



BLUMONT  
—— 博诺有限公司 ——

**ANNUAL REPORT 2014**

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## CORPORATE INFORMATION

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### BOARD COMPOSITION

#### • Board of Directors

Executive Director:  
Ng Kim Huatt

*Independent Directors:*  
Calvin Lim Huan Kim  
(Lead Independent Director)  
Tan Gim Kang, Arran  
Farhash Wafa Salvador  
Aris Muhammad Rizal

#### • Audit Committee

Calvin Lim Huan Kim  
(Chairman)  
Tan Gim Kang, Arran  
Farhash Wafa Salvador  
Aris Muhammad Rizal

#### • Remuneration Committee

Calvin Lim Huan Kim  
(Chairman)  
Tan Gim Kang, Arran  
Farhash Wafa Salvador  
Aris Muhammad Rizal

#### • Nominating Committee

Tan Gim Kang, Arran  
(Chairman)  
Calvin Lim Huan Kim  
Farhash Wafa Salvador  
Aris Muhammad Rizal

### COMPANY SECRETARY

Ong Sing Huat

### REGISTRAR

Intertrust Singapore  
Corporate Services Pte. Ltd.  
3 Anson Road, #27-01  
Springleaf Tower  
Singapore 079909

### AUDITORS

#### Moore Stephens LLP

Certified Public Accountants  
10 Anson Road, #29-15  
International Plaza  
Singapore 079903

Audit Partner in charge  
(appointment since year 2012)  
Mr Ng Chiou Gee Willy

### REGISTERED OFFICE

298 Tiong Bahru Road  
#11-03 Central Plaza  
Singapore 168730  
Tel : (65) 6332 9488  
Fax : (65) 6332 9489

### OPERATING SUBSIDIARIES

#### • Singapore

G1 Investments Pte. Ltd.  
Tria Holdings Pte. Ltd.  
Asphere Holdings Pte. Ltd.  
Tyzen Holdings Pte. Ltd.  
Phelago Holdings Pte. Ltd.  
Adroit Innovations Investment  
Pte Ltd  
Blumont Copper Pte. Ltd.

298 Tiong Bahru Road  
#11-03 Central Plaza  
Singapore 168730

#### • Malaysia

Raintree Rock Sdn. Bhd.  
Trackplus Sdn Bhd  
  
177-3, Floor 3, Jalan Sarjana  
Taman Connaught, Cheras  
56000 Kuala Lumpur  
Malaysia

Gemisuria Corporation Sdn Bhd  
1<sup>st</sup> Floor, Lot 13  
K.K. Chinese Chamber of  
Commerce  
Kampong Air PO Box 11849  
88000 Kota Kinabalu  
Sabah, Malaysia

#### • Indonesia

PT Rel-ion Sterilization Services  
Kawasan Industri Ganda Mekar  
Cibitung, Bekasi 17520  
Indonesia

#### • British Virgin Islands

Powerlite Ventures Limited  
  
c/o 298 Tiong Bahru Road  
#11-03 Central Plaza  
Singapore 168730

### PRINCIPAL BANKERS

DBS Bank Ltd Singapore  
12 Marina Boulevard  
Level 3  
Marina Bay Financial Centre  
Tower 3  
Singapore 018982

United Overseas Bank  
80 Raffles Place  
UOB Plaza 1  
Singapore 048624

## BOARD OF DIRECTORS

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**MR NG KIM HUATT***EXECUTIVE DIRECTOR*

Mr Ng Kim Huatt was re-designated as Executive Director of the Group since 19 July 2014, having been its Independent Non-Executive Director since 23 April 2014. He has over 35 years of experience in the entire spectrum of the property and building industry as a professional civil engineer. Mr Ng had a unique career spanning 9 countries in 3 continents after graduating from the University of Canterbury with a Bachelor in Engineering (Civil) in 1977.

**MR LIM HUAN KIM***LEAD INDEPENDENT DIRECTOR*

Mr Lim Huan Kim was appointed as Independent Non-Executive Director since 15 March 2004. He is the Chairman of the Audit Committee and Remuneration Committee and a member of Nominating Committee. He was the Managing Director of a major European multinational corporation in the specialty chemicals business. He graduated with a Bachelor of Science in Chemical Engineering from the California State University Pomona in 1985.

Mr Lim is also an independent director in IPCO International Ltd.

**MR TAN GIM KANG, ARRAN***INDEPENDENT NON-EXECUTIVE DIRECTOR*

Mr Tan Gim Kang Arran is appointed as Independent Non-Executive Director, Chairman of the Nominating Committee and member of Audit Committee and Remuneration Committee since 30 May 2014. He has vast experience in the general civil and structural engineering, project management, construction management and traffic engineering and carpark management industry. Mr Tan holds a Bachelor of Engineering (Civil) from the University of Canterbury in 1986.

**MR FARHASH Wafa SALVADOR***INDEPENDENT NON-EXECUTIVE DIRECTOR*

Mr Farhash Wafa Salvador is appointed as Independent Non-Executive Director, member of Audit Committee, Nominating Committee and Remuneration Committee since 18 July 2014. He graduated in 2007 with a Master of Science in Finance degree from the University of Portsmouth, United Kingdom. He is currently holding directorships in automotive, information technology and communication and supplement manufacturing companies.

Mr Farhash is also a director of TTDI Cars Sdn. Bhd., Swag Technologies Sdn. Bhd. and Global Mprolabs Sdn Bhd..

**MR ARIS MUHAMMAD RIZAL***INDEPENDENT NON-EXECUTIVE DIRECTOR*

Mr Aris Muhammad Rizal is appointed as Independent Non-Executive Director, member of Audit Committee, Nominating Committee and Remuneration Committee since 10 October 2014. He holds a Bachelor of Engineering (Geological) from the University of Padjadjaran, Indonesia and is currently the Operational Manager at PT. Denichi Amina Selaras which is an Indonesian private company holding iron ore mining interests in Aie Dingin, West Sumatra, Indonesia which undertakes a wide array of activities including exploration.

## EXECUTIVE DIRECTOR'S STATEMENT

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**Dear Fellow Shareholders,**

On behalf of the Blumont Board, I would like to present and report on the Group's financial results and activities for the year which has ended 31 December 2014.

It was indeed an eventful year for us with changes in Management and the Board composition.

I would like to take this opportunity to thank all our shareholders and business partners for the support during this trying, difficult and challenging period.

### **THE PAST AND THE FUTURE**

The past legacy is over and gone and we therefore look towards the future direction for the Company.

Blumont Group Ltd. will be a new company with high standards of transparency and corporate governance.

We express our gratitude to the shareholders for giving us the mandate to include the new additional core business activity of:

- *Exploration, exploitation, development and production of mineral and energy resources*
- *Investments in mineral and energy resources projects, entities and companies*

### **A NEW STRATEGY**

2015 and 2016 years will be simply about rebuilding a company, not just a name or image alone.

Mineral assets have potential for good growth in the right environment.

The commodity market is volatile but prices do bottom out. However, in the upmarket, the returns can be exponential.

Shareholders interest is paramount to the Company's survival. We will seek independent reviews, conduct multiple Board discussions on all acquisitions, past and present, with a view to enhance shareholders' returns and value.

We are and shall be rebuilding, restructuring and re-acquiring in 2015 and beyond.

### **FINANCIAL REVIEW**

The Group's revenue for financial year 2014 was consistent with financial year 2013, with a decreased by S\$6,000 or 0.2% to S\$3.60 million. Sterilisation segment remained the largest contributor to revenue with 94% (S\$3.40 million) and followed by property segment with 6% (S\$0.20 million).

## EXECUTIVE DIRECTOR'S STATEMENT

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The Group had a net 'other losses - net' of S\$6.93 million for financial year 2014 as compared to S\$63.39 million in financial year 2013. These non-recurring losses are mainly due to the impairment of the Group's portfolio of equity investments in companies listed in the Singapore Exchange and Bursa Malaysia relating to the Investment Holding business. In addition, the Group had non-recurring impairment loss on financial assets, available-for sale of S\$18.65 million in financial year 2014 as compared to S\$10.02 million in financial year 2013, impairment on investment in associate of S\$4.35 million in financial year 2014 as compared to nil in financial year 2013, share of loss of associate of S\$1.46 million and re-measurement loss on acquisition of investment in associate of S\$21.01 million in financial year 2014 as compared to nil in financial year 2013 and impairment in other receivables - third party of S\$0.71 million in financial year 2014 as compared to S\$2.84 million in financial year 2013 which relates to Mineral and Energy Resources. The impairment, although something of the past legacy again, is to be recognised so that future earnings would not be diluted from past losses.

As a result, net loss for the year was S\$66.24 million as compared to S\$71.37 million in financial year 2013.

The increase in cash and bank balances by S\$1.43 million from S\$2.53 million as at 31 December 2013 to S\$3.96 million as at 31 December 2014 was mainly attributed to the balance on utilisation of the net proceeds from the disposal of financial assets, at fair value through profit or loss of the investment holding segment, disposal of the investment property from the property segment and cash inflow generated from sterilisation segment. Net asset value per ordinary share as at 31 December 2014 was 0.17 cents (31 December 2013: 2.88 cents) based on issued share capital of 2,609,387,832 (31 December 2013: 2,583,006,879)

### FOOTNOTE AND APPRECIATION

On behalf of the Board and Management Team, I would like to convey our sincere appreciation to our shareholders for maintaining the confidence in the Group throughout the entire year.

We shall look forward to your continued support towards rebuilding the Group into one of Asia's major player in the mineral and energy resources sector.

