Thai Village Holdings Ltd

Annual Report 2011

THE RIGHT INGREDIENTS

Our Traditions,
Philosophy,
And Recipes

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Corporate Structure

Thai Village Holdings Ltd

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Quanzhou
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Hanoi

Experience Thai Village

A vital ingredient to our business is our deep-seated commitment to offer the best food and service in all our restaurants. Upholding a tradition of goodness, we believe that consistency is the key to meet our customer's expectations.

Thai Village Holdings Ltd, together with our subsidiaries, manages two key business segments – restaurant operations and restaurant management services. To date, we proudly own a chain of 6 self-managed restaurants and 13 franchise restaurants, catering to the expectations of discerning palates of sophisticated consumers.

Established in 1991 with our flagship Thai Village Sharksfin Restaurant in Singapore, we have grown steadily in regional capacity to become a benchmark for exquisite Thai-Teochew cuisine in Singapore, China, Vietnam and Indonesia. Our signature dish, the Braised Superior Shark's Fin soup, is served at all Thai Village restaurants. Today, we continue to whet appetites with our finest ingredients, delicate taste and outstanding service in the region, serving up Thai-Teochew delicacies to our customers.

Chairman's Message

"keeping the Thai Village Tradition of Goodness"

Dear Shareholders,

Financial Year 2011 has been a challenging year for our Group. We had to contend with volatile market dynamics and an increasingly competitive China landscape. Group-wide, we saw a decrease in revenue by about $2.1 million from $31.0 million in FY2010 to $28.9 million in FY2011. China revenue saw a decrease of about $2.4 million from $14.4 million in FY2010 to $12.0 million in the year in review. Meanwhile, Singapore revenue increased marginally by $0.3 million or 3.4% from $16.5 million in FY2010 to $16.8 million in FY2011 mainly driven by an upsurge in restaurant revenue. Profit before tax fell by about $1.5 million as compared to the previous year due to lower Group sales, higher personnel costs, and impairment losses. With net profit margins reducing by 3.6 percentage points to 5.8% for the year in review, net profits were booked at $1.7 million.

As the country with our largest number of overseas outlets, China remains a significant part of our operations. A long-standing challenge with our China operations has been inflation. This has increased the costs of raw materials as well as wages, with the rising cost of living in the cities we operate in. At the same time, we aim to maintain our market share and as such can only increase prices to a limited extent. The resultant effect has been a decrease in our China profit margins.

Closer to shore, Singapore operations remained on an even keel over the year in review. The business environment was conducive, with Singapore's consumer confidence remaining robust, despite the uncertainties in the global economy.

Across the Group, we will build on our wide restaurant network and develop marketing strategies to enhance our reputation for fine, authentic Thai Teochew dining.

Looking Ahead

As we look ahead to the new year, we see that the global economic outlook is taking a turn for the worse with economic uncertainties surrounding China and Singapore where we have our core operations. However, Singapore may remain resilient based on Nielsen's second quarter calendar year 2011 Global Consumer Confidence Survey.

Across the Group, we will build on our wide restaurant network and develop marketing strategies to enhance our reputation for fine, authentic Thai Teochew dining. Our fundamental strength as a five-star provider of quality dining has much potential for development, especially in light of the greater appreciation for fine dining domestically and abroad. As a fine dining enterprise, we must continue to focus on improving the customer dining experience, working on upgrading service standards as well as culinary offerings and expertise.

While we forge forward, we will have to manage escalating operating expenses in an inflationary environment. Worldwide inflation is a constant constraint we have to adapt to, going into Financial Year 2012.

To further minimise costs, we manage our inventory actively, centrally procuring and purchasing in bulk, products that have longer shelf life, in order to realise economies of scale. Nonetheless, we will have to balance cost efficiency in procurement with quality guidelines. This will ultimately result in higher yield while maintaining our brand name.

Beyond internal improvements and organic growth, we will continue to seek opportunities in Singapore, China and Asian markets.

Chairman's Message

Dividends

To reward our loyal shareholders, we recommend a dividend of 0.8 cents per ordinary share to be approved at the upcoming annual general meeting.

Conclusion

The past year has been challenging. On behalf of the Board, I would like to thank our directors, management and staff for their dedication and expertise in these times. As a people-centred restaurant business in a dynamic environment, we recognise that the quality of our brand is very much dependent on the quality of all of our employees and Board. At this juncture, I would like to welcome Mr Hoon Tai Meng as an independent director. We look forward to his contributions. In turn, we would like to thank independent director Mr Chow Kok Kee for his advice and expertise with his retirement from the Board in January 2011.

Last but not least, our progress has been made possible with capable business partners and loyal shareholders. We thank you for your support and look forward to the year ahead.

Lee Tong Soon
Chairman and Managing Director

Operations Review

Turnover and Earnings

During the year in review, the group saw a slight decrease in revenue due to competition in the PRC market and closure of the under-performing Kunming outlet. Meanwhile, revenue from Singapore edged up, boosted by healthy domestic consumer spending and a buoyant tourism sector.

Group revenue for Financial Year 2011 was booked at $28.9 million, a 7% decrease from $31.0 million the year before. Personnel costs increased by approximately $0.6 m as a result of higher salaries arising from a tighter labour market and cessation of the Jobs Credit Scheme. Other operating costs increased by about 1% mainly due to impairment loss. All in, profit before tax saw a 36% fall or about $1.5 million, from $4.1 million in FY 2010 to $2.6 million in FY 2011 due to lower sales, higher personnel costs, impairment loss on fixed assets and investment in unquoted equity shares. Profit after tax saw a 42% year-on-year decrease from $2.9 million in FY 2010 to $1.7 million for FY2011. Basic earnings per share correspondingly saw a decrease from 1.40 cts in FY 2010 to 0.81 cts in FY 2011. Net asset value per share moderated from 9.13 cts as of 30 September 2010 to 9.08 cts as of 30 September 2011.

Singapore and Overseas Performance

A healthy domestic consumer market bolstered business in our home base of Singapore. Operations here grew $0.3 million as compared to the previous year mainly due to an increase in restaurant sales. However, profit before tax from Singapore operations decreased by about $1.3 million mainly due to a $0.7 million increase in personnel costs , impairment loss on fixed assets of approximately $0.2 million, impairment loss on investments of about $0.1 million, decrease in franchise income of about $0.3 million and decrease in other income of about $0.2 million. The reduced franchise income is mainly due to lack of new franchisees in the current year and decrease in franchise outlet sales. The Group now has 10 franchise outlets in the PRC, 2 franchise outlets in Vietnam and 1 franchise outlet in Indonesia.

Operations Review

In contrast to Singapore, turnover in the People's Republic of China (PRC) saw a reduction of about $2.4 million over the year mainly due to lower sales from all our 3 restaurants in Shanghai and closure of the Kunming outlet. Profit before tax from PRC operations moderated by approximately $0.2 million mainly due to lower sales achieved during the financial year.

In Indonesia, royalty income from our franchise outlet in Surabaya remained stable. However, royalty income from Vietnam decreased by about 19% due to lower sales in our franchise outlets in Ho Chi Minh City and Hanoi.

Human Resources Development

As a fine dining establishment, Thai Village recognises the importance of well-trained and customer-orientated staff. Towards that end, we continue to develop our staff's capabilities. One of the avenues we undertake is on-the-job training. We are a Certified On-the-Job Training Centre (COJTC) for the Institute of Technical Education. This allows our employees to be trained on-site by us and receive an OJT certificate.

Operations Review

Balance Sheet and Cash Flow

During FY 2011, our balance sheet and cash flow remained healthy. Fixed assets decreased by $0.8 million mainly due to depreciation charges. Meanwhile, current assets increased by $1.6 million as compared to the previous year mainly due to increase in stocks and cash generated during the current financial year. Current liabilities increased by $1 million mainly due to an increase in trade creditors as a result of higher stock holdings to reduce the impact of increasing raw material prices and provision for reinstatement costs.

Net cash flow over the financial year decreased by approximately $2.1 million compared to the previous year mainly due to lower net profit generated, higher capital expenditure and higher dividend paid during the financial year. The Group's cash and cash equivalents at the end of the financial year increased by $0.8m as compared to the previous year.

Board of Directors

MR LEE TONG SOON

MR LEE TONG KUON

MR KOK NYONG PATT

Dr. JOHN CHEN SEOW PHUN

MR HOON TAI MENG

MS JULIA KWOK YUNG CHU

MR LEE TONG SOON

Chairman and Managing Director

He is responsible for the overall management and business development of the Group. Mr Lee is one of the founding shareholders of Thai Village Sharksfin Restaurant Pte Ltd ("TVSR") and has been the Managing Director of TVSR since its incorporation in 1995. He has been instrumental in the Group's expansion and has been shaping the development and growth of the Group's operations since 1991. Prior to founding the Group, Mr Lee was an estate officer with the Housing Development Board from 1983 to 1990. He joined McDonald's Restaurants Pte Ltd as a real estate manager from 1990 to 1991 where he was responsible for finding new locations for new McDonald's restaurants. Mr Lee holds a Bachelor Degree in Arts and Social Science from the National University of Singapore.

MR LEE TONG KUON

Executive Director

He is one of the founding shareholders of TVSR and has been a director since its incorporation in 1995. His primary responsibility is in kitchen operations. He oversees the setting up of the kitchen in the Group's new restaurants and personally trains new kitchen staff. Mr Lee is the master chef of the Group and is in charge of introducing new dishes to the menu. He has over 20 years of experience in Thai-Teochew style cooking. Prior to joining us in 1991, he was a chef at Klongtan Ping Sharksfin Restaurant in Thailand and Singapore from 1989 to 1991.

Customer satisfaction is top priority in Thai Village restaurants. This entails close attention to customer's needs and a constant willingness to elevate our standards.

MR KOK NYONG PATT

Executive Director

He is one of the founding shareholders of the TVSR and has been a director since its inception in 1995. His areas of responsibilities include business development, business strategy and planning, human resource management and business administration. Prior to joining the Group in 1992, Mr Kok was a petroleum cargo officer with Hong Lam Shipping Pte Ltd from 1986 to 1992.

Dr. JOHN CHEN SEOW PHUN

Independent Director

He was appointed as an Independent Director of the Company in December 2001. He is the Managing Director of JCL Business Development Pte Ltd and the Chairman of SAC Capital Pte Ltd. He also sits on the Board of a number of listed companies. He was the Assistant Secretary General of the NTUC from 1991 to 1997 and served as the Deputy Chairman and Managing Director of the NTUC Healthcare Co-op Ltd from 1992 to 1997. Dr Chen was a Member of Parliament from September 1988 to April 2006. From March 1997 to June 1999, he was the Minister of State for Communications. From June 1999 to November 2001, he was the Minister of State for Communications & Information Technology and Minister of State for National Development. Prior to joining the Government in 1997, Dr Chen has served as a Board Member of the Economic Development Board, the Housing and Development Board, the Port of Singapore Authority and Singapore Power Ltd. Dr Chen holds a PhD in Electrical Engineering from the University of Waterloo, Canada. He taught at the National University of Singapore from 1983 to 1991.

MS JULIA KWOK YUNG CHU

Independent Director

She was appointed on 1 December 2007. A Certified Practising Accountant of CPA Australia, Ms Julia Kwok holds a Bachelor of Economics from Monash University and has many years of professional accounting and management experience. Ms Julia Kwok has been the Financial Controller responsible for finance and management functions for the Thai Village Group of Companies from 1999 to 30 September 2007. Prior to joining the Group in 1999, she has held various accounting positions with companies including Shell International Trading Company, Daly Smith Corporation Pty Ltd, IPL Daltron Sydney, Sembawang Industrial Manufacturing Pte Ltd and Price Waterhouse. Ms Julia Kwok is currently a business and financial consultant to various clients of Olea Private Limited.

MR HOON TAI MENG

Independent Director

He was appointed an Independent Director of the Company on 1 February 2011. He is currently an executive director of Chip Eng Seng Corporation Ltd and formerly a partner with M/s KhattarWong. Besides having around 15 years of experience in legal practice, he also has approximately 20 years of experience in financial planning and management, audit and tax functions. He has a Bachelor of Commerce degree in accountancy from the Nanyang University and a LLB (Honours) from the University of London. Tai Meng is a Fellow of the Chartered Institute of Management Accountants (United Kingdom), a Fellow of the Association of Chartered Certified Accountants (United Kingdom), a Fellow Certified Public Accountant (Singapore) and a Barrister-at-Law (Middle Temple, United Kingdom). He is an Independent Director of Chinese Global Investors Group Ltd, Sin Ghee Huat Corporation Ltd and Yangtze China Investment Limited. In addition, he is also a non-executive non independent director of Intraco Limited.

