicable to determine the fair value using valuation models as the assumptions in these models cannot be reasonably determined. The Group does not intend to dispose of these investments in the foreseeable future. The Group intends to eventually dispose of their investments through sales to institutional or private investors.

34. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The Group's principal financial instruments comprise loans and borrowings, investments, and cash and short-term deposits. The Group has various other financial assets and liabilities, such as trade debtors and creditors, and other debtors and creditors.

The key financial risks are credit risk, foreign currency risk, interest rate risk, liquidity risk, and market price risk. The Board of directors reviews and agrees policies and procedures for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other debtors. Guidelines on credit terms provided to trade customers are established and continually monitored. For other financial assets (including cash and short-term deposits, fixed deposits, investment securities, and investment funds), the Group minimises credit risk by dealing exclusively with reputable and well-established local and foreign banks, and companies with high credit ratings and no history of defaults.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposures. Credit policies with guidelines on credit terms and limits set the basis for risk control. New customers are subject to credit evaluation while the Group continues to monitor existing customers, especially those with repayment issues. In addition, appropriate allowances are made for probable losses when necessary for identified debtors.

In addition, the Group's exposure to credit risk for its food court operations arises primarily from other debtors. The Group does not have credit risk exposure from the tenants. It is the Group's policy that all tenants need to place deposits before the Group licenses the stalls to the tenants. Moreover, the Group collects sales proceeds on behalf of the tenants and returns the net proceeds to the tenants upon settlement.

As of 31 December 2012, there was an outstanding mezzanine loan from an external party. Management does not expect to incur material credit losses, as there is an agreement to dispose of its interest in this loan via sale of its redeemable preference shares (Note 39). In addition, the loan is secured by a first ranking mortgage over the land owned by the external party and a first fixed charge over the equity interest in the external party (Note 18(a)).

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amounts of each class of financial assets recognised in the balance sheets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

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

(a) *Credit risk (cont'd)*

Credit risk concentration profile

As at 31 December 2012, 66% (2011: 64%) of trade debtors related to 29 (2011: 25) major customers of subsidiary companies. The credit risk concentration profile of the Group's trade debtors at the balance sheet date are as follows:-

	Group			
	2012		2011	
	Total $'000	%	Total $'000	%
By business segment:				
Wholesale and distribution	46,165	82	42,587	80
Manufacturing	7,639	14	7,395	14
Food retail	2,607	4	3,192	6
	56,411	100	53,174	100
By geographical segment:				
Singapore	39,316	70	36,423	69
Hong Kong	479	1	589	1
Malaysia	16,609	29	16,144	30
People's Republic of China	7	*	7	*
Others	–	–	11	*
	56,411	100	53,174	100

* Less than 1%.

Financial assets that are neither past due nor impaired

Trade and other debtors that are neither past due nor impaired mainly comprise debtors with good payment records. Cash and cash equivalents, investment securities, and investment funds are placed with or entered into with reputable financial institutions, well-established local and foreign banks and companies with high credit ratings and no history of defaults.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Notes 17, 18, and 19 to the financial statements.

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

(b) *Foreign currency risk*

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities. The Group's foreign exchange exposures are primarily from United States dollar (USD) and Hong Kong dollar (HKD). The Group does not consider foreign exchange risk arising from other currencies, such as Indonesian Rupiah (Rupiah) and Renminbi (RMB) to be significant.

The Group's policy is to enter into forward currency contracts to reduce its foreign exchange risk, where appropriate, but does not hedge the foreign currency exposures of its investments in subsidiary companies.

The Group does not have any forward currency contracts outstanding as at 31 December 2012.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rates of USD and HKD (against SGD), with all other variables held constant, of the Group's profit net of taxation.

	Group	
	Profit net of taxation	
	2012	2011
	$'000	$'000
	Increase/ (decrease) in profit	Increase/ (decrease) in profit
USD – strengthened 2% (2011: 4%)	415	446
– weakened 2% (2011: 4%)	(415)	(446)
HKD – strengthened 2% (2011: 4%)	816	1,539
– weakened 2% (2011: 4%)	(816)	(1,539)

(c) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings, interest-bearing loans from/to subsidiary companies, mezzanine loan, cash and cash equivalents.

The Group's policy is to minimise its interest exposure through the restructure of loans and borrowings, and to enter into interest rate swaps, where appropriate. In the past 2 years, the Group has not entered into any interest rate swaps.