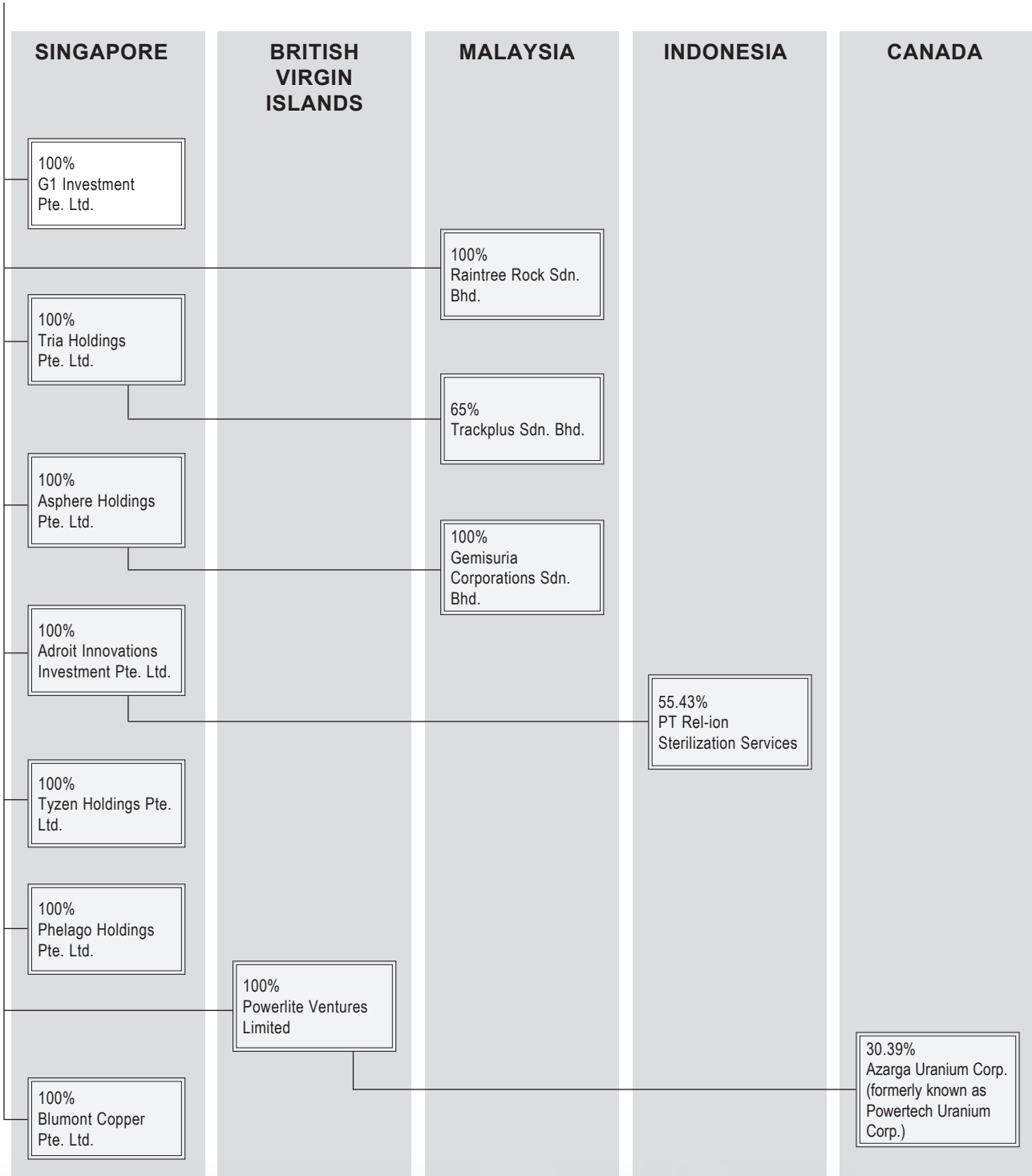
**NG KIM HUATT**

*Executive Director*

# GROUP STRUCTURE

As at 1 April 2015

BLUMONT  
博诺有限公司



## MISSION STATEMENT AND MANAGEMENT TEAM

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### MISSION STATEMENT

To continue to re-engineer Blumont into a niche strategic investor in businesses with the global market in mind, that can generate opportunities, scalability and growth for the Group.

### MANAGEMENT TEAM

#### SINGAPORE

**MR NG KIM HUATT**

Executive Director of  
Blumont Group Ltd.

Mr Ng is responsible for the overall corporate direction, strategic planning and the daily management of the Group.

#### MALAYSIA

**MR TONY LIM FONG  
CHUNG**

Director of Gemisuria  
Corporation Sdn Bhd

Mr Tony Lim is responsible for the overall operational aspects and day-to-day management of Gemisuria Corporation Sdn Bhd. He holds a degree in Accountancy from Macquarie University, Australia (1988) and has more than 15 years working experience in the property development industry in Sydney, Australia and Malaysia.

#### INDONESIA

**MR YUSMAN, SH**

Managing Director of PT  
Rel-ion Sterilization Services

Mr Yusman is responsible for the overall operational aspects and day-to-day management of PT Rel-ion Sterilization Services. He holds a degree in Law from the University of Tanjungpura, West Kalimantan, Indonesia.

## AUDITED FINANCIAL YEAR END SUMMARY

### The Group

#### Consolidated Statement of Comprehensive

#### Income – S\$

Operating Revenue

Other Losses – net

Total Expenses

Income Tax Expense

Total Loss: The Group

31 December 2014

12 months

3,598,401

(6,931,141)

(62,406,222)

(497,378)

(66,236,340)

31 December 2013

12 months

3,604,259

(63,393,045)

(21,417,262)

9,838,456

(71,367,592)

– Non-Controlling Interests

– Owners of the Company

619,447

(66,855,787)

(552,551)

(70,815,041)

### The Group

#### Statements of Financial Position – S\$

Total Assets

Total Liabilities

Net Assets

31 December 2014

44,968,740

(36,270,962)

8,697,778

31 December 2013

87,760,410

(10,850,139)

76,910,271

Intangible Assets

Net Tangible Assets – The Group

–

8,697,778

–

76,910,271

Equity: The Group

– Non-Controlling Interests

– Owners of the Company

8,697,778

4,182,584

4,515,194

76,910,271

2,622,081

74,288,190

### Owners of the Company

#### Per Share Computation

Number of Shares

Net Assets Value per Share – in cents

Net Tangible Assets per Share – in cents

31 December 2014

2,609,387,832

0.17

0.17

31 December 2013

2,583,006,879

2.88

2.88

Weighted Average Number of Shares

Loss per Share – in cents

2,592,330,558

(2.58)

3,046,192,304

(2.32)

### The Group

#### Ratio Computation

Return on Assets

Return on Equity

31 December 2014

-147%

-762%

31 December 2013

-81%

-93%

## MINERAL AND ENERGY RESOURCES INVESTMENTS

AS AT 1 APRIL 2015

The Group holds investments in companies in the business of exploration, exploitation, development and production of mineral and energy resources. The Group presently does not have any direct interest in tenements and its investment in the mineral and energy resources sector is limited to minority stakes in various investee companies. As such, the Group does not directly undertake any exploration, development or production activities.

A summary of the Group's existing investments in the mineral and energy resources investee companies is set out below. Information on the investee companies (including their respective exploration, development and/or production activities, and reserves and resources of tenements) is based on publicly available information.

| Investee Company                        | Blumont's interest | Resource Type/ Location                                                     | Project Development Stage/Resource Classification                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----------------------------------------|--------------------|-----------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Celsius Coal Limited                    | 14.47%             | Coking and thermal coal/<br>The Kyrgyz Republic<br>Nickel/Western Australia | Exploration and project planning stage<br><br>Uzgen Basin: Inferred Mineral Resource                                                                                                                                                                                                                                                                                                                                                                     |
| Cokal Limited                           | 12.74%             | Coking coal/Indonesia,<br>Tanzania                                          | BBM Project: Exploration and project planning stage; Measured, Indicated and Inferred Mineral Resources<br><br>Other tenements: Exploration stage                                                                                                                                                                                                                                                                                                        |
| Azarga Uranium Corp. <sup>(1)</sup>     | 30.39%             | Uranium/USA, Central Asia                                                   | Exploration and development stage<br><br>Dewey-Burdock Project: Indicated and Inferred Mineral Resources<br><br>Centennial Project: Indicated and Inferred Mineral Resources<br><br>Aladdin Project: Indicated and Inferred Mineral Resources<br><br>Hansen Deposit: Indicated and Inferred Mineral Resources<br><br>UrAsia (Kyzyl Ompul Licence): Inferred Mineral Resource<br><br>Temrezli Project: Measured, Indicated and Inferred Mineral Resources |
| Kidman Resources Limited                | 9.45%              | Copper, silver, lead, zinc/Australia                                        | Exploration stage<br>Home of Bullion Project: Inferred and Indicated Mineral Resources                                                                                                                                                                                                                                                                                                                                                                   |
| Discovery Metals Limited <sup>(2)</sup> | 5.39%              | Copper/Botswana                                                             | Production stage<br>Kalahari Copper Belt: Measured, Indicated and Inferred Mineral Resources                                                                                                                                                                                                                                                                                                                                                             |

## MINERAL AND ENERGY RESOURCES INVESTMENTS

AS AT 1 APRIL 2015

| Investee Company          | Blumont's interest | Resource Type/ Location                                                                 | Project Development Stage/Resource Classification                                                                                    |
|---------------------------|--------------------|-----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| Genesis Resources Limited | 12.96%             | Gold, iron, manganese, uranium, copper-zinc-silver/The Republic of Macedonia, Australia | Exploration stage<br>–                                                                                                               |
| Merlin Diamonds Limited   | 4.17%              | Diamonds/Australia                                                                      | Merlin Project: Development and production stage; Indicated and Inferred Mineral Resources<br><br>Other tenements: Exploration stage |
| Elysium Resources Limited | 9.05%              | Copper, gold/Australia, Indonesia                                                       | Exploration stage                                                                                                                    |

### Notes:

- (1) Blumont's shareholding in Azarga Uranium Corp. is held by Powerlite Ventures Limited, a 100% owned subsidiary of Blumont.
- (2) Blumont's shareholding in Discovery Metals Limited is held by Blumont Copper Pte. Ltd., a 100% owned subsidiary of Blumont.

## COAL

### CELSIUS COAL LIMITED

The Company has an approximate 14.47% stake in Celsius Coal Limited ("**Celsius**"), a metallurgical coal explorer listed on the Australian Securities Exchange ("**ASX**"), with a focus on developing coking and thermal coal mining operations in the Kyrgyz Republic.

#### (i) Uzgen Project

Celsius is currently at the exploration and project planning stage. At Celsius's 80% owned flagship Uzgen Basin Coking Coal Project (the "**Uzgen Project**"), it has a total JORC<sup>1</sup> Inferred Resource of 295Mt, which comprises 235Mt at Kargasha and 60Mt at Kokkia. This resource statement dated 24 March 2014 was completed by Australian technical coal specialist resource estimation firm G&S Resources using the advanced Vulcan resource modelling package and the information relating to resource estimates is based on information compiled by Dr Gavin Springbett of G&S Resources, a Competent Person (as defined in the JORC Code<sup>2</sup> 2012 Edition) and a member of the Australasian Institute of Mining and Metallurgy.

In October 2013, Celsius's physical exploration programme at the Uzgen Project was completed with 11 core holes drilled for a total of 4,050.6 linear metres. Initial coal quality test results received in January 2014 for the Kargasha tenement samples that were sent to the SGS laboratories in Novokuznetsk, Russia showed Free Swell Index ("**FSI**") results in the range of 6.5 to 8.5, indicating good coking potential. Coal quality tests for the Kokkia tenement show FSI results in the range of 7.5 to 9.5. An FSI of 4.5 is typically assessed as the threshold for coking coals.

1 The Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

2 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves promulgated by JORC.

## MINERAL AND ENERGY RESOURCES INVESTMENTS

AS AT 1 APRIL 2015

The Uzgen Project is located approximately 250km away from Xinjiang Province, Western China, via the proposed Trans-Asia Railway, which has an expanding steel industry and which has been highlighted as a special case for economic development. Kashgar, Xinjiang's second largest city, has been designated as a new Special Economic Zone as a trade gateway to Central Asia. Steel production in Xinjiang is expected to reach 30Mtpa in 2015 and coking coal demand will increase in step with this expansion and could reach and exceed 13Mtpa in 2015.<sup>3</sup>

The Government of the Kyrgyz Republic has also announced in 2013 that Chinese funding of US\$400 million has been made available for the construction of the new North-South link road between the capital of Bishkek and Jalal-Abad near Osh in the south of the Kyrgyz Republic. The road will pass through Kazarman, thereby allowing easier access to the Kokkia and Kargasha deposits. The road will ultimately form part of a link between the Kyrgyz Republic, China, Kazakhstan and Russia, and will open up new markets for Celsius by creating a much shorter and efficient transport corridor to Bishkek in the north, as well as additional options for transporting coal into the south of the Kyrgyz Republic and into Uzbekistan. In addition, this new road will link to other existing roads that provide transport options for export via road to Xinjiang Province in China. On 2 May 2014, the President of the Kyrgyz Republic, Almazbek Atambayev, officially opened the construction of the North-South link road. The new road is expected to begin operation in late 2016.<sup>4</sup>

On 5 March 2014, Celsius announced that it had signed a non-binding memorandum of understanding (the “**MOU**”) with Xinjiang Bayi Iron and Steel Group (“**Bayi Steel**”) and China Minmetals Group (“**China Minmetals**”). Bayi Steel is the Xinjiang Division of Baosteel Group, China's second largest and the world's fourth largest steel maker, while China Minmetals is a key state-owned enterprise and a Fortune Global 500 company focused on all aspects of the metal and minerals supply-chain. The purpose of the MOU is to establish a working arrangement between Celsius, Bayi Steel and China Minmetals to undertake preliminary investigations for the export, testing and supply of coking coal from Celsius's projects in the Kyrgyz Republic, and to facilitate the trial shipment of small parcels of coking coal, totaling up to 5,000 tonnes, for metallurgical testing by customers, resolution of transport methods and transport routes, and cross border transfer between the Kyrgyz Republic and China. The MOU covers the potential for long-term supply and purchaser arrangements of an estimated 500,000 tonnes of coking coal per annum from 2015 to 2019 to be supplied by Celsius from its Kyrgyz Republic coal properties and shared at a to-be-agreed-upon allocation between Bayi Steel and China Minmetals.