Key Executives

MR MAXTEIN OH KOK THAI

Group General Manager

He was appointed as Group General Manager on 1 May 2006 to oversee the Group operations including regional business development, human resource & administration as well as sales & marketing. He joined the Group in 1997 as Restaurant Manager and was promoted to Group Operations Manager in 2000 to oversee the operations in Singapore. He was posted to Beijing, China in 2001 as General Manager (Northern China's Operation) for setting up and managing the restaurants in Northern China and franchise operations in China. He was promoted to General Manager for China's Operation in 2004, based in Shanghai to oversee the operations in China. Prior to joining the Group, he has held managerial positions with Conrad International Centennial Singapore, Pondok Gurame Group of Restaurants, Jumbo Group of Restaurants, Yunnan Group of Restaurants and he has also worked with The Westin Stamford and The Westin Plaza. Mr. Oh is a graduate from American Hotel and Lodging Educational Institute in Hospitality Management and he holds a certificate in Advanced Certificate in Training And Assessment from Institute of Adult Learning Singapore. He is a Certified Industry Trainer and Assessor as well as a Certified WSQ Trainer and Assessor by Institute of Technical Education Singapore and Singapore Workforce Development Agency.

MS VENETIA YONG CHIN CHING

Financial Controller

She was appointed on 1 October 2007. As the Financial Controller, Ms Yong is responsible for the finance and management reporting functions of the Group. She has many years of accounting and management experience. Prior to joining the Group in September 2006, she has held various finance and accounting positions within the Thakral Group of companies and Acer Group of companies and has also worked in audit. Ms Yong is ACCA qualified and a CPA Singapore.

MR KENNY CHIANG KIAN NEE

General Manager (China Operation)

He is responsible for the operations and business development of the Group's subsidiaries and franchisees in the PRC. Prior to joining the Group in December 1999, Mr Chiang was a real estate manager with MLS Pro-Link Pte Ltd from 1995 to 1999. Mr Chiang also worked as a cargo officer with Hong Lam Bunkers Pte Ltd from 1992 to 1995 and as a chef with Hilton Hotel International Singapore from 1990 to 1992.

Financial Highlights & Corporate Information

BOARD OF DIRECTORS

Mr Lee Tong Soon (Chairman and Managing Director)
Mr Lee Tong Kuon (Executive Director)
Mr Kok Nyong Patt (Executive Director)
Dr. John Chen Seow Phun (Independent Director)
Mr Chow Kok Kee (Independent Director, resigned on 20 January 2011)
Ms Julia Kwok Yung Chu (Independent Director)
Mr Hoon Tai Meng (Independent Director, appointed on 1 February 2011)

JOINT COMPANY SECRETARIES

Mr Chew Kok Liang (Resigned on 19 May 2011 and re-appointed on 1 July 2011)
Ms Loh Siew Lee (Resigned on 16 May 2011)

REGISTERED OFFICE

Block 1002 Tai Seng Avenue
#01-2536 Singapore 534409

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

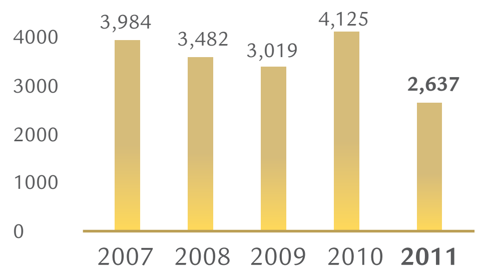
AUDITORS

Ernst & Young LLP
Partner in-charge: Ang Chuen Beng
(Appointed since financial year ended 30 September 2010)

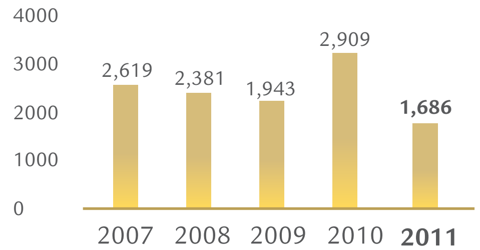
PRINCIPAL BANKERS

United Overseas Bank Limited

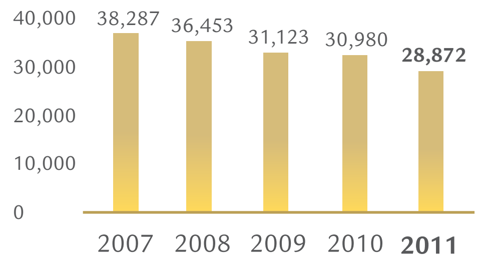
PROFIT BEFORE TAXATION (S$'000)



PROFIT AFTER TAXATION (S$'000)



TURNOVER (S$'000)



Our International Presence

SELF-MANAGED RESTAURANTS

SINGAPORE (新加坡分店)

Jurong 裕廊
19 Yung Ho Road
Singapore 618592 — Tel: (65) 6268 3885
Fax: (65) 6268 2006

Leisure Park Kallang 加冷娱乐广场
5 Stadium Walk, #01-50 Leisure Park
Kallang Singapore 397693 — Tel: (65) 6440 2292
Fax: (65) 6440 7285

Goodwood Park 良木园
22 Scotts Road Goodwood Park Hotel
Singapore 228221 — Tel: (65) 6440 8251
Fax: (65) 6440 0748

CHINA OUTLETS （中国分店）

Shanghai 上海

虹桥路2266号(阳光大酒店内)	电话：(86) 21-62627676
北京西路61号 (新金桥广场内)	电话：(86) 21-62588585
蒲东潍坊路328号 (嘉瑞酒店内)	电话：(86) 21-68548282

FRANCHISE RESTAURANTS

CHINA （中国加盟店）

Shanghai 上海

奉贤南桥路1号	电话：(86) 21-57429999-2188
国定东路237号（金储广场北侧）	电话：(86) 21-55221717
静安区巨鹿路889号7-8楼	电话：(86) 21-66971717

Fujian 福建

泉州市泉秀路五矿大厦	电话：(86) 595-22552022

Hubei 湖北

武汉市汉口黄埔大街27号（中原大酒店）	电话：(86) 6882-9999

Jiangsu 江苏

南京市秣陵路108号	电话：(86) 25-84227188
常州市怀德中45号中油国际大酒店四楼	电话：(86) 519-6808068

Anhui 安徽

芜湖市北京东路1号世纪花园	电话：(86) 553-3120988

Beijing 北京

北京市丰台区六里桥风荷曲苑3号楼602	电话：(86) 10-52731777
朝阳区劲松三区甲302号	
华腾大厦二层206单元	电话：(86) 10-87730088

VIETNAM （越南加盟店）

Ho Chi Minh City 胡志明市
38, Ly Tu Trong street, Ben Nghe Ward,
District 1 — Tel: (84) 8 8256704/5

Hanoi 河内
3B Le Thai To Street, Hang Trong Ward,
Hoan Kiem District — Tei: (84) 4 3938 1168

INDONESIA （印尼加盟店）

Surabaya 泗水
Mal Galaxy Lantai Satu, No. 107-109,
Jl. Dharmahusada Indah Timur 37,
Surabaya 60115 — Tel: (62) 31-5937368
Fax: (62) 31-5937298

Directors' Report

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Thai Village Holdings Ltd (the "Company") and its subsidiary companies (collectively, the "Group"), and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 September 2011.

Directors

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

Lee Tong Soon
Lee Tong Kuon
Kok Nyong Patt
Dr. John Chen Seow Phun
Julia Kwok Yung Chu
Hoon Tai Meng (Appointed on 1 February 2011)

In accordance with Articles 107 and 117 of the Company's Articles of Association, Lee Tong Kuon and Hoon Tai Meng retire and, being eligible, offer themselves for re-election.

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

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

	Direct interests			Deemed interests		
	1.10.2010	**30.9.2011**	**21.10.2011**	**1.10.2010**	**30.9.2011**	**21.10.2011**
The Company						
Lee Tong Soon(1)	23,528,226	23,528,226	23,528,226	12,500(2)	12,500(2)	12,500(2)
Kok Nyong Patt	22,815,225	22,815,225	22,815,225	12,500(3)	12,500(3)	12,500(3)
Lee Tong Kuon(1)	22,252,725	22,252,725	22,252,725	247,500(4)	247,500(4)	247,500(4)
Julia Kwok Yung Chu	55,000	55,000	55,000	–	–	–
Dr. John Chen Seow Phun	–	–	–	62,500(5)	62,500(5)	62,500(5)

Note :

(1) Lee Tong Soon and Lee Tong Kuon are brothers;
(2) 12,500 (2010: 12,500) shares are held in the name of Lim Teck Eng, who is the spouse of Lee Tong Soon;
(3) 12,500 (2010: 12,500) shares are held in the name of Ho Choy Pheng, who is the spouse of Kok Nyong Patt;
(4) 247,500 (2010: 247,500) shares are held in the name of Lee Shiet Shiong, who is the son of Lee Tong Kuon; and
(5) 62,500 (2010: 62,500) shares are held in the name of Lim Kok Huang, who is the spouse of Dr. John Chen Seow Phun.

Directors' interests in shares and debentures (cont'd)

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, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year, or on 21 October 2011.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Share options

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

Audit Committee

The Audit Committee ("AC") carries out its functions in accordance with Section 201B(5) of the Act, Cap. 50, 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 half-yearly 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 the cost effectiveness, 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, and reviews the scope and results of the audit;
- Reviews the 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;
- Reviews the 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 interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual;
- 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; and
- Reports actions and minutes of the AC to the Board of directors with such recommendations as the AC considers appropriate.

Audit Committee (cont'd)

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

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

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

Auditors

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of directors:

Lee Tong Soon
Chairman and Managing Director

Kok Nyong Patt
Executive Director

Singapore
14 December 2011

Statement by Directors

We, Lee Tong Soon and Kok Nyong Patt, being two of the directors of Thai Village Holdings Ltd (the “Company”), do hereby state that, in the opinion of the directors:-

(i) the accompanying balance sheets, consolidated statement of comprehensive income, statements of changes in equity, and consolidated statement of cash flows, together with 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 30 September 2011, 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:

Lee Tong Soon
Chairman and Managing Director

Kok Nyong Patt
Executive Director

Singapore
14 December 2011

Independent Auditors' Report

To the Members of Thai Village Holdings Ltd

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Thai Village Holdings Ltd (the "Company") and its subsidiary companies (collectively, the "Group") set out on pages 19 to 66, which comprise the balance sheets of the Group and the Company as at 30 September 2011, the statements of changes in equity of the Group and the Company, and the consolidated statements of comprehensive income and cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated 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 consolidated 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 30 September 2011 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Independent Auditors' Report
To the Members of Thai Village Holdings Ltd

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
14 December 2011

Balance Sheets

As at 30 September 2011

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	3,149	3,991	–	–
Investment in unquoted equity shares	5	–	100	–	–
Investments in subsidiary companies	6	–	–	2,061	2,061
Deposits	9	610	529	–	–
		3,759	4,620	2,061	2,061
Current assets					
Stocks	7	2,294	1,356	–	–
Trade debtors	8	134	185	18	46
Other debtors	9	258	209	32	19
Deposits	9	102	150	–	–
Prepayments		133	259	9	13
Amounts due from subsidiary companies (trade)	10	–	–	2,291	3,323
Amounts due from subsidiary companies (non-trade)	10	–	–	2,776	1,596
Cash and cash equivalents	11	18,505	17,699	10,115	10,688
		21,426	19,858	15,241	15,685
Total assets		25,185	24,478	17,302	17,746
EQUITY AND LIABILITIES					
Current liabilities					
Trade creditors	12	1,335	588	–	–
Other creditors and accruals	13	1,581	1,543	427	442
Provisions	13	10	–	–	–
Franchise deposits	13	60	–	60	–
Deferred rental income	13	37	18	–	–
Deferred revenue	13	2,001	1,815	–	–
Amounts due to directors	14	358	443	358	443
Income tax payable		493	628	56	76
		5,875	5,035	901	961
Net current assets		15,551	14,823	14,340	14,724

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

Balance Sheets
As at 30 September 2011

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
EQUITY AND LIABILITIES (CONT'D)					
Non-current liabilities					
Deferred rental income	13	27	69	–	–
Franchise deposits	13	140	220	140	220
Provisions	13	110	–	–	–
Deferred tax liabilities	15	137	151	–	–
		414	440	140	220
Total liabilities		6,289	5,475	1,041	1,181
Net assets		18,896	19,003	16,261	16,565
Equity attributable to owners of the Company					
Share capital	16	14,593	14,593	14,593	14,593
Statutory reserve	17	733	733	–	–
Foreign currency translation reserve	18	(268)	(344)	–	–
Revenue reserve		3,796	3,979	1,668	1,972
		18,854	18,961	16,261	16,565
Non-controlling interests		42	42	–	–
Total equity		18,896	19,003	16,261	16,565
Total equity and liabilities		25,185	24,478	17,302	17,746

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

Consolidated Statement of Comprehensive Income

For the financial year ended 30 September 2011

	Note	Group 2011 $'000	Group 2010 $'000
Revenue	19	28,872	30,980
Other items of income			
Interest income	20	160	90
Other income	21	45	195
Items of expenses			
Raw materials and consumables used		(11,231)	(10,683)
Changes in stocks of finished goods		938	(671)
Employee benefits expenses	22	(8,603)	(8,027)
Depreciation expense	4	(1,060)	(1,203)
Net foreign exchange gain/(loss)		19	(92)
Other expenses		(6,503)	(6,464)
Profit before taxation	23	2,637	4,125
Income tax expense	24	(951)	(1,216)
Profit for the financial year attributable to owners of the Company		1,686	2,909
Other comprehensive income:			
Foreign currency translation		76	(118)
Reclassification of foreign currency translation on disposal of a foreign subsidiary company		–	(59)
Other comprehensive income for the financial year, net of tax		76	(177)
Total comprehensive income for the financial year attributable to owners of the Company		1,762	2,732
Earnings per share attributable to owners of the Company (cents per share)			
Basic	25	0.81	1.40
Diluted	25	0.81	1.40