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

(c) *Interest rate risk (cont'd)*

Sensitivity analysis for interest rate risk

Movements in interest rates will have an impact on the Group's loans and borrowings. A change of 50 basis points (bp) in interest rates at the reporting date would change profit net of taxation by the amounts shown below. This analysis assumes that all other variables remain constant.

	Group Profit net of taxation	
	50bp Increase $'000	50bp Decrease $'000
	(Increase)/decrease in profit	
2012		
Loans and borrowings	(29)	29
	(Increase)/decrease in profit	
2011		
Loans and borrowings	(145)	145

Information relating to the Group's interest exposure is also disclosed in various notes to the financial statements.

(d) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a level of cash to meet the obligations and commitments due and to ensure cash efficiency whereby maximisation of cash flow position can be achieved.

The Group's liquidity risk management policy is to monitor its working capital projections, taking into account the available banking and other borrowings facilities of the Group, and ensuring that the Group has adequate working capital to meet obligations and commitments due.

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

(d) *Liquidity risk (cont'd)*

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the balance sheet date, based on contractual undiscounted repayment obligations.

	2012			2011		
	Within 1 year $'000	Within 2 to 5 years $'000	Total $'000	Within 1 year $'000	Within 2 to 5 years $'000	Total $'000
Group						
Financial assets						
Trade and other debtors	102,993	4,134	107,127	105,339	2,937	108,276
Other recoverables	974	389	1,363	728	721	1,449
Cash and cash equivalents	58,533	–	58,533	55,998	–	55,998
Fixed deposits (restricted)	5,304	–	5,304	5,848	–	5,848
	167,804	4,523	172,327	167,913	3,658	171,571
Financial liabilities						
Trade and other creditors	72,859	–	72,859	73,548	–	73,548
Other liability	–	17,569	17,569	–	16,315	16,315
Loans and borrowings	6,284	103	6,387	5,272	–	5,272
	79,143	17,672	96,815	78,820	16,315	95,135
Total net undiscounted financial assets/ (liabilities)	88,661	(13,149)	75,512	89,093	(12,657)	76,436
Company						
Financial assets						
Trade and other debtors	204,582	–	204,582	282,444	–	282,444
Cash and cash equivalents	17,702	–	17,702	16,286	–	16,286
Fixed deposits (restricted)	1,000	–	1,000	5,000	–	5,000
	223,284	–	223,284	303,730	–	303,730
Financial liabilities						
Trade and other creditors	193,744	–	193,744	260,770	–	260,770
	193,744	–	193,744	260,770	–	260,770
Total net undiscounted financial assets	29,540	–	29,540	42,960	–	42,960

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

(d) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

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

	Group					
	2012			2011		
	Within 1 year	Within 2 to 5 years	Total	Within 1 year	Within 2 to 5 years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Bankers' guarantees	5,833	4,697	10,530	2,513	1,168	3,681

35. CAPITAL MANAGEMENT

The main objective of the Group in capital management is to ensure that it maintains a healthy capital structure from various sources of funds to finance its overall operations, support business growth and maximise shareholder value.

While debt financing provides more flexibility in arrangement, the Group monitors the volatility of interest rates on the variability of earnings before taxation. Hence, the Group ensures that a sufficient income stream is maintained to service all contractual obligations arising from debt financing and dividend payments to shareholders.

Interest coverage is calculated by dividing adjusted profit by finance costs. Adjusted profit relates to the profit before taxation after adjusting for finance costs, share of results of associated company and a joint venture company, depreciation and amortisation, gain on acquisition of non-controlling interests, loss on disposal of subsidiary companies and an associated company, loss on liquidation and dilution of interest in a subsidiary company, and impairment loss on goodwill on consolidation.

The interest coverage was 47.1% in 2012 as compared to 49.1% in 2011. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2012 and 2011. The Group's policy is to maintain the interest coverage not less than 1.2 (2011: 1.2).

35. CAPITAL MANAGEMENT (CONT'D)

The Group monitors capital using a debt-equity ratio, which is calculated by dividing its total loans and borrowings by total shareholders' equity. The Group's policy is to keep the ratio below 1 (2011: 1). Total liabilities include loans and borrowings, and trade and other creditors. Total shareholders' equity includes equity attributable to the equity holders of the parent.