As announced by Celsius on 31 October 2014, Celsius has suspended further work at the Uzgen Basin Coking Coal Project until funding issues with the Company are resolved.

### (ii) *Alai Range Project*

To the south-west of the Uzgen Project, Celsius has a 90% interest in the Sary Mogol licence of the Alai Range Project. Celsius has decided not to proceed with any further works at the non-core thermal coal property at Sary Mogol. Celsius had made the decision to explore opportunities for the sale of this asset to preserve financial resources to focus on an optimised plan for the Uzgen Project and also to evaluate potential increased activity on its nickel assets.

<sup>3</sup> Hartleys Limited, *Report on Celsius Coal Ltd*, 25 June 2013.

<sup>4</sup> Celsius' quarterly activities report for the three-month period ended 31 March 2014 announced on 30 April 2014.

## MINERAL AND ENERGY RESOURCES INVESTMENTS

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AS AT 1 APRIL 2015

(iii) *Carnilya Hill Joint Venture, Abengo Hill Nickel Project*

Celsius also owns two nickel assets in Western Australia. Celsius (through View Nickel Pty Ltd) owns a 30% joint venture interest in the Carnilya Hill Joint Venture in Western Australia with Mincor Resources NL, which is the operator of the Carnilya Hill Joint Venture. Additionally, Celsius has a 100% interest in the Abengo Hill Nickel Project to the south and west of Minara Resources' Murrin Murrin nickel mine. The tenements are located near to Minara Resources' Murrin Murrin mine and the NiWest operation currently under development by GME Resources Ltd and are believed to have potential for both nickel laterite and nickel sulphide mineralisation.

Celsius has initiated a reassessment of its nickel assets in light of the substantial increase (more than 50%) in nickel price since the start of 2014. Celsius' joint venture partner, Mincor Resources NL ("**Mincor**"), is currently undertaking an extensive regional exploration campaign. As announced in Mincor's quarterly activities report for the period ending 31 December 2014, an RC drilling programme of 5 holes for 356 metres was completed at the Michigan prospect within the Carnilya Hill Project and no significant assays greater than 0.5% Ni were returned. While mining operations at Carnilya Hill ceased in the first quarter of 2012, access to the decline and other mine infrastructure were maintained so that the opportunity to recommence mining remains intact. During the quarter ended 31 December 2014, Celsius finalised a data compilation and target generation exercise on its Abengo Hill Nickel Project for laterite and sulphide nickel and based on this work, Celsius is assessing its options for further work on this project, either resuming exploration activity or seeking to monetize its nickel assets.

### **COKAL LIMITED**

The Company has an approximate 12.74% stake in ASX-listed Cokal Limited ("**Cokal**"), a metallurgical coal producer with exploration tenements in Central and West Kalimantan, Indonesia, and Tanzania. The Company has also committed to a facility of up to US\$8 million in cash advance to Cokal, of which US\$3.4 million has been drawn down as at 31 March 2015.

On 3 Mar 2015, Cokal announced that it had received an unsolicited non-binding and incomplete proposal in relation to a conditional off market takeover bid by PT Cakra Mineral Tbk ("**CKRA**") for all of the ordinary shares in Cokal. CKRA is an Indonesia company listed on the Indonesia Stock Exchange (IDX: CKRA).

CKRA is proposing to offer for each Cokal share on issue, either cash (based on Cokal equity value of A\$70 million) or CKRA shares (based on Cokal equity value of A\$70 million plus 25% premium). The takeover bid will be subject to, amongst others, minimum acceptance by holders of 90% of Cokal's issued shares.

CKRA is an Indonesian company listed on the Indonesia Stock Exchange (IDX:CKRA). Its main activity is a holding company conducting mining operations of iron ore and zircon sand, and performing marketing services for its business group. It has operations in the province of West Sumatra and Central Kalimantan. CKRA has several subsidiary companies engaged in iron ore mining and mineral commodities trading. It also wishes to expand its mining operations and to create a coal mining division.

## MINERAL AND ENERGY RESOURCES INVESTMENTS

AS AT 1 APRIL 2015

Cokal intends to engage with CKRA to evaluate the proposal and will make a further announcement if negotiations result in a binding agreement. The outcome of the proposal is speculative and there is no certainty that any agreement will be reached.

(i) *BBM Project*

The planned drilling and detailed engineering plans for Cokal's 60% owned flagship Bumi Barito Mineral project (the "**BBM Project**") located at Upper Barito Coal Basin, Regency of Murung Raya, Central Kalimantan, Indonesia, is currently in the exploration and project planning stage. As at 30 April 2013, Cokal upgraded its exploration mining permit for the BBM Project into a production mining permit.

An updated coal resource statement compliant with the 2012 Edition of the JORC Code released for the eastern portion of the BMM Project, as announced by Cokal on 29 January 2015, indicates a JORC total coal resource of 266.6Mt comprising 19.5Mt Measured, 23.1Mt Indicated and 224Mt Inferred coal resources. The statement was compiled by Yoga Suryanegara (an employee of Cokal), who is a Competent Person (as defined in the JORC Code 2012 Edition) and a member of the Australasian Institute of Mining and Metallurgy, and was independently reviewed and confirmed to be compliant with the JORC Code 2012 Edition by Pat Hanna of Hanna Consulting Services, who is also an Executive and Director of Cokal. Measured, Indicated and Inferred Resources have been estimated for the B, C, D and J Seams which have been confirmed as metallurgical coal from analyses conducted in an Australian laboratory. The coal resources of the B, C, D and J Seams comprised 90% coking coal and 10% PCI or semi-soft coking coal. Geological mapping of the western half of the BBM Project has delineated a large number of coal seam outcrops. Sample analyses of the outcrops indicate the majority of the potential resource to produce a PCI product, and in some locations, the coal displays properties consistent with that of anthracite. These coals are suitable for steel production, mineral processing and urea production. Once the application for the extension for the IPPKH is approved by the Environment and Forestry Department, which is expected to be during the first quarter of 2015, Cokal can commence exploration in the BBM Project western block.

Cokal's J Seam has sufficient low ash raw coal product for direct ship potential in initial years of production. During the last quarter of 2013, up to five drill rigs have been active on the BBM Project. Activities were focused on delineating coal resources in the Kalimantan area at the eastern extremity of the BBM Project tenement. Coal core samples from ongoing exploration drilling indicate the eventual conversion to premium coking coal with Crucible Swell Numbers (CSN) of values generally at 9 or more.

In July 2014, Cokal received the In-Principal Forestry Permit (the Izin Princip Ijin Pinjam Pakai Kawasan Hutan), which is the last stage prior to the issuance of the Borrow and Use of Forest Area Permit (the Ijin Pinjam Pakai Kawasan Hutan or "**IPPKH**"). The In-Principal Forestry Permit has been issued for an area covering 1,242 hectares which enables the development of the port, haul road and the initial development of the mine site once the conditions of the In-Principal Forestry Permit are met. Once granted, the IPPKH will enable construction and mining of the BBM Project to commence. In line with the integrated development of the BBM Project, the application to upgrade

## MINERAL AND ENERGY RESOURCES INVESTMENTS

---

AS AT 1 APRIL 2015

the permit includes forestry areas associated with the development of the BBM Project mine, haul road and river barging terminal. As at 30 January 2015, Cokal has completed all the administrative obligations and approval conditions necessary to obtain the final IPPKH, including: (i) survey and pegging the approved boundary and operational area; (ii) providing various undertaking regarding rehabilitation; and (iii) payment of applicable taxes. Due to the amalgamation of the Environment and Forestry Department under the new Indonesian Government, Cokal's initial expected date of issue of the IPPKH in the fourth quarter of 2014 has been delayed to the first quarter of 2015.

On 24 February 2015, Cokal announced that the BBM Project port facilities had received both construction and operational approval from the Department of Transport. The port facilities are located in, and on land adjacent to the Barito River, Murung Regency, Central Kalimantan. The approval is for an initial 15-year period, and Cokal expects that the 2 million tonnes per annum operation will require a 12-month construction period, leaving a 14-year operational period. The approval also provides for BBM to obtain further extensions to the operational period to support activities beyond the initial 15-year period.

The other tenements of Cokal are in the exploration stage.

### (ii) *BBP Project*

PT Borneo Bara Prima ("**BBP**") is 60% held by Cokal. The project is located in the North Barito Basin and covers 13,000 ha. Exploration activities to date have comprised an initial reconnaissance mapping programme which has identified the presence of multiple coal seams from outcrops. Initial laboratory results indicate that coal from the southern part of the BBP Project is suitable for the pulverised coal injection (PCI) and anthracite markets and is a bright coal with a low in-situ ash, low sulphur content, ultra-low phosphorous and high energy.

The Izin Usaha Pertambangan (IUP) production/operation (mining lease) licence and the Clean and Clear Certificate are expected to be issued in the first quarter of 2015.

### (iii) *TBAR Project*

Cokal has also entered into an agreement to acquire 75% of the Tambang Benua Alam Raya project (the "**TBAR Project**"), which covers an area of 18,850 hectares, and is in the midst of applying for the Exploration Forestry Permit. The TBAR Project is listed on the government's "Clean and Clear" list and adjoins the southern and eastern boundaries of the BBM Project, and also consists of the same coal-bearing Haloq Sandstone Formation. As at 31 December 2013, geological mapping of the TBAR Project delineated 70 coal outcrops and the laboratory results of all coal outcrop channel samples confirmed a low ash, medium volatile matter, low sulphur, ultra-low phosphorus and a high swelling coke index, indicating a potential coking coal product of premium export quality.

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### URANIUM

#### **POWERLITE VENTURES LIMITED**

Powerlite Ventures Limited ("**Powerlite**") is a limited liability company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company. Powerlite's sole investment is in Azarga Uranium Corp. ("**Azarga Uranium**") (formerly known as Powertech Uranium Corp.).

Powerlite has an approximate 30.39% stake in Azarga Uranium, a Vancouver-based mineral exploration and development company listed on the Toronto Stock Exchange (TSE Code: PWE),

The current investments by Azarga Uranium are set out as follows. Azarga Uranium's investments are currently in the exploration and development stage.

Through its Denver-based subsidiary, Powertech (USA), Inc., Azarga Uranium holds the Dewey-Burdock uranium deposit in South Dakota (the "**Dewey-Burdock Project**"), the Dewey Terrace project and the Aladdin project (the "**Aladdin Project**") in Wyoming, and 40% of the Centennial uranium deposit in Colorado (the "**Centennial Project**").