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

Statement of Changes in Equity

For the financial year ended 30 September 2011

Group	Note	Share capital (Note 16)	Statutory reserve (Note 17)	Revenue reserve	Foreign currency translation reserve (Note 18)	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
		Attributable to owners of the Company						
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
2011								
Balance as at 1 October 2010		14,593	733	3,979	(344)	18,961	42	19,003
Profit for the financial year		–	–	1,686	–	1,686	–	1,686
Other comprehensive income								
Foreign currency translation		–	–	–	76	76	–	76
Total other comprehensive income for the financial year, net of tax		–	–	–	76	76	–	76
Total comprehensive income for the financial year		–	–	1,686	76	1,762	–	1,762
Contributions by and distributions to owners								
Dividends on ordinary shares	26	–	–	(1,869)	–	(1,869)	–	(1,869)
Total contributions by and distributions to owners		–	–	(1,869)	–	(1,869)	–	(1,869)
Balance as at 30 September 2011		14,593	733	3,796	(268)	18,854	42	18,896
2010								
Balance as at 1 October 2009		14,593	705	2,552	(167)	17,683	42	17,725
Profit for the financial year		–	–	2,909	–	2,909	–	2,909
Other comprehensive income								
Foreign currency translation		–	–	–	(177)	(177)	–	(177)
Total other comprehensive income for the financial year, net of tax		–	–	–	(177)	(177)	–	(177)
Total comprehensive income for the financial year		–	–	2,909	(177)	2,732	–	2,732
Contributions by and distributions to owners								
Transfer to statutory reserve		–	28	(28)	–	–	–	–
Dividends on ordinary shares	26	–	–	(1,454)	–	(1,454)	–	(1,454)
Total contributions by and distributions to owners		–	28	(1,482)	–	(1,454)	–	(1,454)
Balance as at 30 September 2010		14,593	733	3,979	(344)	18,961	42	19,003

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

Statement of Changes in Equity

For the financial year ended 30 September 2011

Company	Note	Share capital (Note 16) $'000	Revenue reserve $'000	Total equity $'000
2011				
Balance as at 1 October 2010		14,593	1,972	16,565
Profit for the financial year, representing total comprehensive income for the financial year		–	1,565	1,565
Contributions by and distributions to owners				
Dividends on ordinary shares	26	–	(1,869)	(1,869)
Total contributions by and distribution to owners		–	(1,869)	(1,869)
Balance as at 30 September 2011		14,593	1,668	16,261
2010				
Balance as at 1 October 2009		14,593	1,895	16,488
Profit for the financial year, representing total comprehensive income for the financial year		–	1,531	1,531
Contributions by and distributions to owners				
Dividends on ordinary shares	26	–	(1,454)	(1,454)
Total contributions by and distribution to owners		–	(1,454)	(1,454)
Balance as at 30 September 2010		14,593	1,972	16,565

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

Consolidated Statement of Cash Flows

For the financial year ended 30 September 2011

	Group	
	2011	**2010**
	$'000	$'000
Cash flows from operating activities		
Profit before taxation	2,637	4,125
Adjustments for:		
Bad debts recovered	(27)	(2)
Stocks written down	1	–
Impairment loss on trade debtors	5	41
Impairment loss on other debtors	41	–
Impairment loss on investment in unquoted equity shares	100	–
Impairment loss on property, plant and equipment	202	149
Depreciation of property, plant and equipment	1,060	1,203
Property, plant and equipment written off	31	42
Interest income	(160)	(90)
Gain on disposal of an investment in subsidiary company	–	(128)
Exchange differences	(51)	138
Operating cash flows before changes in working capital	3,839	5,478
Changes in working capital:		
(Increase)/decrease in stocks	(939)	671
Decrease in trade debtors	73	92
Decrease in other debtors, deposits and prepayments	46	27
Increase/(decrease) in trade creditors	747	(726)
Increase/(decrease) in other creditors and accruals, franchise deposits, deferred rental income, and deferred revenue	179	(7)
(Decrease)/increase in amounts due to directors	(85)	87
Cash flows generated from operations	3,860	5,622
Taxes paid	(1,098)	(1,184)
Net cash flows generated from operating activities	2,762	4,438
Cash flows from investing activities		
Interest received	117	90
Purchase of property, plant and equipment	(313)	(84)
Net cash inflow from disposal of a subsidiary company	–	128
Net cash flows (used in)/generated from investing activities	(196)	134
Cash flows from financing activities		
Payment of dividends to shareholders	(1,869)	(1,454)
Net cash flows used in financing activities	(1,869)	(1,454)
Net increase in cash and cash equivalents	697	3,118
Effect of exchange rate changes on cash and cash equivalents	109	(244)
Cash and cash equivalents at beginning of financial year	17,699	14,825
Cash and cash equivalents at end of financial year (Note 11)	18,505	17,699

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

1. Corporate information

Thai Village Holdings Ltd (the "Company") is a limited liability company incorporated and domiciled in the Republic of 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 Block 1002 Tai Seng Avenue #01-2536, Singapore 534409.

The principal activities of the Company are those of investment holding, franchising, and the provision of management 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 the subsidiary companies are as shown in Note 6 to the financial statements.

Related companies in these financial statements refer to the companies within Thai Village Holdings Ltd group of companies.

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 the 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) as 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 standards and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 October 2010. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

2. Summary of significant accounting policies (cont'd)

2.3 ***Standards issued but not yet effective***

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

Description	***Effective for annual periods beginning on or after***
Revised FRS 24, *Related Party Disclosures*	1 January 2011
Amendments to INT FRS 114, *Prepayments of a Minimum Funding Requirement*	1 January 2011
INT FRS 115, *Agreements for the Construction of Real Estate*	1 January 2011
Amendment to FRS 101, *First-time Adoption of Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*	1 July 2011
Improvements to FRSs issued in 2010:	
– Amendments to FRS 1, *Presentation of Financial Statements*	1 January 2011
– Amendments to FRS 34, *Interim Financial Reporting*	1 January 2011
– Amendments to FRS 101, *First-time Adoption of Financial Reporting Standards*	1 January 2011
– Amendments to INT FRS 113, *Customer Loyalty Programmes*	1 January 2011
– Amendments to FRS 107, *Financial Instruments: Disclosures*	1 January 2011
Amendments to FRS 107, *Disclosures – Transfers of Financial Assets*	1 July 2011
Amendments to FRS 12, *Deferred Tax: Recovery of Underlying Assets*	1 January 2012
Amendments to FRS 1, *Presentation of Items of Other Comprehensive Income*	1 July 2012
Revised FRS 19, *Employee Benefits*	1 January 2013
Revised FRS 27, *Separate Financial Statements*	1 January 2013
Revised FRS 28, *Investments in Associates and Joint Ventures*	1 January 2013
FRS 110, *Consolidated Financial Statements*	1 January 2013
FRS 111, *Joint Arrangements*	1 January 2013
FRS 112, *Disclosure of Interests in Other Entities*	1 January 2013
FRS 113, *Fair Value Measurements*	1 January 2013

Except for the revised FRS 24 and Amendments to FRS 1, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policies on adoption of the revised FRS 24 and Amendments to FRS 1 are described below.

<u>Revised FRS 24, *Related Party Disclosures*</u>

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Group has assessed the impact of the changes to the definition of a related party has on the disclosure of related party transactions, and noted no material impact. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in FY2012.

2. Summary of significant accounting policies (cont'd)

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

Amendments to FRS 1, *Presentation of Items of Other Comprehensive Income*

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.

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

Basis of consolidation from 1 October 2009

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the end of the reporting period. The accounting year-end of the subsidiary companies incorporated in the People's Republic of China is 31 December which is not co-terminous with that of the holding company, Thai Village Holdings Ltd. The consolidated financial statements are prepared based on the management accounts of these subsidiary companies for the 12 months ended 30 September 2011. 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.

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 company, it:

– De-recognises the assets (including goodwill) and liabilities of the subsidiary company 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;

– Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2. Summary of significant accounting policies (cont'd)

2.4 ***Basis of consolidation and business combinations (cont'd)***

(a) ***Basis of consolidation (cont'd)***

Basis of consolidation prior to 1 October 2009

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:

– Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 October 2009 were not reallocated between non-controlling interest 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 October 2009 have not been restated.

(b) ***Business combinations***

Business combinations from 1 October 2009

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 be remeasured until it is finally settled within equity.

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

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. 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.

2. Summary of significant accounting policies (cont'd)

2.4 *Basis of consolidation and business combinations (cont'd)*

(b) *Business combinations (cont'd)*

Business combinations prior to 1 October 2009

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 measurements to the contingent consideration were recognised as part of goodwill.

2.5 *Transactions with non-controlling interests*

Non-controlling interests represent 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 interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 *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.

2. Summary of significant accounting policies (cont'd)

2.6 ***Foreign currency (cont'd)***

(a) ***Transactions and balances (cont'd)***

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 purpose, 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.

2.7 ***Property, plant and equipment***

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. 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.

Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are recognised in profit or loss as incurred.

Depreciation of an asset begins when it is available for use, and is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold properties	-	over respective lease terms of 20 to 30 years
Furniture, fixtures and equipment	-	5 - 8 years
Kitchen and restaurant equipment	-	5 - 10 years
Motor vehicles	-	5 years
Computers	-	1 - 5 years
Operating supplies	-	5 years

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.

The residual values, useful lives and depreciation methods are reviewed at each financial year-end, and adjusted prospectively if appropriate.

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 on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2. Summary of significant accounting policies (cont'd)

2.8 *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 impairment losses.

2.9 *Stocks*

Stocks are valued at the lower of cost and net realisable value. Costs incurred in bringing the stocks to their present location and condition are accounted for on a first-in, first-out basis. Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of stocks to the lower of cost and net realisable value.

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

2.10 *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 at fair value through profit or loss, or held-to-maturity.

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:

(a) ***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 any impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(b) ***Available-for-sale financial assets***

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

Investment in unquoted equity shares whose fair value cannot be reliably measured is measured at cost less any impairment loss.

2. Summary of significant accounting policies (cont'd)

2.10 ***Financial assets (cont'd)***

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has 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 had been recognised in other comprehensive income is recognised in profit or loss.

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

2.11 ***Impairment of assets***

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

(a) ***Impairment of financial assets***

(i) ***Financial assets carried at amortised cost***

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

If there is objective evidence that an impairment loss on financial assets carried at amortised 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 financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in 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 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.

2. Summary of significant accounting policies (cont'd)

2.11 ***Impairment of assets (cont'd)***

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

(ii) ***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.

(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.

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.

Impairment losses are recognised in profit or loss.

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, which cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously.

The Group does not reverse, in a subsequent period, any impairment loss previously recognised.

2. Summary of significant accounting policies (cont'd)

2.12 ***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 plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. The Group does not have any financial liabilities at fair value through profit or loss.

Subsequent measurement

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.

2.13 ***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.

2.14 ***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.

As lessee

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.

2. Summary of significant accounting policies (cont'd)

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

(b) ***Deferred tax***

Deferred tax is provided using the liability method on 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, 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, 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.

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.

2. Summary of significant accounting policies (cont'd)

2.15 ***Taxes (cont'd)***

(b) ***Deferred tax (cont'd)***

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 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) ***Sales tax***

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authorities, in which case the sales 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 sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authorities is included as part of debtors or creditors in the balance sheets.

2.16 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and on hand, and short-term fixed deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Credit card transactions that process in less than seven days are classified as cash at bank.

2.17 ***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) ***Revenue from restaurant operations***

Revenue from restaurant operations is recognised upon the billing of food and beverage (inclusive of 10% service charge) to customers. Revenue represents the invoiced value of food and beverage, net of discounts and sales levy but inclusive of the 10% service charge.

(b) ***Franchise and royalty fees***

Initial franchise income is recognised upon the grant of rights, completion of the designated phases of the franchise setup and transfer of know-how to the franchisee in accordance with the terms stated in the franchise agreement. Royalty fees from franchisees are recognised on a periodic basis as a percentage of the franchisees' revenue or a pre-determined amount in accordance with terms as stated in the franchise agreements.

2. Summary of significant accounting policies (cont'd)

2.17 ***Revenue (cont'd)***

(c) ***Interest income***

Interest income is recognised using the effective interest method.

2.18 ***Employee benefits***

(a) ***Defined contribution plans***

The Group participates in the national pension scheme 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 plans 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 the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2.19 ***Related parties***

A party is considered to be related to the Group if:

(a) The party, directly or indirectly through one or more intermediaries,

(i) controls, is controlled by, or is under common control with, the Group;

(ii) has an interest in the Group that gives it significant influence over the Group; or

(iii) has joint control over the Group;

(b) The party is an associate;

(c) The party is a jointly-controlled entity;

(d) The party is a member of the key management personnel of the Group or its parent;

(e) The party is a close member of the family of any individual referred to in (a) or (d); or

(f) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) The party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

2. Summary of significant accounting policies (cont'd)

2.20 ***Segment reporting***

For management purposes, the Group is organised into operating segments based on their products and services, whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segments and assess the segment performance. Additional disclosures on each of these segments are shown in Note 29, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.21 ***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.