	Group	
	2012 $'000	2011 $'000
Loans and borrowings (Note 25)	6,372	5,270
Equity attributable to the owners of the Company	234,692	225,193
Gearing ratio	0.03	0.02
Adjusted profit	17,978	23,400
Finance costs	382	477
Interest coverage (%)	47.1	49.1

36. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has seven reportable operating segments as follows:

(i) The Wholesale and Distribution segment is in the business of supplying fast-moving consumer goods, fine wines, cosmetics and health supplements.

(ii) The Manufacturing segment is in the business of manufacturing bread and other house brand products.

(iii) The Food Retail segment operates chains of bakeries, cafes and bistros.

(iv) The Food Courts segment is in the business of managing food courts, and sale of food and beverages.

(v) The Property Investment segment is in the business of leasing residential and commercial properties.

(vi) The Securities Investment segment is mainly in the business of investing in funds and quoted investment securities.

(vii) The Investment Holding segment is involved in Group-level corporate services, treasury functions, and investing in unquoted investments.

(viii) The Fund Investment segment is in the business of real estate fund investment.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment accounting policies are the same as the policies described in Note 2 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

36. SEGMENT INFORMATION (CONT'D)

Information regarding the results of each reportable operating segment is included below.

For the financial year ended 31 December 2012:

	Wholesale and Distribution $'000	Manu-facturing $'000	Food Retail $'000	Food Courts $'000
Revenue:				
– External customers	209,069	41,307	110,076	21,312
– Inter-segment	28,196	13,392	1,798	–
Total revenue	237,265	54,699	111,874	21,312
Results:				
Interest income	–	–	–	37
Dividend income	–	–	–	–
Fair value loss on investment funds at fair value through profit or loss	–	–	–	–
Fair value loss on investment securities securities held-for-trading	–	–	–	–
Fair value loss on redeemable preference shares issued by a subsidiary company	–	–	–	–
Realised gain on derivative financial instrument	–	–	–	–
Gain on disposal of investment securities held-for-trading	–	–	–	–
Stocks written down	(2,717)	(23)	–	–
Allowance for impairment on trade debtors	(73)	–	(214)	(60)
Allowance for impairment on non-trade debtors	–	–	(91)	–
Write-off of non-trade debtor	–	–	–	–
Depreciation and amortisation	(711)	(1,508)	(8,059)	(3,096)
Property, plant and equipment written off	(16)	(139)	(276)	(805)
Net gain/(loss) on disposal of property, plant and equipment	2	3	(77)	(3)
Impairment loss on intangible assets	–	–	(5,000)	–
(Allowance)/write-back for impairment on property, plant and equipment	–	–	(698)	362
Share of results of associated and joint venture companies	800	–	–	–
Segment profit/(loss)	7,454	5,517	(11,555)	719
Assets:				
Investments in associated and joint venture companies	1,874	–	–	–
Additions to non-current assets	186	1,499	14,602	2,775
Segment assets	100,887	19,034	91,691	49,006
Segment liabilities	(33,576)	(6,219)	(21,568)	(13,958)

	Property Investment $'000	Securities Investment $'000	Investment Holding $'000	Fund Investment $'000	Adjustments and Eliminations $'000	Note	Per Consolidated Financial Statements $'000
	–	2,818	25	5,390	–		389,997
	–	–	21,114	–	(64,500)	(i)	–
	–	2,818	21,139	5,390	(64,500)		389,997
	–	148	26	4,330	–		4,541
	–	44	–	–	–		44
	–	124	–	–	–		124
	–	86	–	–	–		86
	–	–	–	(840)	–		(840)
	–	–	316	620	–		936
	–	51	–	–	–		51
	–	–	–	–	–		(2,740)
	–	–	–	–	–		(347)
	–	–	–	–	–		(91)
	–	–	(808)	–	–		(808)
	–	–	(238)	(1)	–		(13,613)
	–	–	–	–	–		(1,236)
	–	–	327	–	–		252
	–	–	–	–	–		(5,000)
	–	–	–	–	–		(336)
	–	–	–	–	–		800
	(34)	244	(6,134)	2,354	418	(ii)	(1,017)
	–	282	–	–	–		2,156
	–	–	82	–	–		19,144
	2,500	5,647	15,712	45,611	32,089	(iii)	362,177
	(13)	(42)	(2,308)	(18,534)	(13,784)	(iv)	(110,002)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

36. SEGMENT INFORMATION (CONT'D)

For the financial year ended 31 December 2011 (Restated):