#### *(i) The Dewey-Burdock Project*

The Dewey-Burdock Project is located in Custer and Fall River Counties, South Dakota. It is comprised of approximately 50 mining leases and approximately 370 mining claims covering approximately 14,500 surface acres and 17,800 net mineral acres. This project is Azarga Uranium's primary focus of development. 10,580 acres of the project are currently licensed by the United States Nuclear Regulatory Commission ("**NRC**") and Azarga Uranium requires regulatory approvals from two additional major agencies prior to initiation of construction and operation of the project. These approvals include Class III and Class V underground injection control ("**UIC**") permits from the United States Environmental Protection Agency ("**EPA**") and state permits to be issued by South Dakota ("**SD**") Department of Environment and Natural Resources ("**DENR**"). The state permits have been recommended for approval by the DENR staff to the Mining Board and Water Board, and are pending following receipt of the permits from the EPA.

The regulatory process is currently estimated to be completed by the third quarter of 2015, which would allow construction to commence at that time. Azarga Uranium's business objectives currently focus on complying with its NRC licence while obtaining the remaining permits necessary to commence construction and operation of the Dewey-Burdock Project. However, due to lack of mandated regulatory timelines and uncertainty for scheduling of state hearings, the dates may be subject to change.

On 29 January 2015, Azarga Uranium announced the findings of an independent Preliminary Economic Assessment of the Dewey-Burdock Project (the "**2015 Dewey-Burdock PEA**") which included an updated resource statement. The 2015 Dewey-Burdock PEA conforms to the requirements of NI 43-101 and was prepared by TREC, Inc., Douglass Graves, P.E., and Roughstock Mining Services, Steve Cutler, P.G. The full 2015 Dewey-Burdock PEA is available on Azarga Uranium's website.

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The updated Mineral Resource estimate as announced by Azarga Uranium on 29 January 2015 is as follows:

### Dewey-Burdock Project In-situ Recovery Mineral Resource estimate

|                                                 | Measured<br>Resources | Indicated<br>Resources | Measured<br>plus Indicated<br>Resources | Inferred<br>Resources |
|-------------------------------------------------|-----------------------|------------------------|-----------------------------------------|-----------------------|
| Tons                                            | 554,000               | 992,000                | 1,546,000                               | 586,000               |
| Average grade (%U <sub>3</sub> O <sub>8</sub> ) | 0.33                  | 0.21                   | 0.25                                    | 0.05                  |
| Thickness (feet)                                | 3.9                   | 6.0                    | 5.25                                    | 4.2                   |
| Grade-thickness                                 | 1.30                  | 1.28                   | 1.29                                    | 0.20                  |
| Uranium (pounds)                                | 4,122,000             | 4,460,000              | 8,582,000                               | 3,528,000             |

In March 2015, Azarga Uranium filed an updated resource estimate and preliminary economic assessment (“**PEA**”) for the Dewey-Burdock Project, prepared by TREC Inc. (“**TREC**”) and Rough Stock Mining Services (“**Rough Stock**”). Subsequent to filing of the PEA, the British Columbia Securities Commission (“**BCSC**”) has identified certain technical disclosure deficiencies relating to NI43-101 that will necessitate the filing of an amended PEA by the Company in the near term. Azarga Uranium is in discussions with the BCSC regarding the amended PEA and related disclosure, and intends to issue a news release clarifying the disclosure in the PEA and an amended PEA following such discussions.

### (ii) Centennial Project

The Centennial Project is located in Weld County, Colorado. Through property purchase and/or lease agreements, it is comprised of approximately 3,600 acres of surface rights and approximately 7,100 acres of mineral rights.

Azarga Uranium holds a direct interest of 40% in the Centennial Project in addition to a deemed interest of 60% held by Azarga Resources.

Azarga Uranium completed its application to the EPA for a Class I UIC Permit in November 2010. In December 2010, the EPA informed Azarga Uranium that the application was deemed complete.

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A NI 43-101-compliant "Preliminary Assessment" dated 6 August 2010 (the "**Centennial Preliminary Assessment**") was prepared by SRK Consulting (U.S.), Inc. ("**SRK**") for the Centennial Project and is available on Azarga Uranium's website. Based on the Centennial Preliminary Assessment, the total resource base within the Centennial Project are as follows:

### 2010 Centennial Resources – 0.20 GT Cut-off (Voss 2010)

|                     | Tons      | Average Grade                       | Points (U <sub>3</sub> O <sub>8</sub> ) |
|---------------------|-----------|-------------------------------------|-----------------------------------------|
| Indicated Resources | 6,873,199 | 0.09% U <sub>3</sub> O <sub>8</sub> | 10,371,571                              |
| Inferred Resources  | 1,364,703 | 0.09% U <sub>3</sub> O <sub>8</sub> | 2,325,514                               |

### 2010 Centennial Resources – 0.50 GT Cut-off (Voss 2010)

|                     | Tons      | Average Grade                       | Points (U <sub>3</sub> O <sub>8</sub> ) |
|---------------------|-----------|-------------------------------------|-----------------------------------------|
| Indicated Resources | 5,111,154 | 0.11% U <sub>3</sub> O <sub>8</sub> | 8,120,866                               |
| Inferred Resources  | 488,507   | 0.09% U <sub>3</sub> O <sub>8</sub> | 641,470                                 |

### (iii) Aladdin Project

The Aladdin Project comprises approximately 10,161 acres of mineral rights located along the Wyoming/South Dakota border on the northwestern flank of the Black Hills Uplift. The Aladdin Project is 80 miles northwest of the Dewey-Burdock Project. Uranium resources at the Aladdin Project have developed within the same host rocks that contain the Dewey Burdock uranium resources.

A NI 43-10-compliant "Technical Report on the Aladdin Uranium Project" dated 21 June 2012 was prepared by Jerry Bush, Certified Professional Geologist – No. 03574 (the "**Aladdin Report**") and is available on Azarga Uranium's website. Based on the Aladdin Report, the total resource base within the Aladdin Project are as follows:

| Total Indicated Resources<br>at 0.20 GT Cut-off |                |               |                                         | Total Inferred Resources<br>at 0.20 GT Cut-off |               |                                         |
|-------------------------------------------------|----------------|---------------|-----------------------------------------|------------------------------------------------|---------------|-----------------------------------------|
|                                                 | Tons           | Average Grade | Points (U <sub>3</sub> O <sub>8</sub> ) | Tons                                           | Average Grade | Points (U <sub>3</sub> O <sub>8</sub> ) |
| Fall River                                      | 61,575         | 0.12%         | 147,778                                 | 37,557                                         | 0.12%         | 90,136                                  |
| Lakota                                          | 404,657        | 0.11%         | 890,245                                 | 5,064                                          | 0.11%         | 11,119                                  |
| <b>Total</b>                                    | <b>466,232</b> | <b>0.111%</b> | <b>1,038,023</b>                        | <b>42,611</b>                                  | <b>0.119%</b> | <b>101,255</b>                          |

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|              | Total Indicated Resources<br>at 0.40 GT Cut-off |                  |                                            | Total Inferred Resources<br>at 0.40 GT Cut-off |                  |                                            |
|--------------|-------------------------------------------------|------------------|--------------------------------------------|------------------------------------------------|------------------|--------------------------------------------|
|              | Tons                                            | Average<br>Grade | Points<br>(U <sub>3</sub> O <sub>8</sub> ) | Tons                                           | Average<br>Grade | Points<br>(U <sub>3</sub> O <sub>8</sub> ) |
| Fall River   | 19,349                                          | 0.19%            | 73,527                                     | 9,938                                          | 0.19%            | 37,766                                     |
| Lakota       | 150,209                                         | 0.16%            | 480,668                                    | 1,517                                          | 0.16%            | 4,854                                      |
| <b>Total</b> | <b>169,558</b>                                  | <b>0.163%</b>    | <b>554,195</b>                             | <b>11,455</b>                                  | <b>0.186%</b>    | <b>42,620</b>                              |

(iv) *Azarga Resources*

Azarga Uranium holds 100% of the existing issued share capital of Azarga Resources. Azarga Resources' investments are currently in the exploration and development stage. Azarga Resources is a private company incorporated in the British Virgin Islands, which holds various uranium investments as described below.

(A) *Black Range*

Azarga Resources has an approximate 16.76% stake in ASX-listed Black Range Minerals Limited ("**Black Range**").

Black Range and its subsidiaries are principally engaged in the development of its Colorado uranium properties and hold interests in uranium and coal projects in the USA.

(1) *Hansen Deposit*

Black Range controls 100% of the Hansen/Taylor Ranch Uranium Project in Colorado, United States of America, which hosts Indicated and Inferred Mineral Resources (JORC Code 2012 Edition) of approximately 90.4Mlbs of U<sub>3</sub>O<sub>8</sub> at a grade of 600ppm (0.06%) U<sub>3</sub>O<sub>8</sub> (the "**Hansen Deposit**") as announced by Black Range on 23 April 2014. As announced by Black Range on 24 April 2012 and 28 November 2014, based on the scoping study prepared by TREC, Inc. in April 2012 to evaluate the technical feasibility and capital and operating costs to mine the Hansen Deposit, an initial mining operation can be developed at the Hansen Deposit with an estimated capital cost of less than A\$80 million to produce circa 2 million pounds of U<sub>3</sub>O<sub>8</sub> per annum at an operating cost of approximately \$30/lb U<sub>3</sub>O<sub>8</sub>.

During the December quarter in 2014 Black Range completed a fifth water sampling program to determine baseline characteristics of water from five water monitoring wells installed during October/November 2013 immediately adjacent to its Hansen Uranium Deposit in Colorado, USA. Acquisition of baseline data from these wells is essential for streamlining the mine permit and approval process. Black Range has now acquired the five successive sets of quarterly sampling data required before applications for mine permits can be submitted. During the same quarter, Black Range determined that it would be advantageous to undertake trial borehole mining at the

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Hansen Deposit in advance of submitting mine permit applications. An application was submitted with a view to conducting a borehole mining trial in mid-2015. Additional baseline environmental data monitoring activities continued through the December 2014 quarter in conjunction with preparatory mine permit application work.

### (2) *Black Range's ablation technology*

Black Range holds a 50% interest in Mineral Ablation LLC (the "**Ablation JV**"), a joint venture with Ablation Technologies LLC, whereby the two companies are jointly developing the patented Ablation methodology for application to mineral deposits, particularly uranium deposits. The Ablation process is a low cost, purely physical, method of concentrating uranium mineralisation by applying a grain size separation process to ore slurries. No chemicals are added in the process, yet very high mineral recoveries can be achieved with considerable mass reduction, facilitating the separation of a high grade, high-value ore product from a coarse-grained barren "clean sand" product. Extensive testwork has shown that, when applying Ablation to amenable sandstone-hosted uranium ore types, typically more than 90% of the uranium mineralisation can be recovered into 10% to 20% of the initial sample mass. In order to commercialise the technology, the Ablation JV has been constructing a semi-commercial scale unit, with nominal capacity of 5tph. In the year ended 30 June 2014, multiple tests have been undertaken with the 5tph Unit. Encouraging results have been returned, with up to 94.5% of uranium in the ore samples being separated into the finest size fractions.

In the year ended 30 June 2014, testwork was undertaken for multiple third party owners of uranium deposits that are potentially amenable to Ablation. One such party, GoviEx Uranium Inc., which owns the Madaouela Project in Niger, comprising a series of sandstone-hosted uranium deposits that contain NI 43-101 mineral resources of 39.7 Mt at 0.14%  $eU_3O_8$  for a total of 122.3 million lbs of  $U_3O_8$ , has publically stated that its preferred development plan for the Madaouela Project includes the use of Ablation. Discussions continue with a number of third parties, who have expressed interest in utilising Ablation at commercial scales.