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.

2.22 ***Government grants***

Government grants relating to Jobs Credit Scheme 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. Grants related to income may be presented as a credit in profit or loss. Alternatively, they are deducted in reporting the related expenses.

3. 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.

3.1 *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:

Impairment of available-for-sale investment

The Group evaluates, among other factors, the duration and extent to which the fair value of the financial asset 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. When the fair value declines, management exercises judgement based on the observable data relating to the possible events that may have caused the decline in value to determine whether the decline in value is an impairment that should be recognised in profit or loss. For the financial year ended 30 September 2011, the amount of impairment loss recognised for available-for-sale financial assets was $100,000 (2010: Nil).

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiary companies. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

3.2 *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 property, plant and equipment

The costs of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 1 to 30 (2010: 1 to 30) 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 property, plant and equipment at the end of each reporting period is disclosed in Note 4 to the financial statements. A 5% (2010: 5%) difference in the expected useful lives of these assets from management's estimates would result in approximately 3.0% (2010: 2.0%) variance in the Group's net profit for the financial year.

3. Significant accounting estimates and judgements (cont'd)

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

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. Impairment on property, plant and equipment is disclosed in Note 4 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 amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 8 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 Group company's domicile.

The carrying amounts of the Group's and the Company's income tax payable as at 30 September 2011 are $493,000 (2010: $628,000) and $56,000 (2010: $76,000) respectively. The carrying amount of the Group's deferred tax liabilities as at 30 September 2011 is $137,000 (2010: $151,000).

4. Property, plant and equipment

Group	Leasehold properties	Furniture, fixtures and equipment	Kitchen and restaurant equipment	Motor vehicles	Computers	Operating supplies	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost							
Balance as at 1 October 2009	2,812	6,509	1,140	1,233	287	22	12,003
Additions *	–	43	26	–	15	–	84
Write-offs	–	(373)	(109)	–	(26)	(2)	(510)
Reclassifications	–	(5)	7	–	3	(5)	–
Translation differences	–	(194)	(26)	(7)	(4)	–	(231)
Balance as at 30 September and 1 October 2010	2,812	5,980	1,038	1,226	275	15	11,346
Additions *	–	357	14	16	46	–	433
Write-offs	–	(412)	(81)	–	(14)	–	(507)
Translation differences	–	57	6	2	2	–	67
Balance as at 30 September 2011	2,812	5,982	977	1,244	309	15	11,339
Accumulated depreciation and impairment loss							
Balance as at 1 October 2009	1,494	3,723	700	456	238	20	6,631
Charge for the financial year	115	737	93	225	33	–	1,203
Impairment loss	–	136	9	–	4	–	149
Write-offs	–	(370)	(76)	–	(20)	(2)	(468)
Reclassifications	–	(4)	6	–	2	(4)	–
Translation differences	–	(127)	(23)	(6)	(4)	–	(160)
Balance as at 30 September and 1 October 2010	1,609	4,095	709	675	253	14	7,355
Charge for the financial year	114	628	77	212	28	1	1,060
Impairment loss	–	188	9	–	5	–	202
Write-offs	–	(382)	(80)	–	(14)	–	(476)
Translation differences	–	39	6	3	1	–	49
Balance as at 30 September 2011	1,723	4,568	721	890	273	15	8,190
Net carrying value							
Balance as at 30 September 2011	1,089	1,414	256	354	36	–	3,149
Balance as at 30 September 2010	1,203	1,885	329	551	22	–	3,991

* Included in additions for the financial year was an amount of $120,000 (2010: Nil) relating to reinstatement costs for dismantling, removal and restoration of property, plant and equipment which was provided for as provision for reinstatement costs (Note 13). Cash payments of $313,000 (2010: $84,000) were made to purchase property, plant and equipment during the financial year.

4. Property, plant and equipment (cont'd)

Impairment of property, plant and equipment

During the financial year, a subsidiary company of the Group within the Restaurant operations segment carried out a review of the recoverable amount of its plant and equipment because it had been making operating losses. An impairment loss of $202,000 (2010: $149,000), representing the write-down of its assets to their recoverable amount is recognised in "Other expenses" (Note 23) line item of profit or loss for the financial year ended 30 September 2011. The recoverable amount of the plant and equipment was based on its value-in-use and the pre-tax discount rate is 5.00% (2010: 7.25%) per annum.

5. Investment in unquoted equity shares

	Group	
	2011	**2010**
	$'000	$'000
Available-for-sale financial assets:		
Unquoted equity shares, at cost	100	100
Impairment loss	(100)	–
	–	100

Unquoted equity shares are denominated in Singapore dollars.

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.

During the financial year, the Group recognised an impairment loss of $100,000 in unquoted equity shares, reflecting a write-down in the carrying value of the shares, based on the Group's share of the assets of the investee in 2011 as there was a "significant" or "prolonged" decline in the fair value of the investment below its cost. The Group treats "significant" generally as 5% and "prolonged" as greater than 12 months.

6. Investments in subsidiary companies

	Company	
	2011	**2010**
	$'000	$'000
Unquoted equity shares, at cost	2,061	2,061

6. Investments in subsidiary companies (cont'd)

Details of the subsidiary companies as at 30 September are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Proportion of ownership interest 2011	Proportion of ownership interest 2010	Cost of investment held by the Company 2011	Cost of investment held by the Company 2010
			%	%	$'000	$'000
Held by the Company						
Thai Village Restaurant Pte. Ltd. [(1)] (formerly known as Thai Village Sharksfin Restaurant Pte Ltd)	Operation of restaurants	Republic of Singapore	100	100	2,061	2,061
Thai Village Overseas Ventures Pte Ltd [(1)]	Investment holding	Republic of Singapore	100	100	@	@
Thai Village (China) Pte. Ltd. [(1)]	Investment holding	Republic of Singapore	100	100	@	@
					2,061	2,061

Name of company	Principal activities	Country of incorporation and place of business	Proportion of ownership interest 2011	Proportion of ownership interest 2010
			%	%
Held by Thai Village Restaurant Pte. Ltd.				
The Noodle Expert Pte. Ltd. [(1)] #	Operator of food and beverage outlet	Republic of Singapore	60	–
Held by Thai Village Overseas Ventures Pte Ltd				
Thai Village Sharksfin Restaurant (Yunnan) Co., Ltd [(2)] ##	Dormant	People's Republic of China	100	100
Held by Thai Village (China) Pte. Ltd.				
Shanghai Thai Village Restaurant Management Co., Ltd [(3)] ###	Operation and management of restaurants	People's Republic of China	93.75	93.75
Thai Village Sharksfin Restaurant (Shanghai) Co., Ltd [(3)]	Operation of restaurants	People's Republic of China	100	100
Shanghai Thai Village City Restaurant Co., Ltd [(3)]	Operation of restaurants	People's Republic of China	100	100

6. Investments in subsidiary companies (cont'd)

@ Cost of investment is less than $1,000.

On 23 March 2011, a subsidiary company, Thai Village Restaurant Pte. Ltd. ("TVR"), entered into an agreement with an external party to incorporate a new subsidiary company The Noodle Expert Pte. Ltd. ("TNE") with an issued and paid-up capital of $10. The principal activities of TNE are those of an operator of food and beverage outlet. Under the terms of the agreement, any additional working capital required by TNE shall be met through the provision of shareholders' loans from TVR.

On 31 March 2011, Thai Village Sharksfin Restaurant (Yunnan) Co., Ltd has ceased business operations.

A subsidiary company, Thai Village Overseas Ventures Pte. Ltd. ("TVOV"), entered into a Co-operative Joint Venture ("CJV") Agreement with Shanghai Cheng Qiao Zi Chan Jing Ying You Xian Gong Si ("SCQZCJY") for the setting up of a co-operative joint venture known as Shanghai Thai Village Restaurant Management Co., Ltd ("Shanghai TV RMC") in 2002. Under the relevant laws of the People's Republic of China, Shanghai TV RMC holds the status of a Chinese legal person and is recognised as TVOV's investment entity in the People's Republic of China. The investment in Shanghai TV RMC was transferred to Thai Village (China) Pte. Ltd. ("TVC") in 2005. Under the terms of the CJV Supplemental Agreement, TVC is entitled to receive all profits from Shanghai TV RMC after paying SCQZCJY a fixed sum of US$20,000 annually regardless of whether profits are made for the year. The CJV Agreement also provides that TVC shall have control over Shanghai TV RMC's business operations. Other than the US$20,000 return per annum and the original 6.25% capital injected, SCQZCJY will not be entitled to any share of assets and liabilities of Shanghai TV RMC in the event of winding up.

(1) Audited by Ernst & Young LLP, Singapore.
(2) Audited by Yunnan Xixin Certified Public Accountants.
(3) Audited by Shanghai HDDY Certified Public Accountants Co., Ltd.

7. Stocks

	Group	
	2011	**2010**
	$'000	$'000
Consolidated balance sheet:		
Processed stocks	1,144	896
Raw and other materials	1,150	460
	2,294	1,356
Consolidated income statement:		
Stocks recognised as an expense in cost of sales	10,293	11,354
Inclusive of the following charge:		
- Stocks written down	1	–

8. Trade debtors

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	$'000	$'000	$'000
Trade and other debtors (current):				
Trade debtors	134	185	18	46
Other debtors (Note 9)	258	209	32	19
Deposits (Note 9)	102	150	–	–
Amounts due from subsidiary companies (trade) (Note 10)	–	–	2,291	3,323
Amounts due from subsidiary companies (non-trade) (Note 10)	–	–	2,776	1,596
	494	544	5,117	4,984
Other debtors (non-current):				
Deposits (Note 9)	610	529	–	–
Total trade and other debtors (current and non-current)	1,104	1,073	5,117	4,984
Add: Cash and cash equivalents (Note 11)	18,505	17,699	10,115	10,688
Total loans and receivables	19,609	18,772	15,232	15,672

The Group's trade debtors are stated net of allowance for impairment loss of $5,000 (2010: $32,000).

Included in trade debtors of the Group is an amount of $112,000 (2010: $129,000) denominated in Renminbi.

Trade debtors are non-interest bearing and are generally on 30 (2010: 30) days' credit terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Receivables that are past due but not impaired

The Group and the Company have trade debtors amounting to $60,000 (2010: $101,000) and $7,000 (2010: $35,000) respectively that are past due at the end of the reporting period but not impaired. These debtors are unsecured and the analysis of their aging at the end of the reporting period is as follows :

Less than 30 days	32	60	3	7
30 to 60 days	11	17	4	8
More than 60 days	17	24	–	20
	60	101	7	35

8. Trade debtors (cont'd)

Trade debtors that are impaired

The Group's and the Company's trade debtors that are impaired at the end of the reporting period and the movements of the allowance account used to record the impairment are as follows:

	Group		**Company**	
	Individually impaired		**Individually impaired**	
	2011	**2010**	**2011**	**2010**
	$'000	$'000	$'000	$'000
Trade debtors - nominal amounts	5	34	–	–
Impairment loss	(5)	(32)	–	–
	–	2	–	–
Movements in allowance account:				
At 1 October	32	7	–	–
Charge for the financial year	5	41	–	–
Write-off against allowance	–	(14)	–	–
Bad debts recovered	(27)	(2)	–	–
Translation differences	(5)	–	–	–
At 30 September	5	32	–	–

For the financial year ended 30 September 2011, an allowance for impairment of $5,000 (2010: $41,000), and bad debts recovered of $27,000 (2010: $2,000) respectively, were recognised in profit or loss by the Group subsequent to a debt recovery assessment performed on trade debtors as at the end of the reporting period.

Trade debtors that are individually determined to be impaired at the end of the reporting period 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. There are no balances that are collectively determined to be impaired.

9. Other debtors and deposits

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Other debtors (current)				
Advances to employees *	8	30	–	12
Interest receivable	80	7	32	7
Sundry debtors	170	172	–	–
	258	209	32	19
Deposits				
Deposits (current)	102	150	–	–
Deposits (non-current)	610	529	–	–
	712	679	–	–

* Advances to employees are non-trade in nature, unsecured, interest-free and repayable on demand.

Included in other debtors of the Group is an amount of $219,000 (2010: $129,000) denominated in Renminbi.

Other debtors that are impaired

The Group's other debtors that are impaired at the end of the reporting period and the movements of the allowance account used to record the impairment are as follows:

	Group	
	Individually impaired	
	2011	2010
	$'000	$'000
Other debtors - nominal amounts	45	–
Impairment loss	(45)	–
	–	–
Movements in allowance account:		
At 1 October	–	–
Charge for the financial year	41	–
Translation differences	4	–
At 30 September	45	–

For the financial year ended 30 September 2011, an allowance for impairment of $41,000 (2010: Nil) was recognised in profit or loss by the Group subsequent to a debt recovery assessment performed on other debtors as at the end of the reporting period.