	Wholesale and Distribution $'000	Manu-facturing $'000	Food Retail $'000	Food Courts $'000
Revenue:				
– External customers	207,902	40,044	106,254	22,994
– Inter-segment	21,095	11,281	1,722	–
Total revenue	228,997	51,325	107,976	22,994
Results:				
Interest income	–	–	–	58
Dividend income	–	–	–	–
Fair value loss on investment funds at fair value through profit or loss	–	–	–	–
Fair value loss on investment securities securities held-for-trading	–	–	–	–
Fair value loss on redeemable preference shares issued by a subsidiary company	–	–	–	–
Loss on disposal of unquoted equity shares	–	–	–	–
Gain on disposal of unquoted preferred shares	–	–	–	–
Fair value loss derivative financial instrument at fair value through profit or loss	–	–	–	–
Gain on disposal of investment securities held-for-trading	–	–	–	–
Stocks written down	(1,984)	(38)	–	–
Allowance for impairment on trade debtors	(555)	–	(325)	–
Depreciation and amortisation	(835)	(1,532)	(5,535)	(3,644)
Property, plant and equipment written off	(9)	–	(833)	(278)
Allowance for impairment on property, plant and equipment	–	–	(152)	(371)
Share of results of associated and joint venture companies	687	–	–	–
Segment profit/(loss)	6,410	2,291	(4,865)	2,405
Assets:				
Investments in associated and joint venture companies	1,662	–	–	–
Additions to non-current assets	349	1,425	6,385	3,002
Segment assets	93,155	18,622	88,303	60,234
Segment liabilities	(33,002)	(8,479)	(17,672)	(15,208)

Property Investment $'000	Securities Investment $'000	Investment Holding $'000	Fund Investment $'000	Adjustments and Eliminations $'000	Note	Per Consolidated Financial Statements $'000
–	4,254	12	5,293	–		386,753
–	24	8,213	–	(42,335)	(i)	–
–	4,278	8,225	5,293	(42,335)		386,753
–	148	12	4,235	–		4,453
–	148	–	–	–		148
–	(12)	–	–	–		(12)
–	(342)	–	–	–		(342)
–	–	–	(1,529)	–		(1,529)
–	(77)	–	–	–		(77)
–	–	5,889	–	–		5,889
–	–	(316)	–	–		(316)
–	–	3	–	–		3
–	–	–	–	–		(2,022)
–	–	–	–	–		(880)
–	–	(280)	(1)	–		(11,827)
–	–	–	–	–		(1,120)
–	–	–	–	–		(523)
–	(747)	–	–	–		(60)
(45)	13	3,398	2,026	(537)	(ii)	11,096
–	282	–	–	–		1,994
–	–	680	2	–		11,843
1,550	8,185	25,861	38,555	34,513	(iii)	368,978
(14)	(57)	(2,202)	(17,052)	(29,076)	(iv)	(122,762)

36. SEGMENT INFORMATION (CONT'D)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

(i) Inter-segment revenues are eliminated on consolidation.

(ii) The following items are added to/(deducted from) segment profit to arrive at "Profit before taxation" presented in the statement of comprehensive income:

	2012 $'000	2011 $'000
Finance costs	(382)	(477)
Share of results of associated and joint venture companies	800	(60)
	418	(537)

(iii) The following items are added to segment assets to arrive at total assets reported in the consolidated balance sheet:

	2012 $'000	2011 $'000
Investments in associated and joint venture companies	2,156	1,944
Goodwill on consolidation	28,219	29,794
Deferred tax assets	930	730
Tax recoverable	784	2,045
	32,089	34,513

(iv) The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	2012 $'000	2011 $'000
Deferred tax liabilities	4,775	5,154
Tax payable	2,637	18,652
Loans and borrowings	6,210	5,248
Obligations under finance leases	162	22
	13,784	29,076

36. SEGMENT INFORMATION (CONT'D)

Revenue and non-current assets information based on geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2012	2011	2012	2011
	$'000	$'000 (Restated)	$'000	$'000
Singapore	246,479	238,678	126,515	130,132
Malaysia	86,697	89,097	6,277	4,690
Hong Kong	44,717	47,328	5,370	3,789
People's Republic of China	5,906	5,016	1,313	2,492
Indonesia	807	1,064	70	191
Others	5,391	5,570	–	2
	389,997	386,753	139,545	141,296

Non-current assets information presented above consist of property, plant and equipment, intangible assets, other debtors, and prepayments and other recoverables.