### (B) *UrAsia in Kyrgyzstan LLC*

Azarga Resources holds an 80.0% equity interest in UrAsia in Kyrgyzstan LLC ("**UrAsia**"). The uranium and rare earth deposits and prospects of the Kyzyl Ompul Licence, which is 100% owned and operated by UrAsia, is located in the Kyrgyz Republic, approximately 125 km east of Bishkek and about 20 km by road from the regional city of Balykchy. The project is contained within the Kyzyl Ompul massif in the Kochkor region of Naryn Oblast and the Issyk-Kul region of Issyk-Kul Oblast and consists of one exploration license of 2852MR with an area of 42,379 hectares (423.79km<sup>2</sup>). The license is valid until 31 December 2015 and permits exploration for uranium, thorium, iron, titanium, phosphate, rare earth elements and feldspar.

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A NI 43-101-compliant “Technical Report on the Kyzyl Ompul Licence, Kyrgyz Republic” dated 14 April 2014 (the “**Kyzyl Report**”) was prepared by Ravensgate Mining Industry Consultants for Azarga Uranium, Azarga Resources and UrAsia. The Kyzyl Report was announced by Azarga Uranium on the System for Electronic Document Analysis and Retrieval on 13 May 2014.

The Kyzyl Ompul Licence is held by UrAsia, with the most advanced uranium prospect identified termed “Kok Moinok”. The Kyzyl Report provides the following estimate of the mineral resource at Kok Moinok:

| <b>Kok Moinok – Mineral Resource Estimates (using Lower Cut-Off of 100ppm U<sub>3</sub>O<sub>8</sub>) – Effective date: December 2013</b> |                                          |                      |                                     |             |                                     |                 |                                     |                                                          |
|-------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|----------------------|-------------------------------------|-------------|-------------------------------------|-----------------|-------------------------------------|----------------------------------------------------------|
| Kok Moinok                                                                                                                                | Cut off                                  | Measured + Indicated |                                     | Inferred    |                                     | Total Resources |                                     | Contained U <sub>3</sub> O <sub>8</sub> (million pounds) |
|                                                                                                                                           |                                          | Tonnes (Mt)          | U <sub>3</sub> O <sub>8</sub> (ppm) | Tonnes (Mt) | U <sub>3</sub> O <sub>8</sub> (ppm) | Tonnes (Mt)     | U <sub>3</sub> O <sub>8</sub> (ppm) |                                                          |
| Current Ravensgate Model                                                                                                                  | 100 ppm (U <sub>3</sub> O <sub>8</sub> ) | –                    | –                                   | 15.13       | 225.2                               | 15.13           | 225.2                               | 7.51                                                     |

Note: A conversion factor of 2.20462 was utilised to derive contained U<sub>3</sub>O<sub>8</sub> in pounds.

The Kyzyl Report goes on to state as follows:

*“An assessment was made of two Exploration target zones identified at Kok Moinok, which were based on historic Soviet Era drilling data. This historic drilling is not immediately verifiable, and therefore downgrades the relative confidence of any estimates carried out for target reporting purposes and as per the NI 43-101 guidelines the estimates should be viewed as a conceptual assessment only. In addition, these areas are sparsely drilled, making it difficult to define the likely final volumes which can be estimated for mineralised material that is present in these areas. Ravensgate has used initial assumptions of mineralisation extent based on a relatively conservative half average drill-section spacing to help construct some mineralised zone wire-frame volumes.”*

Please refer to the table below for the details.

| <b>Kok Moinok – Exploration Target Area Estimates (using Lower Cut-Off of 100ppm U<sub>3</sub>O<sub>8</sub>)</b> |                       |                       |                                               |
|------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------------------------------|
| Target Zone                                                                                                      | BCM Range             | Tonnes Range          | Grade Range U <sub>3</sub> O <sub>8</sub> ppm |
| ZoneA = 2                                                                                                        | 960,000 – 1,600,000   | 2,400,000 – 4,150,000 | 180 – 350                                     |
| ZoneA=3                                                                                                          | 990,000 – 1,650,000   | 2,480,000 – 4,300,000 | 180 – 350                                     |
| Total                                                                                                            | 1,950,000 – 3,250,000 | 4,880,000 – 8,450,000 | 180 – 350                                     |

Note: A range of bulk densities were used from 2.5 to 2.6 t/m<sup>3</sup>.

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### (C) *Anatolia*

Azarga Resources holds an approximate 11.33% stake in Anatolia (“**Anatolia**”), whose shares are listed and quoted for trading on the ASX (ASX Code: AEK). Anatolia is a uranium exploration company holding an extensive portfolio of exploration licenses with accelerated exploration programs in the Republic of Turkey.

#### (1) *The Temrezli Project*

Backed by an experienced project team, Anatolia’s strategy is geared towards becoming a key explorer and miner in Turkey’s uranium sector. Its current focus is on the exploration and development of a detailed well-field plan for its in-situ recovery (“**ISR**”) mine at the Temrezli uranium project in Central Turkey (“**Temrezli Project**”), which is located in one of the most significant and richest uranium districts in Turkey. In October 2013, Anatolia was granted an operation license from the Turkish Government for Temrezli which is valid for a minimum of 10 years. This is the Turkish equivalent of a mining license and it secures Anatolia’s long-term tenure at Temrezli. The licence will enable Anatolia to construct the ISR well field and processing plant upon issue of an operation permit, typically granted within 14 days of application. The application for an operation permit will occur shortly after the submission of the Environmental and Social Impact Assessment (“**ESIA**”) and will follow the granting of the relevant property and business permits.

In May 2014, the results of the resource drilling and the hydrogeological drilling (as part of a pre-feasibility study and the ESIA) enabled Anatolia to update both its Mineral Resource estimate and preliminary economic assessment. The updated Mineral Resource was prepared by CSA Global in accordance with the JORC Code 2012 Edition as shown in the following table:

| Category                                                | Tonnes (kt)  | Average Grade<br>(ppm eU <sub>3</sub> O <sub>8</sub> ) | Resource<br>(lb eU <sub>3</sub> O <sub>8</sub> ) |
|---------------------------------------------------------|--------------|--------------------------------------------------------|--------------------------------------------------|
| Measured                                                | 2,008        | 1,378                                                  | 6,100,000                                        |
| Indicated                                               | 2,178        | 1,080                                                  | 5,185,000                                        |
| Inferred                                                | 1,020        | 888                                                    | 1,997,000                                        |
| <b>Total</b>                                            | <b>5,206</b> | <b>1,157</b>                                           | <b>13,282,000</b>                                |
| Cut-off Grade of 200 ppm eU <sub>3</sub> O <sub>8</sub> |              |                                                        |                                                  |

On 18 August 2014, Anatolia announced a number of significant high grade eU<sub>3</sub>O<sub>8</sub> values from its recent and on-going drilling program of resource holes and hydrogeological wells at the Temrezli Project. The holes were intended to increase the understanding of the existing resource, and to facilitate and refine well field planning. The results included the highest grade intercept of 0.8m at 11,400 ppm eU<sub>3</sub>O<sub>8</sub> from 182.7 m in TUR100 whilst encouraging well yields were observed during the construction of the hydrogeological wells.

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On 27 August 2014, Anatolia announced that it had received commitments to raise A\$6.0 million (before costs) through the issue of up to 75 million shares at A\$0.08 per share, with one for two attaching options exercisable at A\$0.12 per share (the “**Anatolia Placement**”). Funds raised from the Anatolia Placement will be applied to complete the pre-feasibility study and Environment Impact Assessment in respect of the Temrezli Project and for general working capital purposes.

On 30 January 2015, Anatolia announced that its hydrogeological drilling and pumping test work which commenced late in the fourth quarter of 2014 returned very encouraging results. The hydrogeological work represents some of the final components to the Temrezli pre-feasibility study. Anatolia also announced that it had completed an extensive background radiation monitoring program, which is in support of the larger ESIA being conducted simultaneously by SRK (Turkey) that will be completed and submitted to the Turkish permitting agency, in support of the grant of Anatolia’s operating permit. Concurrently, Anatolia commenced its baseline social impact assessment as part of the ESIA.

### (2) *The Sefaatli Satellite Project*

Anatolia also completed a short program of rotary drilling at its Sefaatli Satellite Project (“**Sefaatli**”) which comprises two prospects, Deliler and Tulu Tepe. These lie within a NE-SW corridor of some 12 km in length where limited drilling in the 1980s intersected discontinuous uranium mineralisation. Given the proximity of Sefaatli to Temrezli, there is strong potential for Sefaatli to evolve into a satellite operation that supplements the planned development of Temrezli. Previous drilling by Anatolia at Sefaatli was reported to the ASX on 20 December 2013, and all holes intersected uranium mineralisation at depths ranging between 20 m and 133 m, with most holes intersecting two or more lenses, and one hole up to five stacked lenses. On 30 January 2015, Anatolia announced that two rigs were mobilised to the Sefaatli Satellite Project site in October 2014 to undertake a combination of both in-fill and step-out drilling at the Deliler and Tulu Tepe prospects. Phase 1 drilling was focused on areas where previous drilling in the 1980s intersected widespread uranium mineralisation open in all directions. Drilling was a combination of diamond core and rotary methods, on approximately 100 x 100 m drill spacing (east-west), for 50 holes and a drill advance of 5,664m.

On 30 March 2015, Anatolia announced that the Phase 2 drilling at the Deliler and Tulu Tepe prospects had commenced for a minimum of 40 holes advancing over 7,000 m.

Approximately A\$1.5 million from the Anatolia Placement has been allocated for drilling at the Sefaatli Satellite Project.

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## COPPER

### KIDMAN RESOURCES LIMITED

Blumont has an approximate 9.45% stake in ASX-listed Kidman Resources Limited ("**Kidman**"), a mining and investment holding company focused on the exploration and development of copper-gold deposits within Australia.

Kidman's flagship projects are the 100%-owned Browns Reef base metal project and the 100%-owned Home of Bullion Project. Kidman is currently in the exploration stage.

#### (i) *Home of Bullion Project*

In July 2014, Kidman announced a maiden resource estimate for its Home of Bullion Project located in the Northern Territory of Australia at Barrow Creek. Kidman commissioned SRK Consulting to complete the resource estimate based on drilling completed up to December 2013. No further drilling has as yet been undertaken this year and the resource remains open on the Main Lower Lode and Southern Lode. At present the Project has been assessed to have an inferred polymetallic deposit of:

- 2.5MT @ 1.8% Cu, 2% Zn, 36 g/t Ag, 1.2 % Pb, 0.14 g/t Au at 0.5% CuEq6 cut off (2.8% CuEq6).

#### (ii) *Brown's Reef Project*

In March 2014, Kidman acquired the Brown's Reef Project, a base metal deposit containing lead-zinc-copper-silver and gold, located 5km west of Lake Cargelligo, New South Wales, Australia. Kidman also entered into two joint venture agreements with neighbouring tenements which surround the Brown's Reef Project. Diamond drilling results reported by Kidman on 30 September 2014 include:

- **BRD01** 10.10m @ 6.92% Zn, 2.82% Pb, 0.34% Cu, 24 g/t Ag from 258m within a 41.1m intersection @ 2.81% Zn, 1.36 % Pb, 0.17 % Cu, 10.06 g/t Ag from 243m;
- **BRD002** 19m @ 3.54% Zn, 1.79% Pb, 0.21% Cu, 16.75 g/t Ag from 268m within a 136m intersection @ 1.67% Zn, 0.87 % Pb, 0.14 % Cu, 7.52 g/t Ag from 244m; and
- **BR0018** 6m @ 11.36% Zn, 4.8% Pb, 1.23% Cu, 74.17 g/t Ag from 368m within a 58m @ 2.0% Zn, 0.93% Pb, 0.42% Cu, 18.9 g/t Ag from 316m.