Other debtors that are individually determined to be impaired at the end of the reporting period relate to an other debtor that is in significant financial difficulties. This debtor is not secured by any collateral or credit enhancements.

The Company does not have any other debtors that are individually or collectively impaired. In addition, the Group and the Company do not have any other debtors that are past due but not impaired.

10. Amounts due from subsidiary companies (trade and non-trade)

Amounts due from subsidiary companies (trade)

The trade amounts due from subsidiary companies arose from the provision of management and consultation services by the Company to its subsidiary companies. These amounts are unsecured, interest-free and are repayable on demand.

Included in the Company's trade amounts due from subsidiary companies is an amount of $791,000 (2010: $1,114,000) denominated in Renminbi.

Amounts due from subsidiary companies that are impaired

For the financial year ended 30 September 2011, a charge of $185,000 for impairment loss (2010: bad debts written off of $4,000) was recognised in profit or loss of the Company.

Amounts due from subsidiary companies that are individually determined to be impaired at the end of the reporting period 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. There are no balances that are collectively determined to be impaired.

Amounts due from subsidiary companies (non-trade)

The non-trade amounts due from subsidiary companies are unsecured, interest-free and are repayable on demand.

The Company does not have any non-trade amounts due from subsidiary companies that are collectively and individually impaired nor any amounts that are past due but not impaired.

11. Cash and cash equivalents

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	$'000	$'000	$'000
Fixed deposits	13,631	13,369	10,002	10,600
Cash at banks and on hand	4,874	4,330	113	88
Total cash and cash equivalents	18,505	17,699	10,115	10,688

Cash at banks earn interest at floating rates based on daily bank deposit rates. Fixed deposits are made for varying periods of between 1 to 12 (2010: 1 to 12) months depending on the immediate cash requirements of the Group, and earn interest ranging from 0.12% to 3.50% (2010: 0.10% to 2.25%) per annum.

Fixed deposits and cash at banks and on hand are denominated in the following foreign currencies as at 30 September:-

United States dollars	–	11	–	7
Renminbi	6,337	5,669	–	–

12. Trade creditors

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Trade and other creditors (current):				
Trade creditors	1,335	588	–	–
Other creditors and accruals (Note 13)	1,581	1,543	427	442
Franchise deposits (Note 13)	60	–	60	–
Amounts due to directors (Note 14)	358	443	358	443
	3,334	2,574	845	885
Other creditors (non-current):				
Franchise deposits (Note 13)	140	220	140	220
Total financial liabilities carried at amortised cost	3,474	2,794	985	1,105

Trade creditors

Included in the trade creditors of the Group is an amount of $363,000 (2010: $425,000) denominated in Renminbi.

Trade creditors are non-interest bearing and are normally settled on their normal trade terms of 30 (2010: 30) days.

13. Other creditors and accruals, franchise deposits, deferred rental income, deferred revenue, and provisions

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Other creditors and accruals (current)				
Sundry creditors	263	317	33	22
Accrued personnel expenses	703	652	164	173
Other accrued operating expenses	615	574	230	247
	1,581	1,543	427	442
Franchise deposits				
Franchise deposits (current)	60	–	60	–
Franchise deposits (non-current)	140	220	140	220
	200	220	200	220
Deferred rental income				
Deferred rental income (current)	37	18	–	–
Deferred rental income (non-current)	27	69	–	–
	64	87	–	–
Deferred revenue *	2,001	1,815	–	–

* Deferred revenue relates to the advances received from customers in respect of the stored value cards sold.

13. Other creditors and accruals, franchise deposits, deferred rental income, deferred revenue, and provisions (cont'd)

Included in the other creditors and accruals of the Group is an amount of $465,000 (2010: $583,000) denominated in Renminbi.

Provisions for reinstatement costs:-

	Group	
	2011	**2010**
	$'000	$'000
Balance at 1 October	–	–
Provision during the financial year	120	–
Balance at 30 September	120	–
Comprises:		
Current	10	–
Non-current	110	–
	120	–

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 3 years of the balance sheet date.

14. Amounts due to directors

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

15. Deferred tax liabilities

Deferred tax liabilities :-		
Balance as at 1 October	151	131
(Credit)/charge during the financial year	(14)	20
Balance as at 30 September	137	151

Deferred tax liabilities arose from excess of net carrying value over tax written down value of property, plant and equipment.

15. Deferred tax liabilities (cont'd)

Deferred tax assets not recognised as at 30 September relate to the following :-

	Group	
	2011	**2010**
	$'000	$'000
Unutilised tax losses	(108)	(49)

As at 30 September 2011, the Group has unutilised tax losses carried forward from certain subsidiary companies of approximately $634,000 (2010: $288,000), available for offset against future taxable income. The potential deferred tax assets arising from these unutilised tax losses have not been recognised as taxable profits from the subsidiary companies against which the deferred tax assets can be utilised is uncertain. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Tax consequences of proposed dividends

There are no income tax consequences (2010: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 26).

16. Share capital

	Group and Company			
	2011		**2010**	
	No. of ordinary shares		**No. of ordinary shares**	
	'000	$'000	'000	$'000
Issued and fully paid ordinary shares :				
Balance as at 1 October and 30 September	207,749	14,593	207,749	14,593

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

17. Statutory reserve

In accordance with the Foreign Enterprise Law applicable to the subsidiary companies in the People's Republic of China ("PRC"), the subsidiary companies are required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary companies' registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary companies. The SRF is not available for dividend distribution to shareholders.

18. Foreign currency translation reserve

The 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 presentation currency.

In 2010, upon disposal of a foreign subsidiary company, cumulative translation difference of $59,000 was reclassified from foreign currency translation reserve to profit or loss.

19. Revenue

	Group	
	2011	**2010**
	$'000	$'000
Restaurant operations	28,418	30,284
Franchise and royalty fee income	454	696
	28,872	30,980

20. Interest income

Interest income from :-		
Fixed deposits	141	60
Bank balances	19	30
	160	90

21. Other income

Gain on disposal of investment in a subsidiary company	–	128
Others	45	67
	45	195

22. Employee benefits expenses

	Group	
	2011	**2010**
	$'000	$'000
Wages, salaries, bonuses and allowances*	7,366	6,875
Contributions to defined contribution plans	419	376
Other personnel costs	818	776
	8,603	8,027

* Includes directors' fees and remuneration as disclosed in Note 27 to the financial statements.

Personnel expenses for the Group are derived at after offsetting an amount of Nil (2010: $100,000) relating to the Jobs Credit Scheme ("Scheme") introduced on 22 January 2009 by the Singapore Government to encourage businesses to preserve jobs during the economic downturn. The Scheme was ceased in June 2010.

23. Profit before taxation

Profit before taxation is stated after charging/(crediting) the following:-

	2011	2010
Impairment loss on trade debtors	5	41
Impairment loss on other debtors	41	–
Property, plant and equipment written off	31	42
Consumables expenses	187	207
Cleaning expenses	145	160
Travelling expenses	92	120
General repair and maintenance	121	105
Water and electricity expenses	809	868
Operating lease expenses	3,162	3,140
Impairment loss on property, plant and equipment	202	149
Bad debts recovered	(27)	(2)
Impairment loss on investment in unquoted equity shares	100	–
Stocks written down	1	–

24. Income tax expense

The major components of income tax expense for the financial years ended 30 September are:

	Group	
	2011	**2010**
	$'000	$'000
Consolidated income statement:		
Current income tax:		
- Current income taxation	972	1,181
- (Over)/underprovision in respect of previous years	(7)	15
	965	1,196
Deferred income tax:		
- Origination and reversal of temporary differences	(14)	(9)
- Underprovision in respect of previous years	–	29
	(14)	20
Income tax expense recognised in profit or loss	951	1,216

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rates for the financial years ended 30 September is as follows:

Profit before taxation	2,637	4,125
Tax at the statutory tax rate of 17% (2010: 17%)	448	701
Adjustments for :		
Non-deductible expenses	172	176
Non-taxable income	(15)	(20)
Differences in foreign tax rates	120	133
Withholding tax	233	286
Deferred tax assets not recognised	59	12
Double tax relief	(11)	(32)
(Over)/underprovision in respect of prior years	(7)	44
Tax exemption	(55)	(91)
Others	7	7
Income tax expense recognised in profit or loss	951	1,216

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

25. Earnings per share (basic and diluted)

Both basic and diluted earnings per share are calculated by dividing the Group's net profit attributable to owners of the Company of $1,686,000 (2010: $2,909,000) by the weighted average number of 207,748,700 (2010: 207,748,700) ordinary shares outstanding during the financial year.

The basic and diluted earnings per share are the same as the Group did not have any dilutive potential ordinary shares outstanding as at 30 September 2011 and 2010.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

26. Dividends

	Group and Company	
	2011	**2010**
	$'000	$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2010: 0.9 (2009: 0.7) cents per share	1,869	1,454
Proposed but not recognised as a liability as at 30 September:		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:		
- Final exempt (one-tier) dividend for 2011: 0.8 (2010: 0.9) cents per share	1,662	1,870

27. Significant related party transactions

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

Compensation of key management personnel

	Group	
	2011	**2010**
	$'000	$'000
Directors' remuneration:		
Directors' fees	320	260
Directors' remuneration	1,592	1,495
Contribution to defined contribution plans	22	20
	1,934	1,775
Key executive officers' remuneration:		
Executive officers' remuneration	592	511
Contributions to defined contribution plans	51	45
	643	556
Remuneration paid to employees related to directors or substantial shareholders:		
Employees' remuneration	174	270
Contributions to defined contribution plans	19	27
	193	297

28. Commitments

(a) ***Capital commitments***

The Group does not have any capital commitments contracted for as at 30 September 2011 but not recognised in the financial statements.

(b) ***Operating lease commitments – as lessee***

The Group has various operating lease agreements for the rental of restaurants, staff quarters and warehouse premises. These leases have an average tenure of between 1 to 30 (2010: 1 to 30) years, with renewal options included in a few contracts. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 30 September 2011, amounted to $3,162,000 (2010: $3,140,000). No contingent rents were paid during the financial years ended 2011 and 2010.

28. Commitments (cont'd)

(b) ***Operating lease commitments – as lessee (cont'd)***

Future minimum rentals under non-cancellable operating leases as at 30 September are as follows :-

	Group	
	2011	**2010**
	$'000	$'000
Within 1 year	3,251	2,654
Within 2 to 5 years	5,377	3,809
More than 5 years	374	507
	9,002	6,970

29. Segment information

For management purposes, the Group is organised on a worldwide basis into two main reportable segments as follows:

- Restaurant operations, which mainly relate to operation of restaurant outlets; and
- Restaurant management services, which mainly relate to management fees from restaurants, franchise fees and royalties from franchisees.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

29. Segment information (cont'd)

	Restaurant operations		Restaurant management services		Adjustments and eliminations		Notes	Per consolidated financial statements	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**		**2011**	**2010**
	$'000	$'000	$'000	$'000	$'000	$'000		$'000	$'000
Revenue:									
External sales	28,418	30,284	454	696	–	–		28,872	30,980
Inter-segment sales	–	–	3,416	3,246	(3,416)	(3,246)	A	–	–
	28,418	30,284	3,870	3,942	(3,416)	(3,246)		28,872	30,980
Results:									
Interest income	113	76	47	14	–	–		160	90
Gain on disposal of a subsidiary company	–	–	–	128	–	–		–	128
Property, plant and equipment written off	(31)	(42)	–	–	–	–		(31)	(42)
Depreciation of property, plant and equipment	(1,060)	(1,203)	–	–	–	–		(1,060)	(1,203)
Stocks written down	(1)	–	–	–	–	–		(1)	–
Bad debts recovered	–	2	27	–	–	–		27	2
Impairment loss on trade debtors	–	(37)	(5)	(4)	–	–		(5)	(41)
Impairment loss on other debtors	(41)	–	–	–	–	–		(41)	–
Impairment loss on non-financial assets	(302)	(149)	–	–	–	–		(302)	(149)
Segment profit	1,312	3,078	3,423	3,339	(2,098)	(2,292)	B	2,637	4,125
Assets:									
Additions to non-current assets	433	84	–	–	–	–	C	433	84
Segment assets	14,864	13,522	8,093	7,580	2,228	3,376	D	25,185	24,478
Segment liabilities	8,947	7,329	1,063	1,167	(3,721)	(3,021)	E	6,289	5,475

29. Segment information (cont'd)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

A Inter-segment revenues are eliminated on consolidation.

B The following items are (deducted from)/added to segment profit to arrive at "profit before taxation" presented in the consolidated statement of comprehensive income:

	2011	**2010**
	$'000	$'000
Profit from inter-segment sales	(2,782)	(1,782)
Unallocated corporate expense/(income), net	684	(510)
	(2,098)	(2,292)

C Additions to non-current assets consist of additions to property, plant and equipment.

D The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated balance sheet:

Unallocated corporate assets	10,002	10,600
Inter-segment assets	(7,774)	(7,224)
	2,228	3,376

E The following items are deducted from/(add to) segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

Income tax payables	493	628
Deferred tax liabilities	137	151
Inter-segment liabilities	(4,351)	(3,800)
	(3,721)	(3,021)

29. Segment information (cont'd)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2011	**2010**	**2011**	**2010**
	$'000	$'000	$'000	$'000
Singapore	16,668	16,123	2,430	2,903
People's Republic of China	12,044	14,641	719	1,088
Others	160	216	–	–
	28,872	30,980	3,149	3,991

Non-current assets information presented above consist of property, plant and equipment as presented in the consolidated balance sheet.

30. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, foreign currency risk, interest rate risk and liquidity risk.

The Group's overall strategies, tolerance of risks, and general risk management philosophy are determined by the Board in accordance with prevailing economic and operating conditions.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

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

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The carrying amounts of trade and other debtors, and cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. It is the Group's policy that all parties who wish to trade on credit terms are subject to credit verification procedures. For cash and cash equivalents, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. In addition, debtors balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

As at 30 September 2011, approximately 49% (2010: 53%) of trade debtors relates to 5 (2010: 4) debtors.

30. Financial risk management policies and objectives (cont'd)

Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and business sector profile of its trade debtors on an ongoing basis. The credit risk concentration profile of the Group's trade debtors at the end of the reporting period is as follows :-

	Group			
	2011		2010	
	$'000	% of total	$'000	% of total
By country :				
Singapore	1	1	–	–
People's Republic of China	112	84	149	81
Others	21	15	36	19
	134	100	185	100
By business sectors :				
Restaurant operations	13	10	16	9
Restaurant management services	121	90	169	91
	134	100	185	100

Financial assets that are neither past due nor impaired

Trade and other debtors that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Notes 8, 9 and 10 to the financial statements.

30. Financial risk management policies and objectives (cont'd)

Foreign currency risk

The Group has foreign currency risk exposures mainly in Renminbi.

Management monitors foreign exchange exposures and will consider hedging significant foreign currency exposure should the need arises. It is the policy of the Group not to trade in any foreign exchange forward contracts.

The Group maintains a natural hedge, wherever possible, by matching the foreign currency assets against its liabilities. However, the Group continues to be exposed to foreign currency risks relating to any immaterial amounts.

Foreign exchange exposures in transactional currencies, other than functional currencies of the operating entities, are kept to an acceptable level. In relation to its overseas investment in its foreign subsidiary companies whose net assets are exposed to currency translation risk and which are held for long-term investment purposes, the differences arising from such translation are captured under the foreign currency translation reserve. These translation differences are reviewed and monitored on a regular basis.

As a result, the Group has maintained its foreign currency risk exposure to be minimal.

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 interest-bearing fixed deposits.

Sensitivity analysis for interest rate risk

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, on the Group's profit before taxation:

	Group	
	Increase/ decrease in basis points	**Effect on profit before taxation** $'000
2011		
Singapore dollars	50	50
Renminbi	50	32
Singapore dollars	(50)	(50)
Renminbi	(50)	(32)
2010		
Singapore dollars	50	53
Renminbi	50	28
Singapore dollars	(50)	(53)
Renminbi	(50)	(28)

30. Financial risk management policies and objectives (cont'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 table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

	2011			**2010**		
	Within 1 year	**More than 1 year**	**Total**	**Within 1 year**	**More than 1 year**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Financial assets:						
Trade debtors	134	–	134	185	–	185
Other debtors	258	–	258	209	–	209
Deposits	102	610	712	150	529	679
Cash and cash equivalents	18,505	–	18,505	17,699	–	17,699
Investment in unquoted equity shares	–	–	–	–	100	100
Total undiscounted financial assets	18,999	610	19,609	18,243	629	18,872
Financial liabilities:						
Trade creditors	1,335	–	1,335	588	–	588
Other creditors and accruals	1,581	–	1,581	1,543	–	1,543
Franchise deposits	60	140	200	–	220	220
Amounts due to directors	358	–	358	443	–	443
Total undiscounted financial liabilities	3,334	140	3,474	2,574	220	2,794
Total net undiscounted financial assets	15,665	470	16,135	15,669	409	16,078

30. Financial risk management policies and objectives (cont'd)

Liquidity risk (cont'd)

	2011			2010		
	Within 1 year	More than 1 year	Total	Within 1 year	More than 1 year	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Company						
Financial assets:						
Trade debtors	18	–	18	46	–	46
Other debtors	32	–	32	19	–	19
Amounts due from subsidiary companies (trade)	2,291	–	2,291	3,323	–	3,323
Amounts due from subsidiary companies (non-trade)	2,776	–	2,776	1,596	–	1,596
Cash and cash equivalents	10,115	–	10,115	10,688	–	10,688
Total undiscounted financial assets	15,232	–	15,232	15,672	–	15,672
Financial liabilities:						
Other creditors and accruals	427	–	427	442	–	442
Franchise deposits	60	140	200	–	220	220
Amounts due to directors	358	–	358	443	–	443
Total undiscounted financial liabilities	845	140	985	885	220	1,105
Total net undiscounted financial assets/(liabilities)	14,387	(140)	14,247	14,787	(220)	14,567

31. Fair values of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The following methods and assumptions are used to estimate the fair value of each class of financial instrument for which it is practicable to estimate fair value :

A. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

Investment in unquoted equity shares

Fair value information has not been disclosed for the Group's investment in unquoted equity shares that is carried at cost because the fair value cannot be measured reliably. These unquoted equity shares represent ordinary shares in a company that is not quoted on any market and do not have any comparable industry peer that is listed. The Group does not intend to dispose of this investment in the foreseeable future.

31. Fair values of financial instruments (cont'd)

B. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Trade debtors, amounts due from subsidiary companies (trade), and trade creditors

The carrying amounts of these balances approximate their fair values because these are subject to normal trade credit terms.

Deposits (current), other debtors, other creditors and accruals, amounts due from subsidiary companies (non-trade), and amounts due to directors

The carrying amounts of these balances approximate their fair values due to their short-term nature.

Deposits (non-current)

Management believes that the carrying amount recorded at the balance sheet date approximates its fair value, as the interest rates used to amortise the non-current deposits closely approximate the market interest rates on or near the end of the reporting period.

Fixed deposits, and cash and cash equivalents

The carrying amounts of these balances approximate their fair values due to their short-term and liquid nature.

32. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 September 2011 and 2010.

As disclosed in Note 17, a few subsidiary companies of the Group is required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiary companies for the financial years ended 30 September 2011 and 2010.

32. Capital management (cont'd)

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 15% to 30% (2010: 15% to 30%). The Group includes trade and other creditors within net debt. Total capital includes equity attributable to owners of the Company less the abovementioned restricted reserve fund.

	Group	
	2011	**2010**
	$'000	$'000
Net debt	4,981	3,964
Total capital	18,121	18,228
Total capital and net debt	23,102	22,192
Gearing ratio	22%	18%

33. Event occurring after the reporting period

On 2 November 2011, a subsidiary company, Thai Village Restaurant Pte. Ltd. ("TVR"), entered into a sale and purchase agreement to acquire all of the remaining shares of its subsidiary company, The Noodle Expert Pte. Ltd. ("TNE"), for a cash consideration of $1. As a result, TNE will become a wholly-owned subsidiary company of TVR.

In addition, TNE had also ceased business operations on 15 November 2011.

34. Authorisation of financial statements for issue

The financial statements for the financial year ended 30 September 2011 were authorised for issue in accordance with a resolution of the directors on 14 December 2011.

Thai Village Holdings Ltd (the "**Company**") is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the "**Group**"). Good corporate governance establishes and maintains an ethical environment in the Group, which strives to enhance the interests of the shareholders of the Company (the "**Shareholders**"). This Report describes the Company's corporate governance processes and activities with specific reference to the Code of Corporate Governance 2005 (the "**Code**"). For ease of reference, specific reference is made to the Principles and Guidelines of the Code.

1. Board of Directors (the "Board")

1.1 The Board's conduct of affairs
Principle 1: Effective Board to lead and control the Company

1.2 Board Composition and Guidance
Principle 2: Strong and independent element on the Board

The Board comprises six (6) directors, three of whom are executive directors, and three are independent and non-executive directors. The executive directors are Messrs. Lee Tong Soon, Lee Tong Kuon and Kok Nyong Patt. The independent and non-executive directors are Dr. John Chen Seow Phun, Ms Julia Kwok Yung Chu and Mr Hoon Tai Meng. A brief profile of each Director is set out on page 8 and 9 of this Annual Report.

The Board's principal functions include, among others, supervising the overall management of the business and affairs of the Group and approving the Group's corporate and strategic policies and direction.

Matters which are specifically reserved for the approval of the Board include, amongst others, any material acquisitions and disposals of assets and major undertakings (other than in the ordinary course of business).

Certain functions have been delegated to various board committees, namely, the Audit Committee, the Nominating Committee and the Remuneration Committee .

In financial year 2011 ("**FY2011**"), the Board conducted two meetings. In addition to physical meetings, the Company's Articles of Association (the "**Articles**") also provide for Board meetings to be conducted by way of tele-conferencing, provided that the requisite quorum of at least two directors is present.

The number of Board and various board committees meetings held in FY2011 and the attendance of each Board member at those meetings are as follows:-

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Lee Tong Soon(1)	2	2	2	2(1)	1	1(1)	1	1(1)
Lee Tong Kuon	2	2	–	–	–	–	–	–
Kok Nyong Patt	2	2	–	–	–	–	–	–
Chen Seow Phun, John	2	2	2	2	1	1	1	1
Julia Kwok Yung Chu	2	2	2	2	1	1	1	1
Hoon Tai Meng(2)	2	2	2	2	1	1	1	1

(1) Attended the meeting as an invitee.
(2) Mr Hoon Tai Meng was appointed as an Independent Director on 1 February 2011.

New directors, upon appointment, are briefed on the business and organisational structure of the Group. There are update sessions to inform the directors on new legislation and/or regulations which are relevant to the Group.

1.3 *Chairman and Chief Executive Officer ("CEO")*
Principle 3: Clear division of responsibilities at the top of the Company

Mr. Lee Tong Soon ("**Mr. Lee**") is currently the chairman of the Board (the "**Chairman**") and the managing director of the Company (the "**Managing Director**").

As the Chairman, Mr. Lee is responsible for, among others, exercising control over quality, quantity and timeliness of the flow of information between the management of the Company (the "**Management**") and the Board, and assisting in ensuring compliance with the Company's guidelines on corporate governance.

The Board has not adopted the recommendation of the Code as specified in Guideline 3.1 that the Chairman and the Managing Director should be separate persons. This is because the Board is of the view that there is already a sufficiently strong independent element on the Board to enable independent exercise of objective judgment on corporate affairs of the Group by members of the Board, taking into account factors such as the number of independent directors on the Board, as well as the size and scope of the affairs and operations of the Group.

In addition, as recommended by the Code, the Board had appointed independent and non-executive director, Dr. John Chen Seow Phun as the lead independent director (the "**Lead Independent Director**"). Shareholders and employees of the Company with concerns which contact through the normal channels of the Chairman and Managing Director or the Management has failed to resolve or for which such contact is inappropriate may contact Dr. John Chen care of the following email address:

Dr. John Chen Seow Phun
Email: john_chen@thaivillagerestaurant.com.sg

1.4 *Access to information*
Principle 6: Complete, adequate and timely information

For FY2011, Management provided the members of the Board with management accounts on a half-yearly basis, as well as relevant background information and documents relating to items of business to be discussed at a Board meeting before the scheduled meeting.

The Board (whether individually and as a group) has, in the furtherance of its duties, access to independent professional advice, if necessary, at the Company's expense.

In FY2011, the company secretaries attended the Nominating Committee meeting, Remuneration Committee meeting, two Audit Committee meetings and two Board meetings. The company secretary assist the Board to ensure that the Board procedures and the rules and regulations relating thereto are complied with.

2. Nominating Committee ("NC")

2.1 Board Membership

Principle 4: Formal and transparent process for the appointment of new directors to the Board.

The NC was set up on 30 September 2002. The NC comprises the following three directors, all are independent and non-executive:-

Dr. John Chen Seow Phun (Chairman)
Julia Kwok Yung Chu
Hoon Tai Meng (Appointed on 1 February 2011)

The NC has adopted specific written terms of reference. According to the terms of reference of the NC, the members of the NC are responsible for, among others, the appointment and re-nomination of directors having regard to their independence, qualifications, performance and contributions. The NC reviews and assesses candidates for directorships before making recommendations to the Board. In recommending new directors to the Board, the NC takes into consideration the skills and experience required to support the Group's business activities, the current composition and size of the Board, and strives to ensure that the Board, as a whole, possesses the core competencies required by the Code. In view of the foregoing, the Board is of the view that there are adequate processes for the appointment of new directors.

The NC adopted the Code's definition on what constitutes an independent director under guidance note 2.1 (a) to (d) of the Code.

For FY2011, the NC is of the view that:-

(a) all the NC members are independent (as defined in the Code) and able to exercise objective judgement on corporate affairs of the Group independently from Management;

(b) there is no individual or small group of individuals on the Board who dominate the Board's decision making process;

(c) the Board as a whole, possesses core competencies required for the effective conduct of the affairs and operations of the Group; and

The Code recommends that all directors should be required to submit themselves for re-nomination and re-election at regular intervals. In this regard, the Articles provide as follows:-

Article 107 provides that one-third of the Directors for the time being (other than the Managing Director), or if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office, Provided Always that all Directors (except the Managing Director) shall retire from office at least once every three years.