Information from major customers

Revenue from a major customer amounts to $43,289,000 (2011: $39,399,000), arising from sales from Wholesale and Distribution segment.

37. DIRECTORS' REMUNERATION

The number of directors of the Company whose total remuneration from the Group falls into the following bands is as follows:

	Group	
	2012	2011
$500,000 and above	1	1
Below $250,000	6	6
Total	7	7

38. COMPARATIVE FIGURE

For comparison purposes, the following have been represented to be consistent with the current year's presentation.

	As restated 2011 $'000	As previously reported 2011 $'000
Revenue (Note 3)	386,753	383,105
Cost of revenue (Note 4)	(228,776)	(225,128)
Gross profit	157,977	157,977

	As restated 2011 $'000	As previously reported 2011 $'000
Long-term investments (Note 15)		
Financial assets at fair value through profit or loss :–		
Investment funds (unquoted)	1,880	14,955
Available-for-sale financial assets at cost :–		
Unquoted equity shares	1,493	1,493
Investment funds (unquoted)	13,075	–
	16,448	16,448

In 2012, the Group identified certain unquoted investment funds that did not qualify for designation as financial assets at fair value through profit or loss. These investment funds were reclassified to available-for-sale at cost.

A statement of the financial position as at the beginning of the earliest comparative period was not presented as there is no impact to the total asset and liabilities before 1 January 2011.

39. EVENTS OCCURRING AFTER THE REPORTING PERIOD

The Company has entered into a share purchase agreement dated 1 March 2013 (the "Share Purchase Agreement") with Asian Hotel & Resort Group Limited (the "Purchaser") for the sale of all of Charm Fit's redeemable preference shares ("RPS") of a par value of S$0.01 each (the "Relevant RPS") in the share capital of Auric Pacific Real Estate Fund (the "Fund"), representing 60.0% of all the issued and outstanding RPS of the Fund (the "Sale"). The sole ordinary share of the Fund (the "One Ordinary Share") held by AP Fund Management Pte. Ltd. (the "Fund Manager"), which is also a wholly-owned subsidiary of the Company, will also be sold to the Purchaser. The other shareholder of the Fund (together with Charm Fit, the "Investors") has also agreed to sell her balance equity interest in the Fund to the Purchaser.

The consideration for the Sale and the sale of the One Ordinary Share is HK$130,752,647.08 (the "Consideration"), being approximately 60.0% of the net asset value of the Fund as at Completion and also being approximately 60.0% of the outstanding principal amount of the Mezzanine Loan, the sole investment of the Fund since its incorporation.

The Consideration will be paid by the Purchaser to Charm Fit in cash. The Consideration will be paid in two stages, with the first payment of HK$80,000,000 to be made on or before 27 March 2013 and the payment of the balance HK$50,752,647.08 on Completion. Charm Fit will procure Champ Mark to execute the documents necessary for the release and discharge of (i) the first ranking mortgage over part of the Land concurrently with and upon the receipt of the first payment and (ii) the first ranking mortgage over the remaining part of the Land concurrently with and upon the receipt of the payment of the balance Consideration on Completion.

No material conditions are attached to the Sale, save that it is a condition precedent of the Completion that the Borrower pay all outstanding interest (save for default interest) and all relevant reimbursable expenses incurred by Champ Mark due and owing under the Mezzanine Loan to Champ Mark by the Borrower as at Completion no later than four business days prior to Completion.

40. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 20 March 2013.

SHAREHOLDING STATISTICS

As at 11 March 2013

Issued and Fully Paid-up Capital	:	$64,460,182
No. of Shares Issued	:	125,667,324
Class of Shares	:	Ordinary share
Voting Rights	:	One vote per share

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	528	18.60	125,037	0.10
1,000 - 10,000	1,846	65.05	6,405,124	5.10
10,001 - 1,000,000	459	16.17	22,470,446	17.88
1,000,001 and above	5	0.18	96,666,717	76.92
	2,838	100.00	125,667,324	100.00

SUBSTANTIAL SHAREHOLDERS

(as shown in the Register of Substantial Shareholders)