Other significant historical drill intercepts at the Brown's Reef Project include:

- 45.3m @ 1.71% Pb, 3% Zn, 0.1% Cu, 8g/t Ag from 291m (BR002) including 20m @ 2.77% Pb, 4.95% Zn, 0.16% Cu, 14g/t Ag from 302m.

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Drilling results announced on 30 January 2015 at the Brown's Reef Project include:

- **BRD011** 129m @ 5.04 g/t Ag from 362 m internally; 7m @ 3.02% Zn, 0.69% Pb, 0.4% Cu, 18 g/t Ag from 447m within 39m @ 1.6% Zn, 0.56% Pb, 0.17% Cu, 10.5g/t Ag from 424m; 7m @ 1.3% Zn, 0.5% Pb, 0.1% Cu, 6.6 g/t Ag from 479m;
- **BRD012** 99m @ 0.8% Zn, 0.4% Pb, 4.87 g/t Ag from 299m including; 10m @ 1.84% Zn, 0.9% Pb, 6.91g/t Ag from 299m; and 13m @ 1.24% Zn, 0.62% Pb, 4.17g/t Ag from 356m; with 3m @ 1.9% Zn, 0.87% Pb, 0.4% Cu, 31.25 g/t Ag from 211m; and
- **BR013** 8.4m @ 4.7% Zn, 1.93% Pb, 0.44% Cu, 18.7 g/t Ag and 0.5 g/t Ag from 299.8m within 20m @ 9.3 g/t Ag, 2.2% Zn, 0.9% Pb, 0.23% Cu, 0.25 g/t Au from 294m.

During the December 2014 quarter Kidman announced that an updated exploration target consisting of 27 to 37 Mt grading at 1.3-1.4% Zn, 0.6-0.7% Pb, 9-10g/t Ag and 0.2-0.3% Cu was modelled. The exploration target modelling was undertaken by Geos Mining's Senior Consultant, Llyle Sawyer.

Kidman announced on 30 January 2015 that during the December 2014 quarter, Kidman focused its resources and attention on the completion of its first exploration programme at the Cobar belt at the Brown's Reef Project. Kidman completed 1,748 m of diamond drilling during the December 2014 quarter (7,154.2 m for the entire programme).

### DISCOVERY METALS LIMITED

Blumont Copper Pte. Ltd. ("**Blumont Copper**") is a wholly-owned subsidiary of the Company, incorporated in Singapore on 18 September 2013. The principal activities of Blumont Copper are investment holding and copper mining. Blumont Copper's sole investment is in Discovery Metal Limited ("**DML**").

Blumont has an approximate 5.39% stake in DML, a copper exploration and production company incorporated in Australia and dual listed on the ASX (ASX Code: DML) and Botswana Stock Exchange (BSE Code: DML). DML is currently in the exploration and production stages. It is focused on the emerging Kalahari Copper Belt in north-west Botswana and is a copper producer with its 100% owned Boseto Copper Project. DML has prospecting licences covering approximately 26,150 square kilometres in Botswana.

On 27 February 2015, DML announced to the ASX that the board of directors of DML appointed Michael Ryan and Stefan Dopking of FTI Consulting as voluntary administrators of DML (Voluntary Administrators), with effect from 27 February 2015. The decision to appoint the Voluntary Administrators follows DML's lender group's demand for full and immediate repayment by DML of all monies (comprising principal repayments, interests and costs). Accordingly, the board of directors of DML considers DML to be insolvent or likely to be insolvent. The Voluntary Administrators are working with DML's management team and secured lenders to fully understand the options available to the DML group, which may potentially include seeking expressions of interest to purchase the business and assets, a restructure or recapitalisation of the DML group.

## MINERAL AND ENERGY RESOURCES INVESTMENTS

AS AT 1 APRIL 2015

Following the appointment of the Voluntary Administrators, the securities of DML were suspended from quotation on the ASX with immediate effect.

(i) *Kalahari Copper Belt*

In October 2014, DML reported updated Mineral Resources and Ore Reserves estimates for all of its deposits in the Kalahari Copper Belt, completed by the independent consultants, Quantitative Group, Xstract and Mining Plus in accordance with the JORC Code 2012 Edition. The Kalahari Copper Belt Mineral Resources estimates are shown in the table below.

| Mineral Resources                                                 | 2014 Estimate |             |           |
|-------------------------------------------------------------------|---------------|-------------|-----------|
|                                                                   | Mt            | Cu (%)      | Ag (g/t)  |
| Plutus <sup>(1)</sup>                                             | 81.7          | 1.31        | 13        |
| Zeta <sup>(1)</sup>                                               | 18.9          | 1.54        | 25        |
| <b>Total Boseto Copper Project</b>                                | <b>100.6</b>  | <b>1.35</b> | <b>15</b> |
| Selene <sup>(2)</sup>                                             | 16.0          | 1.0         | 16        |
| Zeta NE <sup>(1)</sup>                                            | 11.6          | 1.48        | 28        |
| Ophion <sup>(2)</sup>                                             | 14.0          | 1.0         | 12        |
| NE Mango 1 <sup>(2)</sup>                                         | 4.8           | 1.2         | 13        |
| NE Mango 2 <sup>(2)</sup>                                         | 28.5          | 1.3         | 14        |
| <b>Total Kalahari Copper Belt Mineral Resources<sup>(3)</sup></b> | <b>175.5</b>  | <b>1.3</b>  | <b>15</b> |

**Notes:**

- (1) Mineral Resources are reported as at 30 June 2014 and exclude all mining depletion to that date. The 2014 Plutus, Zeta and Zeta Open NE Pit Mineral Resources are reported at cut-off grades of 0.5% Cu in fresh rock, 0.7% Cu in transitional material, and 1.0% Cu in oxide; Underground Mineral Resources are reported above a cut-off grade of 1.08% Cu equivalent (CuEq%), where  $CuEq\% = Cu\% + 0.008546 \times Ag(g/t)$  and a 4m minimum mining width. 2014 Plutus, Zeta and Zeta NE Open Pit Mineral Resources are constrained within a pit optimisation run at 1.5 times the Ore Reserves commodity price. Underground Mineral Resources are constrained within the limits of geological interpretation.
- (2) 2014 Mineral Resources estimates are reported as of 31 May 2013 at a cut-off grade of 0.6% Cu and exclude oxide material.
- (3) Please refer to the Competent Persons Statements in the ASX announcement dated 14 October 2014. The Mineral Resources reported include any Ore Reserves declared for these Deposits.

In September 2014, DML announced that for the first quarter of the financial year ending 30 June 2015 the material (waste plus ore) mined from the Boseto Copper Project amounted to 9.31 Mt, and concentrate production was 15,000 tonnes, a 3.3% increase and 19.8% increase, respectively, over the previous quarter, with 6,428 tonnes of copper in concentrate and 238,563 ounces of silver in concentrate produced during the quarter. The recoveries of copper and silver from the milling completed during this quarter were generally consistent with predictions. Contained copper was 20% higher and silver metal production was 41% higher than the previous quarter, as a result of the higher throughput and recoveries from all ore types, increased volume of clean ore delivered to ROM from lower benches of both Zeta and Plutus Stage 2.

## MINERAL AND ENERGY RESOURCES INVESTMENTS

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AS AT 1 APRIL 2015

Final evaluation of the tender submissions received in the quarter ended 30 June 2014 for the provision of mining services for the Zeta Underground Mine Project was completed in the quarter ended 30 September 2014. A preferred tenderer has been selected and discussions are in progress on finalising contract documentation in preparation for an award of the mining services contract.

Further technical work was completed on the proposed Zeta Underground Mine Project including geotechnical analysis, updating of the subsidence modelling and refinement of the ventilation design and management plan. As announced by DML on 3 February 2015, DML has continued with internal works on optimising the 2014 feasibility study for the Zeta Underground Mine Project.

On 17 December 2014, DML announced the results of a comprehensive review of its open-pit copper mining and processing operations at the Boseto Copper Project. The review determined that the prevailing high strip ratio open pits result in a high cost operating environment which is not sufficiently cash-flow positive in light of the prevailing copper price. DML immediately moved the focus of the Boseto Copper Project to a “Completion of Current Pits” style operation which is to maximise all available revenues and cash generation, available from the operation, and to minimise all expenditure outlays across all areas of DML’s current expenditures (site operating, corporate, exploration and business development). DML announced on 3 February 2015 that it will continue to pursue this plan of placing the current open-pit operations at the Boseto Copper Project into “care and maintenance” by 30 June 2015 and simultaneously will be actively pursuing the commencement of development of the Zeta Underground Mine Project.

### **ELYSIUM RESOURCES LIMITED**

Blumont has an approximate 9.05% stake in ASX-listed Elysium Resources Limited (“**Elysium**”).

Elysium is currently at the exploration and project planning stage. It is focused on the 100% owned Burraga Project located 60 km south of Bathurst in the Central West of New South Wales, Australia and centered over the historic Lloyds Mine.

The Burraga Project consists of three exploration licences totalling 183 sq km, held through Elysium’s wholly-owned subsidiary Burraga Copper Limited. The exploration licences include the historic Lloyds Copper Mine, the Hackneys Creek gold deposit and the Lucky Draw gold mine, all of which in the past produced copper and gold.

Elysium is completing an environmental impact study (“**EIS**”) to treat the tailings and slag dumps remaining from the mining of the historical Lloyds Copper mine. Completion of the EIS is a key component in obtaining the mining licence required to commence production at the Burraga Copper Project.

On 7 January 2015, Elysium announced the re-commencement of drilling at the Burraga Project. As announced on 3 December 2014, diamond drilling was underway to source material for metallurgical test-work. This drilling was completed and a 200 kg bulk sample was dispatched to the Bureau Veritas laboratory in Adelaide for comminution and initial flotation characterisation of the in-situ mineralisation at the historic Lloyds Mine. The test-work is critical to finalising the capital cost estimate for the proposed metallurgical process facility. Current drilling will source further metallurgical samples; the initial results from the bulk sample test-work will indicate what level of variability test-work will be required.

## MINERAL AND ENERGY RESOURCES INVESTMENTS

AS AT 1 APRIL 2015

Elysium further announced on 7 January 2015 that before the final metallurgical drilling is undertaken, it will complete the Lloyds resource drilling. Following this drilling, Elysium will engage a consultant to carry out a resource estimate for the Lloyds hard-rock, tailings and two slag dumps; anticipated to be high confidence as defined by the JORC Code. As well as the metallurgical drilling, pit and infrastructure site drilling will take place to assess geotechnical criteria. This final fieldwork will result in feasibility level estimates and provide the Elysium board with the final results to allow for a decision to proceed with project commissioning.

On 28 January 2015, Elysium announced that water monitoring bores required as part of the EIS process have been established and groundwater monitoring commenced during December 2014.

### **GOLD**

#### **GENESIS RESOURCES LIMITED**

Blumont has an approximate 12.96% interest in ASX-listed Genesis Resources Limited ("**Genesis**"), a mineral exploration and development company with a portfolio of quality gold, iron, manganese, uranium and copper-zinc-silver projects in the prospective Proterozoic and Phanerozoic metallogenic provinces of northern and central Australia.

Genesis owns seven mineral exploration licences or exploration permits for mining in Queensland and the Northern Territory of Australia and has an interest in an exploration project in the Republic of Macedonia. A Mineral Resource (as defined in the JORC Code 2012 Edition) has not been reported on any of the projects.