Article 109 provides that a retiring Director shall be eligible for re-election at the meeting at which he retires.

Article 117 provides that any Director appointed during the financial year, shall hold office only until the next Annual General Meeting of the Company, and shall be eligible for re-election.

The Directors retiring by rotation pursuant to Articles 107 and 117 of the Company's Articles of Association at the forthcoming Annual General Meeting ("AGM") are Lee Tong Kuon and Hoon Tai Meng respectively. The NC has recommended Lee Tong Kuon and Hoon Tai Meng for re-election at the forthcoming AGM to be held on 19 January 2012.

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

As stated above, one of the terms of reference of the NC is to review and evaluate the performance of each director and the Board as a whole for each financial year.

The review parameters for evaluating each director include, among others, the following:-

(a) attendance at board/committee meetings;

(b) participation at meetings;

(c) involvement in management; and

(d) availability for consultation and advice, when required.

The Board is of the view that the performance of the Company's share price alone does not necessarily give a good indication of the performance of the Company and hence the performance of the Board as a whole. Instead, the Board has identified the Group's turnover and profit before tax to be a better performance criteria to assess the performance of the Board.

Presently, none of the executive directors of the Company hold any directorships in other listed companies. Although the independent and non-executive directors hold board representations in companies (including listed companies) which are not within the Group, the Board is of the view that such multiple board representations of the independent and non-executive directors do not hinder their ability to carry out their duties as directors of the Company. Further, the Board is also of the view that such multiple board representations of the independent and non-executive directors benefit the Group, as the independent and non-executive directors are able to bring with them the experience and knowledge obtained from such board representations in other companies.

Key information regarding the directors of the Company are as follows:-

Name of Director	**Lee Tong Soon**
Shareholding in the Company (as at 14 December 2011)	23,528,226 Shares (as set out on page 13 of the AR) Mr Lee Tong Soon is also deemed interested in 12,500 Shares held by his spouse.
Board Committees Served	None
Date of first appointment as director	15 November 1999
Date of last re-election as director	Not applicable. Mr Lee Tong Soon is the Managing Director of the Company since incorporation. As such, he is not subject to re-election according to Article 107 as set out above.
Present Directorships in other listed companies	Nil
Past Directorships in other listed companies (within the last 3 years)	Nil

Name of Director	Lee Tong Kuon
Shareholding in the Company (as at 14 December 2011)	22,252,725 (as set out on page 13 of the AR) Mr Lee Tong Kuon is also deemed interested in 247,500 Shares held by his son.
Board Committees Served	None
Date of first appointment as director	15 November 1999
Date of last re-election as director	21 January 2009 Up for re-election at the AGM on 19 January 2012.
Present Directorships in other listed companies	Nil
Past Directorships in other listed companies (within the last 3 years)	Nil

Name of Director	Kok Nyong Patt
Shareholding in the Company (as at 14 December 2011)	22,815,225 Shares (as set out on page 13 of the AR) Mr Kok Nyong Patt is also deemed interested in 12,500 Shares held by his spouse.
Board Committees Served	None
Date of first appointment as director	15 November 1999
Date of last re-election as director	20 January 2010
Present Directorships in other listed companies	Nil
Past Directorships in other listed companies (within the last 3 years)	Nil

Name of Director	John Chen Seow Phun
Shareholding in the Company (as at 14 December 2011)	Dr. John Chen Seow Phun is deemed interested in 62,500 Shares held by his spouse.
Board Committees Served	Audit Committee (Chairman) Nominating Committee (Chairman) Remuneration Committee (Member)
Date of first appointment as director	13 December 2001
Date of last re-election as director	20 January 2010
Present Directorships in other listed companies	Hiap Seng Engineering Ltd OKP Holdings Limited PSC Corporation Ltd Matex International Limited HLH Group Limited Tat Seng Packaging Group Ltd Fu Yu Corporation Limited
Past Directorships in other listed companies (within the last 3 years)	Hongguo International Holdings Limited

Name of Director	Julia Kwok Yung Chu
Shareholding in the Company (as at 14 December 2011)	55,000 Shares
Board Committees Served	Remuneration Committee (Member) Audit Committee (Member) Nominating Committee (Member)
Date of first appointment as director	1 December 2007
Date of last re-election as director	20 January 2011
Present Directorships in other listed companies	Nil
Past Directorships in other listed companies (within the last 3 years)	Nil

Name of Director	Hoon Tai Meng
Shareholding in the Company (as at 14 December 2011)	Nil
Board Committees Served	Remuneration Committee (Chairman) Audit Committee (Member) Nominating Committee (Member)
Date of first appointment as director	1 February 2011
Date of last re-election as director	Up for re-election at the AGM on 19 January 2012
Present Directorships in other listed companies	Chip Eng Seng Corporation Ltd China Video Surveillance Ltd Intraco Limited Sin Ghee Huat Corporation Ltd Yangtze China Investment Ltd Chinese Global Investors Group Ltd
Past Directorships in other listed companies (within the last 3 years)	Automated Touchstone Machines Ltd Equation Corpo Ltd Federal International (2000) Ltd Mentor Media Ltd Online Corporation Services Ltd

3. Audit Committee ("AC")

3.1 Audit Committee
Principle 11: Establishment of AC with written terms of reference

The AC comprises three members, all are independent and non-executive directors, namely Dr. John Chen Seow Phun ("**Dr. John Chen**"), Ms Julia Kwok Yung Chu and Mr Hoon Tai Meng. The chairman of the AC is Dr. John Chen.

The Code recommends in Guideline 11.1 that all members of the AC should be non-executive, the majority of whom, including the chairman of the AC, should be independent.

The AC performs the functions specified by the Companies Act, the Listing Manual and the Code and assists the Board in the execution of its corporate governance responsibilities within its established terms of reference.

The AC has adopted written terms of reference. According to the written terms of reference, the AC has the authority to undertake such reviews and projects as it may consider appropriate in the discharge of its duties. The AC has full access to and the co-operation of the Management. The AC may invite any director or executive officer to attend its meetings and has reasonable resources to enable it to perform its functions.

In FY2011, the AC met twice. Details of the members' attendance at AC meetings in FY2011 are provided in Section 1.1 of this Report.

The AC performed the following functions in FY2011:-

(a) External Auditors

The Company's external auditors, Ernst & Young LLP, carried out, as part of their statutory audit, a review of the effectiveness of the Company's internal controls, including financial, operational and compliance controls, risks management and interested person transactions (as defined in the Listing Manual) on an annual basis. Any material non-compliance, internal control weaknesses and interested person transactions are reported by the external auditors to the AC on a half-yearly basis.

For FY2011, the AC reviewed together with the external auditors:-

(i) the audit plan (including, among others, the nature and scope of the audit before the audit commenced and the risk management issues of the Group);

(ii) their evaluation of the system of internal controls (including, among others, financial, operational and compliance controls);

(iii) their audit report;

(iv) the assistance given to them by the Company's officers;

(v) the consolidated balance sheet and income statement of the Company; and

(vi) the interested person transactions of the Group.

The external auditors did not provide any non-audit services to the Group in FY2011.

The AC shall continue to monitor the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors and give its recommendations to the Board and the Company regarding the appointment, re-appointment or removal of the external auditors. The AC and the board are satisfied that the appointment of different auditing firms for its subsidiaries would not compromise the standard and effectiveness of the audit of the Group. The Company confirms that Rule 712 and Rule 716 of the Listing Manual have been complied with.

The AC has met up with the external auditors without the presence of Management in FY2011.

The Company has in place whistle-blowing policies and arrangements by which staff may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting, or other matters whereby any reports are directed to the Chairman of the AC and the AC will be informed immediately of any whistle-blowing reports received.

(b) Review of financial statements

For FY2011, the AC reviewed the half-yearly and full year financial statements of the Company and the Group, including announcements relating thereto, to Shareholders and the SGX-ST.

(c) Review of related party transactions

The AC has reviewed related party transactions of the Group for FY2011 and reported its findings to the Board. Please refer to page 56 of the annual report for further details on the related party transactions of the Group for FY2011.

3.2 Internal Controls
Principle 12: Sound system of internal controls.

The AC is responsible for reviewing the adequacy of the Company's internal controls. Based on its review of internal controls, the AC and the Directors are of the view that there are adequate internal controls addressing financial and accounting matters, operational and compliance risk policies and procedures in place.

3.3 Internal Audit
Principle 13: Setting up an independent internal audit function

In FY2011, the Company appointed Nexia TS Pte Ltd ("**Nexia TS**"), an external consultant, to conduct an internal audit of the Company so as to provide a comprehensive analysis of the business processes and the risks related to each process. Based on Nexia TS's internal audit report which was presented to and discussed with the AC, the Board is satisfied that the system of internal controls in place addressing financial and accounting matters, operational and compliance risk policies and procedures are adequate and effective for the purpose for which it is designed.

Nexia TS meets the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

4. Remuneration Committee ("RC")

4.1 Procedures for Developing Remuneration Policies
Principle 7: Formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors.

The RC comprises three members, all are independent and non-executive directors, namely Mr. Hoon Tai Meng ("**Mr Hoon**"), Dr. John Chen Seow Phun and Ms Julia Kwok Yung Chu. The chairman of the RC is Mr. Hoon. The RC has adopted written terms of reference.

According to the terms of reference of the RC, the functions of the RC include, among others, the setting up and implementation of formal and transparent processes by which the remuneration packages of all the executive directors (in the form of service agreements) and at least the top five executives (in terms of aggregate remuneration and not being directors) are formulated and approved.

No director or member of the RC shall be involved in deciding his own remuneration, except for providing information and documents specifically requested by the RC to assist it in its deliberations.

4.2 Level and Mix of Remuneration
Principle 8: Remuneration of directors should be adequate and not excessive.

According to the respective service agreements of the executive directors:-

(a) the term of service is for a period of two years commencing 1 April 2011 and is subject to review thereafter;

(b) the remuneration include, among others, a fixed salary and a variable performance bonus, which is designed to align the executive directors' interests with that of the Shareholders; and

(c) there are no onerous compensation commitments on the part of the Company in the event of an early termination of the service of the executive director.

The independent and non-executive directors do not have any service agreements with the Company. Save for directors' fees, which have to be approved by the Shareholders at every AGM, the independent and non-executive directors do not receive any remuneration from the Company.

The Company currently does not have any employee share option schemes.

4.3 Disclosure on Remuneration
Principle 9: Disclosure of remuneration policy, level and mix of remuneration, and the procedure for setting remuneration.

A breakdown of the level and mix of remuneration paid to each director in remuneration bands of S$250,000 for FY2011 are as follows:-

Name	**Below S$250,000**		**Between S$250,000 and S$499,999**		**Between S$500,000 and S$750,000**	
		%		**%**		**%**
Lee Tong Soon	Salary	–	Salary	–	Salary	56
	Fees	–	Fees	–	Fees	8
	Bonus	–	Bonus	–	Bonus	18
	Other benefits	–	Other benefits	–	Other benefits	18
Lee Tong Kuon	Salary	–	Salary	–	Salary	56
	Fees	–	Fees	–	Fees	9
	Bonus	–	Bonus	–	Bonus	19
	Other benefits	–	Other benefits	–	Other benefits	16
Kok Nyong Patt	Salary	–	Salary	–	Salary	55
	Fees	–	Fees	–	Fees	9
	Bonus	–	Bonus	–	Bonus	18
	Other benefits	–	Other benefits		Other benefits	18

Name	Below S$250,000		Between S$250,000 and S$499,999		Between S$500,000 and S$750,000	
		%		%		%
Chen Seow Phun, John	Salary	–	Salary	–	Salary	–
	Fees	100	Fees	–	Fees	–
	Bonus	–	Bonus	–	Bonus	–
	Other benefits	–	Other benefits	–	Other benefits	–
Julia Kwok Yung Chu	Salary	–	Salary	–	Salary	–
	Fees	100	Fees	–	Fees	–
	Bonus	–	Bonus	–	Bonus	–
	Other benefits	–	Other benefits	–	Other benefits	–
Hoon Tai Meng	Salary	–	Salary	–	Salary	–
(Appointed on 1 February 2011)	Fees	100	Fees	–	Fees	–
	Bonus	–	Bonus	–	Bonus	–
	Other benefits	–	Other benefits	–	Other benefits	–

For FY2011, the remuneration paid to each of the top five key executives (in terms of salary and who are not directors of the Company) was less than S$250,000. A breakdown of the level and mix of remuneration of these top five key executives is as follows:-

Name	Breakdown	
		%
Oh Kok Thai	Salary	75
	Bonus	10
	Other benefits	15
Chiang Kian Ngee	Salary	82
	Bonus	6
	Other benefits	12
Hau Ee Boon	Salary	78
	Bonus	9
	Other benefits	13
Venetia Yong Chin Ching	Salary	73
	Bonus	10
	Other benefits	17
Hau Ee Beng	Salary	80
	Bonus	6
	Other benefits	14

None of these employees of the Company are related to directors of the Company and none of their remuneration exceeds S$150,000 for FY2011.