	Name	Beneficial Interest	%	Deemed Interest	%
1	Jeremiah Holdings Limited	4,999,283	3.98	20,004,000(1)	15.92
2	Goldstream Capital Limited	27,493,311	21.88	–	–
3	Nine Heritage Pte Ltd	20,004,000	15.92	–	–
4	Pantogon Holdings Pte Ltd	36,165,052	28.78	–	–
5	Dragon Board Holdings Limited	–	–	25,003,283(2)	19.90
6	Ir Endang Utari Mokodompit	–	–	25,003,283(3)	19.90
7	Max Turbo Limited	–	–	25,653,283(4)	20.41
8	Tamsett Holdings Limited	–	–	25,653,283(5)	20.41
9	Goldmax Pacific Limited	–	–	36,165,052(6)	28.78
10	Win Joyce Limited	–	–	36,165,052(7)	28.78
11	Lippo China Resources Limited	–	–	61,927,335(8)	49.28
12	Skyscraper Realty Limited	–	–	61,927,335(9)	49.28
13	First Tower Corporation	–	–	61,927,335(10)	49.28
14	Lippo Limited	–	–	61,927,335(11)	49.28
15	Lippo Capital Limited	–	–	61,927,335(12)	49.28
16	Lanius Limited	–	–	61,927,335(13)	49.28
17	James T. Riady	–	–	61,927,335(14)	49.28
18	Stephen Riady	–	–	89,420,646(15)	71.16
19	Bravado International Ltd.	–	–	27,493,311(16)	21.88

Note:

(1) Jeremiah Holdings Limited ("Jeremiah") is deemed to be interested in the shares held by Nine Heritage Pte Ltd ("Nine Heritage") in Auric Pacific Group Limited ("APGL").

(2) Dragon Board Holdings Limited ("Dragon Board") is deemed to be interested in the shares held by Jeremiah and Nine Heritage in APGL.

(3) Ir Endang Utari Mokodompit is deemed to be interested in the shares held by Jeremiah and Nine Heritage in APGL.

(4) Max Turbo Limited ("Max Turbo") is deemed to be interested in the shares held by Dragon Board and its related corporations in APGL.

(5) Tamsett Holdings Limited ("Tamsett") is deemed to be interested in the shares held by Max Turbo and its related corporations in APGL.

(6) Goldmax Pacific Limited ("Goldmax") is deemed to be interested in the shares of APGL through Pantogon Holdings Pte Ltd ("Pantogon").

(7) Win Joyce Limited ("Win Joyce") is deemed to be interested in the shares of APGL through Goldmax. Win Joyce is a wholly-owned subsidiary of Lippo China Resources Limited ("LCR").

(8) LCR is deemed to be interested in the shares held by Tamsett, Win Joyce and their related corporations in APGL.

(9) Skyscraper Realty Limited ("Skyscraper") is deemed to be interested in the shares held by LCR and its related corporations in APGL.

(10) First Tower Corporation ("First Tower") is deemed to be interested in the shares held by Skyscraper and its related corporations in APGL.

(11) Lippo Limited ("Lippo") is deemed to be interested in the shares held by First Tower and its related corporations in APGL.

(12) Lippo Capital Limited ("Lippo Capital") is deemed to be interested in the shares held by Lippo and its related corporations in APGL.

(13) Lanius Limited ("Lanius") is deemed to be interested in the shares held by Lippo Capital and its related corporations in APGL.

(14) Mr. James T. Riady is deemed to be interested in the shares held by Lanius and its related corporations in APGL.

(15) Dr. Stephen Riady ("Dr. SR") is deemed to be interested in the shares held by Lanius and its related corporations in APGL. Lanius is the trustee of a discretionary trust of which, inter alia, Dr. SR and other members of the family are the beneficiaries. Dr. SR is also deemed to be interested in the shares of APGL through Bravado International Ltd. ("Bravado"). Dr. SR is the beneficial owner of the entire issued share capital of Bravado.

(16) Bravado is deemed to be interested in the shares of APGL held by Goldstream Capital Limited ("Goldstream"). Goldstream is a wholly-owned subsidiary of Bravado.

TWENTY LARGEST SHAREHOLDERS

(as shown in the Register of Members)