#### *(i) Plavica Project*

##### *Ownership and Tenure*

Genesis is currently focused on the Plavica Project held through a joint venture company, Silgen Resources International Ltd, Kratovo (the "**Plavica JV Company**") which is 62% owned by Genesis and 38% owned by the nominee of Mining Industrial Combine – SILEKS joint stock company-Kratovo, pursuant to a joint venture agreement (the "**Plavica JV Agreement**"). The Plavica Project is located within the (former Yugoslav) Republic of Macedonia (Macedonia) in southeastern Europe, north of Greece.

As announced by Genesis on 12 March 2015, the Government of Macedonia has made an in-principle decision to approve the Plavica JV Company's application for a 30-year exploitation mining licence covering an area of 16.85 km<sup>2</sup>. In accordance with Macedonian legislation, the Government of Macedonia has published in an official governmental gazette its decision to grant the licence to the Plavica JV Company. Formal grant of the licence will take effect upon the signing of a concession agreement between the Plavica JV Company and the Government of Macedonia.

Pending the completion of the formalities, Genesis will, through its 62% ownership of the Plavica JV Company, have a direct interest in the licence. The Plavica JV Company currently owns all assets in respect of the Plavica tenement.

## MINERAL AND ENERGY RESOURCES INVESTMENTS

AS AT 1 APRIL 2015

After the licence is granted, Genesis remains responsible under the terms of the Plavica JV Agreement for undertaking infill and extensional drilling and completing a feasibility study in respect of the exploitation licence area (as required to obtain funding for mine development), and the costs of those activities.

As announced by Genesis in its quarterly activities report for the three-month period ended 31 December 2014, Genesis intends to focus its resources during the 2015 financial year and beyond on undertaking infill and extensional drilling and completing the feasibility study in respect of the exploitation licence area (as required to obtain funding for mine development). Genesis will aim, with infill drilling, to obtain a resource in the indicated category, and with extensional drilling, to increase the total resource of the Plavica Project, which is still open along strike as well as test Maricanski Rid (46m @ 1.59 g/t Au) located 800 m south of Plavica, and a number of other targets. These objectives are consistent with Genesis' obligations under the Plavica JV Agreement, and once achieved will enable Genesis and the Plavica JV Partner to assess viability to develop a mine site at the Plavica Project.

### *Previous Mineral Resources Estimates*

On 1 June 2010, Genesis reported an Inferred Mineral Resource estimation of the Plavica project, reported in accordance with the JORC Code 2004 Edition, based solely on the historic drill holes. The estimation was undertaken by Mr Alfred Gillman of Odessa Resources Pty Ltd. This Inferred Resource was later updated as set out in the table (*Historic May 2012 JORC Inferred Mineral Resource for the Plavica Project*) below by Mr Alfred Gillman in 2012 on 30 May 2012. This was based on the results from 108 diamond drill holes, totalling 34,408m, over an area 1.5km in length, by 500m in width and extending to a depth of 800m. The holes used for the estimation were a combination of historic holes and holes from Genesis' 2011 drilling program.

### *Historic May 2012 JORC Inferred Mineral Resource for the Plavica Project*

| Element | Cut Off<br>(ppm) | Tonnes      | Grade   | Au (oz)   | Ag (oz)    | Cu (kg)     | Classification |
|---------|------------------|-------------|---------|-----------|------------|-------------|----------------|
| Au*     | 0.50             | 151,046,457 | 0.75g/t | 3,662,333 | 55,486,281 | 360,133,182 | Inferred       |
| Ag**    | 15               | 34,766,222  | 25g/t   | –         | 28,232,352 | –           | Inferred       |
| Cu***   | 4,000            | 7,975,180   | 0.43%   | –         | –          | 33,921,304  | Inferred       |

#### **Notes:**

Grade and tonnage reported separately for gold (Au), silver (Ag) and Copper (Cu) based on domains established for each element individually (after Pang, 2012).

\* reported from within Au defined domain (using an average grade of 11.43g/t Ag and 0.24% Cu)

\*\* reported from within Ag defined domain

\*\*\* reported from within Cu defined domain

## MINERAL AND ENERGY RESOURCES INVESTMENTS

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AS AT 1 APRIL 2015

In May 2013 based on a review by Golder Associates Pty Ltd the above historical Mineral Resource was re-categorised as an Exploration Target of 150Mt @ 0.75g/t Au, 11.43g/t Ag and 0.24% Cu. With an Exploration Target the potential quantity and grade is conceptual in nature and that there has been insufficient exploration and work to estimate a mineral resource and it is uncertain if further exploration and associated resource development work will result in the estimation of a mineral resource.

### *Mineral Resources*

A Mineral Resource (as defined in the JORC Code 2012 Edition) has not been reported for the Plavica Project. Work is now focused on consolidating the geological interpretation at the Plavica Project and the undertaking of an Inferred Resource compliant with the JORC Code 2012 Edition by International Geological & Mining Consultants. From discussions with the management of Genesis, they are expecting that a Mineral Resource of Inferred category to be estimated.

## **DIAMONDS**

### **MERLIN DIAMONDS LIMITED**

Blumont has an approximate 4.17% stake in ASX-listed Merlin Diamonds Limited (“**Merlin**”). The Company has also provided loans aggregating to A\$750,000 to Merlin.

Merlin is the owner of the Merlin diamond mine, the only diamond mine in the Northern Territory of Australia (the “**Merlin Project**”). Merlin is also active in its other tenement interests in the North Kimberley and Arnhem Land, holding approximately 22,000km<sup>2</sup> in total under title.

The Merlin Project is located some 100 km south of the settlement of Borroloola and comprises 14 kimberlite pipes, grouped into four clusters. Nine of these pipes were subject to open-pit mining by Ashton Mining (now part of Rio Tinto) over a five-year period commencing in 1998. The operations ceased in 2003 after having produced 507,000 carats of diamonds. During its short operational life, the Merlin Project was renowned for its production of top quality white, yellow, cognac and champagne diamonds and large specials, the largest being 104.73 carats.

In September 2014, Merlin announced that it had completed a feasibility study on Mechanical Clamshell Mining at the Merlin Diamond Mine. The study highlights a technically and economically robust project. Key results of the study include: Net present value at 8% discount rate (A\$102.2 million); internal rate of return of 52.7%; life of mine total net cash (undiscounted) of A\$132.9 million; payback period of four months; and updated Ore Reserve estimate of 11 year mine life producing 610,000 carats. Included in the feasibility study is an updated Probable Ore Reserve estimate. Merlin has also updated its Mineral Resource estimate.

## MINERAL AND ENERGY RESOURCES INVESTMENTS

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AS AT 1 APRIL 2015

The combined Mineral Resource and Ore Reserve estimates for all of the diamond pipes at the Merlin mine is now 27.8 million tonnes at 16 carats per hundred tonnes (“**cpht**”) representing a total contained 4.35 million carats. The combined Probable Ore Reserve for all diamond pipes at the Merlin diamond mine is 4.04 million tonnes for an average grade of 15 cpht representing a total contained 0.61 million carats. The Probable Ore Reserve has been estimated on mechanical clamshell mining methods and is the result of the September 2014 feasibility study. The Indicated Mineral Resource estimate (which is inclusive of the Probable Ore Reserve estimate) for the Merlin diamond mine is 13.4 million tonnes for an average grade of 17 cpht for 2.3 million carats. The Inferred Mineral Resource estimate is 14.4 million tonnes for an average grade of 14 cpht for 2.0 million carats.<sup>5</sup>

### **CORPORATE SOCIAL RESPONSIBILITY**

As the Group has yet to directly undertake any exploration, development and/or production activities of its own, it has not formalised its corporate social responsibility policy. Nonetheless, the Company is mindful of its corporate social responsibility and has made a conscious decision to only invest in companies which share the same outlook. It will also from time to time review any potential social and environmental risks, and update the sustainability report accordingly.

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5 The resource and reserve estimates are reported in the updated feasibility study announced by Merlin on 30 September 2014. The information was reported in compliance with the JORC Code 2012 Edition by Mr. Mike Kammermann, a Competent Person (as defined in the JORC Code 2012 Edition). Mr Kammermann is a Member of The Australasian Institute of Geoscientists. He was employed by Axis Consultants Ltd and was engaged by Merlin to prepare the documentation for the Mineral Resource estimates. Mr Kammermann has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code 2012 Edition.

# CORPORATE GOVERNANCE

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## **INTRODUCTION**

This report outlines the main corporate governance practices and procedures adopted by Blumont Group Ltd. (“**Blumont**” or “**Company**”) and its subsidiaries (“**Group**”) with specific reference to the Code of Corporate Governance 2012 (“**Code**”). The Group and the Board of Directors (“**Board**”) are committed to ensure and fully supports the principles and guidelines of the Code that forms part of the continuing obligations as described in the Singapore Exchange Securities Trading Limited’s (“**SGX-ST**”) Listing Manual.

The Monetary Authority of Singapore (“**MAS**”) issued the revised Code of Corporate Governance on 2 May 2012 and is effective for annual reports relating to financial years commencing from 1 November 2012. The Code is not mandatory, but listed companies are required under the Singapore Exchange Listing Rules to disclose their corporate governance practices.

This report describes the Company’s corporate governance practices that were in place throughout the financial year ended 31 December 2014 (“**FY2014**”), with specific reference to the Code. Where there are deviations from the Code, appropriate explanations are provided. The Company has complied with the principles of the Code where appropriate.

The Board confirms the Group has adhered to all principles and guidelines set out in the Code for FY2014 except as otherwise stated.

## **The Code**

The Code is divided into four main sections, namely:

- (A) Board Matters
- (B) Remuneration Matters
- (C) Accountability and Audit
- (D) Shareholders rights and Responsibilities

## **(A) BOARD MATTERS**

### **Principle 1: Board’s Conduct of its Affairs**

***Every company should be headed by an effective Board to lead and control the Company. The Board is collectively responsible for the long-term success of the Company. The Board works with Management to achieve this objective and Management remains accountable to the Board.***

As the date of this report, the Board of the Company comprises five members (“**Directors**”), namely:

Mr Ng Kim Huatt (Executive Director)  
Mr Calvin Lim Huan Kim (Lead Independent Director)  
Mr Tan Gim Kang, Arran (Independent Non-Executive Director)  
Mr Farhash Wafa Salvador (Independent Non-Executive Director)  
Mr Aris Muhammad Rizal (Independent Non-Executive Director)

## CORPORATE GOVERNANCE

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The Profile of each Director is presented in the “Board of Directors” of this Annual Report.

Blumont is headed by competent Board members with diversified backgrounds and they collectively bring with them a wide range of experience.

Having appointed first time Directors in the preceding financial year, the Company will arrange for the training for the new Directors in the appropriate areas and fields in which the Company operates. Each first time Director brings to the Board specific industry knowledge and expertise.

### **Role of the Board of Directors**

The Board establishes the corporate strategies for the Group and sets strategic directions and objectives for the Management, supervises them and monitors the performance of these objectives to enhance and build long term sustainable value for shareholders.

The Board has delegated the day-to-day management of the Group to the Management headed by the Executive Director to facilitate effective management. The principal functions of the Board include, *inter alia*:

- provide entrepreneurial leadership, set strategic aims, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- establish a framework of prudent and effective controls which enables risk to be assessed and managed;
- review Management performance;
- set the Group’s values and standards, and ensure that obligations to shareholders and others are understood and met;
- consider sustainability reporting, where applicable, in the formulation of its strategies;
- monitoring and reviewing the adequacy of the Company’s internal control systems, risk management systems, compliance and financial reporting systems;
- approving the annual budgets, business plans, major funding proposals, financial restructuring, share issuance, investment and divestment proposals; and
- reviewing the Group’s financial performance.