The Board has not included a separate annual remuneration report in its annual report for FY2011 (as suggested by guidance note 9.1 of the Code) as the Board is of the view that the matters which are required to be disclosed in the annual remuneration report have already been sufficiently disclosed in this Report and in the financial statements of the Company.

5. Communications with the Shareholders

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

The financial results of the Company will be published via SGXNET on a half yearly basis. The Company may also, on an ad hoc basis, hold media and analysts briefings and publish press releases of its financial results.

5.2 Communications with Shareholders
Principle 14: Regular, effective and fair communication with Shareholders.

The Board is mindful of the obligation to provide timely and fair disclosure of material information in accordance with the Corporate Disclosure Policy of the SGX-ST.

All Shareholders receive the annual report and the notice of AGM (the "**Notice of AGM**"). The Notice of AGM is advertised in the newspapers and published via SGXNET.

5.3 Greater Shareholder Participation
Principle 15: Greater Shareholder participation at AGM

The Board welcomes the views of Shareholders on matters affecting the Company, whether at Shareholders' meetings or on an ad hoc basis. At AGMs, Shareholders are given the opportunity to air their views and to ask the Directors and Management questions regarding the Group.

6. Risk Management

The Board and Management are responsible for monitoring the Group's risk management. They regularly review the Group's business and take necessary steps to identify and highlight areas of significant business risks as well as take the appropriate measures to control and mitigate these risks.

7. Dealings in Securities

The Company has adopted its own internal Code of Conduct to provide guidance to all Directors and officers of the Company and its subsidiaries with regard to dealings in the Company's securities in compliance with the Rule 1207(19) of the Listing Manual of the SGX-ST.

8. Material Contracts

Other than disclosed in the audited financial statements and the service agreements between the Executive Directors and the Company, there were no material contracts to which the Company or any subsidiary company is a party and which involve the chief executive officer, directors and controlling shareholders' interests subsisted at the end of the financial year, or have been entered into since the end of the previous year.

9. Interested Person Transactions

Save as disclosed in the financial statements, there were no interested person transactions with aggregate value of S$100,000 or more for the financial year ended 30 September 2011.

Lee Tong Soon
Chairman and Managing Director

Statistics of Shareholdings

As at 14 December 2011

Distribution of Shareholdings

Size of Shareholdings			No. of Shareholders	%	No. of Shares	%
1	-	999	104	4.78	41,429	0.02
1,000	-	10,000	799	36.74	3,096,954	1.49
10,001	-	1,000,000	1,255	57.70	85,811,859	41.31
1,000,001		and above	17	0.78	118,798,458	57.18
TOTAL :			2,175	100.00	207,748,700	100.00

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1.	Teo Kiang Ang	23,862,000	11.49
2.	Lee Tong Soon	23,528,226	11.33
3.	Kok Nyong Patt	22,815,225	10.98
4.	Lee Tong Kuon	22,252,725	10.71
5.	Chua Yew Chye	3,600,000	1.73
6.	United Overseas Bank Nominees Pte Ltd	3,046,750	1.47
7.	Ang Yu Seng	2,389,000	1.15
8.	OCBC Securities Private Ltd	2,359,458	1.14
9.	Chan I-Harn Alvin	2,313,000	1.11
10.	Gan Suat Lui	2,000,000	0.96
11.	DBS Nominees Pte Ltd	1,949,250	0.94
12.	UOB Kay Hian Pte Ltd	1,920,750	0.92
13.	Kim Eng Securities Pte. Ltd.	1,719,074	0.83
14.	DBS Vickers Securities (Singapore) Pte Ltd	1,583,000	0.76
15.	HL Bank Nominees (S) Pte Ltd	1,269,000	0.61
16.	Koh Ser Kiong	1,160,000	0.56
17.	Teo Lea Ken	1,031,000	0.50
18.	Chua Yue Peng	1,000,000	0.48
19.	Eu It Hai	830,000	0.40
20.	Chua Chin Heng	812,000	0.39
	TOTAL :	121,440,458	58.46

Statistics of Shareholdings
As at 14 December 2011

SHAREHOLDING INTERESTS OF THE SUBSTANTIAL SHAREHOLDERS AS AT 14 DECEMBER 2011

Name	No. of Shares in which the Substantial Shareholder has a direct interest	%	No. of Shares in which the Substantial Shareholder is deemed to have an interest	%	No. of Shares / Total Interest
Teo Kiang Ang	23,862,000	11.49	–	–	23,862,000
Lee Tong Soon(1)	23,528,226	11.33	12,500	0.01	23,540,726
Kok Nyong Patt(2)	22,815,225	10.98	12,500	0.01	22,827,725
Lee Tong Kuon(3)	22,252,725	10.71	247,500	0.12	22,500,225

(1) Mr Lee Tong Soon and Mr Lee Tong Kuon are brothers. Mr Lee Tong Soon is deemed to be interested in the shares held by his spouse.

(2) Mr Kok Nyong Patt is deemed to be interested in the shares held by his spouse.

(3) Mr Lee Tong Kuon is deemed to be interested in the shares held by his son.

Rules 723 of the SGX Listing Manual – Free Float

As at 14 December 2011, approximately 55.31% of the issued share capital of the Company was held in the hands of public as defined in the SGX-ST Listing Manual. Accordingly, the Company confirms that Rule 723 of the Listing Manual is complied with.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Thai Village Holdings Ltd (the "**Company**") will be held at Thai Village Restaurant, 5 Stadium Walk, #01-50 Leisure Park Kallang, Singapore 397693 on Thursday, 19 January 2012 at 3.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the financial year ended 30 September 2011 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final dividend (tax exempt one-tier) of S$0.008 per ordinary share for the financial year ended 30 September 2011. (2010: S$0.009) **(Resolution 2)**

3. To approve the payment of Directors' fees of S$320,000 for the financial year ending 30 September 2012, with payment to be made in arrears. (2011: S$320,000) **(Resolution 3)**

4. To re-elect Mr Lee Tong Kuon who retires pursuant to Article 107 of the Articles of Association of the Company. **(Resolution 4)**

   [See Explanatory Note (i)]

5. To re-elect Mr Hoon Tai Meng who retires pursuant to Article 117 of the Articles of Association of the Company. **(Resolution 5)**

   [See Explanatory Note (ii)]

6. To re-appoint Messrs Ernst & Young LLP, Certified Public Accountants, as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**

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

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, with or without amendments as Ordinary Resolutions:-

8. **Authority to issue shares pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited**

   That the Directors be and are hereby authorised pursuant to the provisions of Section 161 of the Companies Act, Chapter 50 (the "**Companies Act**") to issue shares and convertible securities of the Company on such terms and conditions and for such purposes and to such persons and with such rights or restrictions as the Directors may in their absolute discretion deem fit PROVIDED ALWAYS THAT the aggregate number of shares and convertible securities to be issued pursuant to this resolution shall not exceed fifty per cent (50%) of the total issued share capital (excluding treasury shares) of the Company, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing shareholders shall not exceed twenty per cent (20%) of the total issued share capital (excluding treasury shares) of the Company and that such authority shall continue in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, unless the authority is previously revoked or varied at a general meeting. For the purposes of this resolution, the percentage of the total issued share capital (excluding treasury shares) shall be based on the Company's total issued share capital (excluding treasury shares) at the time of the passing of this resolution after adjusting for:

(a) new shares arising from the conversion or exercise of convertible securities or from exercising employee share options or vesting of shares awards outstanding or subsisting at the time of the passing of this resolution, provided that the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and

(b) any subsequent bonus issue, consolidation or subdivision of shares. **(Resolution 7)**

[See Explanatory Note (iii)]

9. **Renewal of Share Purchase Mandate**

That:

(1) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(a) market purchase(s) transacted on the SGX-ST through the SGX-ST's Quest-ST trading system and/or any other stock exchange on which the Shares may for the time being be listed and quoted ("**Other Exchange**") through one or more duly licensed dealers appointed by the Company for the purpose; and/or

(b) off-market purchase(s) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, and otherwise in accordance with all other laws and regulations and rules of the SGX-ST or, as the case may be, Other Exchange as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

(2) unless varied or revoked by the Company in General Meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(a) the date on which the next Annual General Meeting of the Company is held or is required by law to be held; or

(b) the date on which the Share Buyback is carried out to the full extent mandated.

(3) in this Resolution:

"Average Closing Price" means the average of the last dealt prices of a Share for the five consecutive Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, Other Exchange immediately preceding the date of the market purchase by the Company and deemed to be adjusted in accordance with the Listing Manual for any corporate action that occurs after the relevant five-day period;

"date of the making of the offer" means the date on which the Company announces its intention to make an offer for an off-market purchase, stating the purchase price (which shall not be more than the Maximum Price of the Shares calculated on the foregoing basis) for each Share, and the relevant terms of the equal access scheme for effecting the off-market purchase;

"Highest Last Dealt Price" means the highest price transacted for a Share as recorded on the SGX-ST on the Market Day on which there were trades in the Shares immediately preceding the date of the making of the offer pursuant to the Off-Market Purchase;

"Maximum Limit" means that number of issued Shares representing 10% of the issued ordinary share capital of the Company as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date);

"Maximum Price", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(a) in the case of a market purchase of a Share, 105% of the Average Closing Price of the Shares; and

(b) in the case of an off-market purchase of a Share pursuant to an equal access scheme, 120% of the Highest Last Dealt Price of the Shares; and

"Share" means an ordinary share in the capital of the Company; and

(4) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

(Resolution 8)

[See Explanatory Note (iv)]

BY ORDER OF THE BOARD

Chew Kok Liang
Company Secretary

Singapore
4 January 2012

Notice of Annual General Meeting

Explanatory Notes:

i) Mr Lee Tong Kuon will, upon re-election as Director of the Company, remain as Executive Director, and will be considered non-independent.

ii) Mr Hoon Tai Meng will, upon re-election as Director of the Company, remain as Chairman of the Remuneration Committee, members of Audit Committee and Nominating Committee respectively, and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

iii) The Ordinary Resolution 7 above, if passed, will empower the Directors of the Company from the date of the Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to a maximum of fifty per cent (50%) of the total issued share capital (excluding treasury shares) of the Company for the time being for such purposes as they consider would be in the interests of the Company. This authority will continue in force until the next Annual General Meeting of the Company, unless previously revoked or varied at a general meeting.

iv) The Ordinary Resolution 8 above, if passed, will authorise the Company to adopt the Share Buyback Mandate and empower the Directors of the Company to exercise all powers of the Company to purchase or otherwise acquire issued shares in the capital of the Company pursuant to the terms of the Share Buyback Mandate. This authority will continue in force until the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier, unless the authority is previously revoked or varied at a general meeting.

Notes:

(1) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.

(2) The instrument appointing a proxy must be deposited at the Registered Office of the Company at Blk 1002 Tai Seng Avenue, #01-2536, Singapore 534409 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Thai Village Holdings Ltd (the "**Company**") will be closed on 8 February 2012 for the purpose of determining the Company's shareholders ("**Shareholders**") entitlements to a first and final dividend of S$0.008 per ordinary share (tax exempt one-tier).

For the avoidance of doubt, in the case where the registered Shareholder is the Central Depository (Pte) Limited ("**CDP**") the dividend warrants shall be issued to the CDP and credited to the depositors' securities accounts with the CDP in proportion to the number of shares of the Company standing to the credit of each depositor's securities account with the CDP as at 5.00 p.m. (Singapore time) on 7 February 2012.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 7 February 2012 will be registered to determine entitlements to the said dividend.

The proposed dividend, if approved by the members at the Annual General Meeting to be held on 19 January 2012, will be paid on 22 February 2012.

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THAI VILLAGE HOLDINGS LTD

(Company Registration No. 199905141N)
(Incorporated In the Republic of Singapore)

ANNUAL GENERAL MEETING PROXY FORM

IMPORTANT:

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

I/We, ______________________________

of ______________________________

being a member/members of Thai Village Holdings Ltd (the "Company"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at Thai Village Restaurant, 5 Stadium Walk, #01-50 Leisure Park Kallang, Singapore 397693 on Thursday, 19 January 2012 at 3.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	**Resolutions relating to:**	**For**	**Against**
	Ordinary Business		
1	Directors' Report and Audited Accounts for the financial year ended 30 September 2011		
2	Payment of proposed first and final dividend of S$0.008 per ordinary share		
3	Approval of Directors' fees amounting to S$320,000 for the financial year ending 30 September 2012, with payment to be made in arrears		
4	Re-election of Mr Lee Tong Kuon as a Director under Article 107		
5	Re-election of Mr Hoon Tai Meng as a Director under Article 117		
6	Re-appointment of Ernst & Young LLP as Auditors and to authorised the Directors of the Company to fix their remuneration		
	Special Business		
7	Authority to issue new shares		
8	Renewal of Share Buyback Mandate		

Dated this ____________ day of ______________2012

Total number of Shares in:	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

____

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

*Delete where inapplicable

Notes :

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

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

3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If not such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any other named proxy as alternate(s) to the first named.

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

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at Blk 1002 Tai Seng Avenue, #01-2536, Singapore 534409 not less than forty-eight (48) hours before the time appointed for the Meeting.

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

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

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Thai Village Holdings Ltd

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