	Name	No of Shares Held	%
1	Citibank Nominees Singapore Pte Ltd	62,467,367	49.71
2	DMG & Partners Securities Pte Ltd	27,542,311	21.92
3	Lee Rubber Company Pte Ltd	3,712,457	2.95
4	HSBC (Singapore) Nominees Pte Ltd	1,840,581	1.46
5	DBS Nominees Pte Ltd	1,104,001	0.88
6	Raffles Nominees (Pte) Ltd	988,386	0.79
7	United Overseas Bank Nominees Pte Ltd	902,529	0.72
8	DBS Vickers Securities (S) Pte Ltd	680,144	0.54
9	Phillip Securities Pte Ltd	652,265	0.52
10	Hong Leong Finance Nominees Pte Ltd	629,000	0.50
11	Ng Soo Giap	535,000	0.42
12	OCBC Nominees Singapore Pte Ltd	527,000	0.42
13	Chee Swee Cheng & Co Pte Ltd	518,469	0.41
14	Tan Chee Jin	460,000	0.37
15	Seet Christina	400,000	0.32
16	Atlas Ice (Singapore) Private Limited	305,735	0.24
17	Goh Geok Loo	300,000	0.24
18	Saw Phaik Hwa	270,000	0.21
19	OCBC Securities Private Ltd	262,040	0.21
20	Citibank Consumer Nominees Pte Ltd	259,100	0.21
		104,356,385	83.04

FREE FLOAT

Based on the information available to the Company as at 11 March 2013, approximately 28.63% of the issued ordinary shares of the Company is held by the public and the Company is in compliance with Rule 723 of the Listing Manual.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty-Sixth Annual General Meeting of Auric Pacific Group Limited will be held at Mandarin Ballroom III, Level 6, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867 on 25 April 2013 at 10 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements for the year ended 31 December 2012 and the Auditors' Report thereon. **(Resolution 1)**

2. To declare and approve a one-tier tax exempt final dividend of 3 cents per share for the year ended 31 December 2012. **(Resolution 2)**

3. To approve directors' fees of S$492,000 (FY31/12/2011: S$485,250) for the year ended 31 December 2012. **(Resolution 3)**

4. To re-elect separately the following directors who retire and being eligible offered themselves for re-election:

   (a) Mr. Albert Saychuan Cheok, who retires by rotation pursuant to Article 91 of the Articles of Association of the Company, as Director of the Company. **(Resolution 4)**
   [See Explanatory Note 1]

   (b) Dr. Ronnie Tan Keh Poo @ Tan Kay Poo, who retires by rotation pursuant to Article 91 of the Articles of Association of the Company, as Director of the Company. **(Resolution 5)**
   [See Explanatory Note 2]

5. To re-appoint Messrs Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

6. To transact any other business that may be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

7. **Authority to issue shares**

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorised and empowered to:

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

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

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

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

(1) the aggregate number of Shares (including shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per cent (50%) of the total number of issued Shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per cent (20%) of the total number of issued Shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares shall be based on the total number of issued Shares in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

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

(4) unless revoked or varied by the Company in a 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 earlier.

[See Explanatory Note 3] **(Resolution 7)**

By Order of the Board

Saw Phaik Hwa
Executive Director and Group Chief Executive Officer

10 April 2013
Singapore

Note: A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote in his stead and the proxy need not be a Member of the Company. The instrument appointing the proxy must be lodged at the Company's registered office at 50 Collyer Quay #06-03 OUE Bayfront Singapore 049321 not less than 48 hours before the time fixed for the meeting.

NOTICE OF ANNUAL GENERAL MEETING

ORDINARY BUSINESS

Explanatory Notes:

1. In relation to Resolution 4, Mr. Albert Saychuan Cheok will upon re-election continue to serve as Independent Non-Executive Chairman and Chairman of the Remuneration Committee. Mr Cheok does not have any relationships including immediate family relationships with any Director, the Company and any shareholder holding 10% or more.

2. In relation to Resolution 5, Dr. Ronnie Tan Keh Poo @ Tan Kay Poo will upon re-election continue to serve as Non-Executive Director and Member of the Audit Committee. Dr. Tan does not have any relationships including immediate family relationships with any Director, the Company and any shareholder holding 10% or more.

3. Resolution 7 in item 7 above, if passed, will empower the Directors of the Company, effective 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued Shares in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

   For determining the aggregate number of Shares that may be issued, the total number of issued Shares will be calculated based on the total number of issued Shares in the capital of the Company at the time Resolution 7 is passed after adjusting for 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 when Resolution 7 is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

NOTICE OF BOOK CLOSURE

DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Annual General Meeting of the Company to be held on 25 April 2013, a one-tier tax exempt final dividend of 3 cents per share for the year ended 31 December 2012 will be paid on 23 May 2013. The Share Transfer Books and Register of Members of the Company will be closed on 6 May 2013 for the preparation of dividend warrants.

Duly completed and stamped transfers received by the Company's Registrar, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902 up to 5:00 p.m. on 3 May 2013 (the "Book Closure Date") will be registered to determine shareholders' entitlement to the proposed dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares as at the Book Closure Date will be entitled to the proposed dividend.

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PROXY FORM

AURIC PACIFIC GROUP LIMITED

Company Registration No. 198802981D
(Incorporated in the Republic of Singapore)

Registered Office:
50 Collyer Quay
#06-03, OUE Bayfront
Singapore 049321

IMPORTANT:

1. For investors who have used their CPF moneys to buy ordinary shares in the capital of Auric Pacific Group Limited, the 2012 Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. **CPF investors who wish to attend the Annual General Meeting as OBSERVERS have to submit their requests through their respective CPF Approved Nominees so that their CPF Approved Nominees may register with the Company's Registrar. (Please see Note No. 10 on the reverse of this page).**

I/We ____________________, NRIC/Passport No. ____________________

of ____________________

being a member of Auric Pacific Group Limited hereby appoint

NAME	ADDRESS	NRIC/PASSPORT NO.	PROPORTION OF SHAREHOLDINGS (%)

and/or failing him/her (delete as appropriate)

NAME	ADDRESS	NRIC/PASSPORT NO.	PROPORTION OF SHAREHOLDINGS (%)

As my/our proxy to vote for me/us and on my/our behalf at the Twenty-Sixth Annual General Meeting of the Company to be held at held at Mandarin Ballroom III, Level 6, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867 on 25 April 2013 at 10 a.m. to transact the following business and at any adjournment thereof in the manner indicated below.

NO.	RESOLUTIONS RELATING TO	BY HAND		BY POLL	
		FOR	AGAINST	NO. OF VOTES FOR	NO. OF VOTES AGAINST
1.	Directors' Report and Audited Financial Statements				
2.	Declaration of Dividend				
3.	Directors' Fees				
4.	Re-election of Mr. Albert Saychuan Cheok as a Director				
5.	Re-election of Dr. Ronnie Tan Keh Poo @ Tan Kay Poo as a Director				
6.	Re-appointment of Ernst & Young LLP as Auditors				
7.	Authority to issue new shares				

__________ day of ____________________ 2013

Total Number of Shares Held

____

Signature of Member(s)/Common Seal.

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Notes:

1. A member entitled to attend and vote at the General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead and the proxy need not be a member of the Company.

2. A member may use separate proxy forms for purpose of appointing not more than two proxies. The appointments of such proxies shall be invalid unless he specifies the number of shares to be represented by each proxy on the respective proxy forms.

3. In the case of voting by show of hands; if you wish to vote "FOR" the respective resolutions, please indicate an "✓" in the box marked "FOR". If you wish to vote "AGAINST" the respective resolutions, please indicate an "✓" in the box marked "AGAINST".

4. In the case of a poll, please insert the total number of shares held by you against the respective resolutions. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies will be deemed to relate to all the shares held by you.

5. The instrument appointing a proxy or proxies must be executed under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy is signed on behalf of the appointer 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 in accordance to note 6 below. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under the common seal of the corporation or under the hand of any officer or attorney duly authorised.

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Affix
Stamp
Here

The Company Secretary
Auric Pacific Group Limited
50 Collyer Quay
#06-03 OUE Bayfront
Singapore 049321

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6. The instrument appointing the proxy must be lodged at the Company's registered office at 50 Collyer Quay #06-03, OUE Bayfront Singapore 049321 not less than 48 hours before the time fixed for the Annual General Meeting.

7. The Company is 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 appointer are not ascertainable from the instructions of the appointer specified in the instrument appointing a proxy or proxies.

8. If the member is a Depositor, the Company shall be entitled and bound (a) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at 48 hours before the time of the Annual General Meeting as certified by the Depository to the Company and (b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at 48 hours before the time of the Annual General Meeting as certified by the Depository to the Company, whether the number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.

9. If the Proxy Form contains no indication as to how the proxy should vote in relation to each resolution, the proxy shall vote as it deems fit or abstain from voting.

10. CPF Approved Nominees acting on the request of the CPF investors who wish to attend the meeting as observers are requested to submit in writing, a list with details of the investor's names, NRIC/Passport numbers, addresses and number of Shares held. The list, signed by an authorised signatory of the relevant CPF Approved Nominees, should reach the Company's Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902, at least 48 hours before the time appointed for holding the Annual General Meeting.

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AURIC PACIFIC GROUP LIMITED

(Company Registration No. 198802981D)

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