The Board carries out its function directly or through various committees, which have been set up to support its role.

## CORPORATE GOVERNANCE

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### Board Processes

The various committees, which have been set up to support the role of the Board, are as follows:

- the Nominating Committee;
- the Remuneration Committee; and
- the Audit Committee.

These committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The effectiveness of these committees is also constantly monitored and reviewed by the Board. The roles and responsibilities of these committees are provided for in the latter sections of this report.

### Board Meetings Held

The Board conducts meetings on quarterly basis to coincide with the announcement of the Company's quarterly and full-year results. Ad-hoc meetings are convened as warranted by particular circumstances.

In addition to these meetings, special corporate events and actions requiring the Board's immediate approval were discussed over electronic mails and telephonic conference and resolved with Directors' resolutions. The Company's Articles of Association allows the Board to hold telephonic and video-conference meetings.

### Matters Requiring the Board's Approval

The matters which require for the Board's approval, including but not limited to:

- statutory requirements such as approval of annual report and financial statements;
- other requirements such as interim and annual results announcements;
- financial objectives and financial performance of the Group;
- corporate strategic direction, strategies and action plans;
- the setting of policies and key business initiatives;
- authorisation of acquisition/disposal and other material transactions; and
- the appointment and removal of the company secretaries.

The Board has established financial authorisation and proper approval processes pertaining to the operating and capital expenditure including acquiring and disposing of assets and investments. This includes proper procedures, guidelines, handbooks, policies and forms are set forth and established for guidance, monitoring and review.

## CORPORATE GOVERNANCE

The Company has in place general orientation-training programmes to ensure that every newly appointed and incoming Director of the Company is familiar with the Group's operations and governance practices including setting out the Director's duties, responsibilities and obligations, briefing on the Groups' financial performance, strategies and action plans, corporate strategic direction, policies and activities. In addition, the Board encourages its members to attend seminars and receive training to improve themselves in the discharge of their duties as Directors. They will also be provided a formal Terms of Reference setting out their duties and obligations. During the year, the Board was briefed and/or updated on changes of rules and/or regulations, including but not limited to: (a) amendments to the SGX-ST Listing Manual; (b) amendments to Code of Corporate Governance and (c) recent changes to the accounting standards.

The number of Board and Board Committee meetings held in FY2014 and the attendance of each Director where relevant are as follows:—

|                                      | Board of Directors |          | Nominating Committee ("NC") |          | Remuneration Committee ("RC") |          | Audit Committee ("AC") |          |
|--------------------------------------|--------------------|----------|-----------------------------|----------|-------------------------------|----------|------------------------|----------|
|                                      | No. of Meetings    |          | No. of Meetings             |          | No. of Meetings               |          | No. of Meetings        |          |
| Name                                 | Held               | Attended | Held                        | Attended | Held                          | Attended | Held                   | Attended |
| Neo Kim Hock <sup>(1)</sup>          | 4                  | 1        | NA                          | NA       | NA                            | NA       | NA                     | NA       |
| James Hong Gee Ho <sup>(2)</sup>     | 4                  | 2        | NA                          | NA       | NA                            | NA       | NA                     | NA       |
| Goh Boon Kok <sup>(3)</sup>          | 4                  | 2        | 1                           | 1        | 1                             | 1        | 4                      | 2        |
| Calvin Lim Huan Kim                  | 4                  | 4        | 1                           | 1        | 1                             | 1        | 4                      | 4        |
| Ng Kim Huatt <sup>(4)</sup>          | 4                  | 3        | 1                           | 0        | 1                             | 0        | 4                      | 1        |
| Tan Gim Kang, Arran <sup>(5)</sup>   | 4                  | 2        | 1                           | 0        | 1                             | 0        | 4                      | 2        |
| Farhash Wafa Salvador <sup>(6)</sup> | 4                  | 2        | 1                           | 0        | 1                             | 0        | 4                      | 2        |
| Aris Muhammad Rizal <sup>(7)</sup>   | 4                  | 1        | 1                           | 0        | 1                             | 0        | 4                      | 1        |

NA: Not applicable

Note:

- (1) Mr Neo Kim Hock resigned from the Board on 30 April 2014 as Executive Chairman.
- (2) Mr James Hong Gee Ho resigned from the Board on 20 July 2014 as Executive Director.
- (3) Mr Goh Boon Kok resigned from the Board on 31 May 2014 as Lead Independent Director.
- (4) Mr Ng Kim Huatt was appointed Independent Non-Executive Director and Member of AC, NC and RC on 23 April 2014. He resigned as Independent Non-Executive Director and Member of AC, NC, RC on 18 July 2014. He was then appointed as Executive Director on 19 July 2014.
- (5) Mr Tan Gim Kang, Arran was appointed Independent Non-Executive Director and Member of AC, NC and RC on 30 May 2014.
- (6) Mr Farhash Wafa Salvador was appointed Independent Non-Executive Director and Member of AC, NC and RC on 18 July 2014.
- (7) Mr Aris Muhammad Rizal was appointed Independent Non-Executive Director on and Member of AC, NC and RC 10 October 2014.

## CORPORATE GOVERNANCE

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### **Principle 2: Board Composition and Guidance**

*There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.*

### **Board Composition and Independent Directors**

The Board comprises five Directors, one of whom is an Executive Director with the remaining four Directors being Independent Directors. The Company has adopted the Code's definition of "Independent Director" and its guidance in respect of relationships which would deem a Director to be regarded as non-independent. The Company has the number of Independent Directors which complies with the Code's requirement that at least half of the Board should be made up of Independent Directors, which brings a strong and independent element to the Board.

The functions of examining and assessment of the Board are delegated to the Nominating Committee and its responsibilities and assessment are further discussed under the **Nominating Committee** heading, **Principle 4** and **Principle 5** as below.

### **Nominating Committee ("NC")**

As at the date of this report, the NC of the Company comprises four (4) members, namely:

- Mr Tan Gim Kang, Arran (*Chairman*);
- Mr Calvin Lim Huan Kim;
- Mr Farhash Wafa Salvador; and
- Mr Aris Muhammad Rizal.

all of whom are Independent Directors and none of the NC members are associated with any substantial shareholders of the Company. The members meet at least once a year.

The Board is of the view that the current NC size and composition are appropriate and effective to provide the necessary objective inputs to the Board on appointment and re-appointment of Directors and other relevant matters to the Board. The Board will constantly examine the NC composition from time to time.

The NC has specific written Terms of Reference setting out their duties and responsibilities. The NC's main principal functions are as follows:

- recommend to the Board on all Board's appointments and re-appointments;
- determine independence of the Directors annually;
- ensure that at least half of the Board made up of Independent Directors;
- annual review of the structure, composition and size of the Board;

## CORPORATE GOVERNANCE

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- determine whether or not a Director is able to and has been adequately carrying out his duties as Director of the Company, when the person has multiple board representations; and
- evaluate the performance and effectiveness of the Board as a whole, and the contribution of each Director.

The process for the selection and appointment of new Board members is as follows:

- the NC evaluates the balances of skills, knowledge and experience of the Board and, in light of such evaluation and in consultation with Board, prepares a description of the role and the essential and desirable competencies for a particular appointment;
- if required, the NC may engage consultants to undertake research on, or assess, candidates for new positions on the Board;
- the NC meets with short-listed candidate(s) to assess their suitability and to ensure that the candidate(s) are aware of the expectations; and
- the NC makes recommendations to the Board for approval.

As part of good corporate governance, the NC also reviews annually the independence of Independent Directors to ascertain the compliance to the Code's definition of independence. Conversely, the NC has the discretion to determine that a Director is non-independent even if the Director does not fall under the circumstances set forth.

The criterion for independence is determined based on the definition as provided in the Code and Terms of Reference by examining the different relationships and no relationship that could interfere and/or view to interfere with the judgement of the Director is considered to be independent.

In addition, the Non-Executive Director are constructively reviewing and assisting the Board to facilitate and develop proposals on strategy and review the performance of the Management in meeting on agreed objectives and monitor the reporting of performance. On the effectiveness, the Independent Directors have the full access and co-operation from the Company's Management and officers including on a regular basis, the critical financial performance is presented for review. The Independent Directors have full discretion to have separate meetings and invite any Directors or officers to the meetings and to meet without the presence of Management as and when warranted by certain circumstances.

The Independent Directors have confirmed that they do not have any relationship with the Company, its related corporations, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interest of the Company.

Presently, Mr Calvin Lim Huan Kim has served as an Independent Director of the Company for more than nine years since his initial appointment in 2004. The Board has assessed his independence to a particularly rigorous review. Taking into account the views of the NC, the Board concurs that Mr Calvin Lim continued to demonstrate strong independence in character and judgement in the discharge of his responsibilities as a Director of the Company. Based on the declaration of independence received from Mr Calvin Lim, he has no association with management that could compromise his independence. After taking into account all these factors, and also having weighed the need for Board's refreshment

## CORPORATE GOVERNANCE

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against tenure for relative benefit, the Board has determined Mr Calvin Lim continues to be considered an Independent Director, notwithstanding he has served on the Board for more than nine years from the date of his first appointment.

The NC is satisfied that the Independent Directors met the criterion of independent as set forth and each of them has the ability to act with an independent judgement.

The composition of the Board takes into consideration the nature and scope of the Company's operations to ensure diversity and relevant skill sets for effective decision making. The Directors have varied qualifications and expertise in finance, accounting, business management, industry knowledge and strategic planning. After taking into account the scope and nature of the Company's operations as well as the diversified background and experience of the Directors, the NC and the Board is satisfied that the composition of the Board is of an appropriate size to facilitate effective decision making. The NC is also of the view that the current Board comprises persons who as a group provide capabilities required for the Board to be effective.

On an annual basis and upon notification by an Independent Director of a change in circumstances, the NC will review the independence of each Independent Director based on the criteria for independence defined in the Code and recommends to the Board as to whether the Director is to be considered independent. The NC has reviewed and determined that the Independent Directors are independent.

### **Principle 3: Chairman and Chief Executive Officer ("CEO")**

***There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing company's business. No one individual represents a considerable concentration of power.***

Mr Ng Kim Huatt is the Executive Director of the Company. The Company has appointed Mr Calvin Lim Huan Kim as the Lead Independent Director. The Lead Independent Director is available to shareholders where they have concerns which contact through the normal channels of the Executive Director has failed to resolve or for which such contact is inappropriate.

The Executive Director's functions and responsibilities mainly include the following:

- lead the Board to ensure its effectiveness on all aspects of its role and set its agenda;
- ensuring that the Board's meetings are held regularly;
- setting the agenda and ensure that adequate time is available for discussion of all agenda items;
- ensure that the Directors receive accurate, timely and clear information;
- promote a culture of openness and debate at the Board;
- ensure effective communication with shareholders;
- encourage constructive relations between the Board and the Management;

## CORPORATE GOVERNANCE

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- encourage constructive relations between Executive Directors and Non-Executive Directors;
- facilitate the effective contribution of Non-Executive Directors in particular;
- provide and advise the Board in its strategic direction of the Company; and
- promote high standards of corporate governance by ensuring compliance with the Company's guidelines on corporate governance.

The Executive Director is also responsible for the Company's strategic direction and ensuring the execution of strategic goals and day-to-day management of the Group.

### **Principle 4:**

***There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.***

The NC is governed by the NC's terms of reference which describes the duties and responsibilities of the NC. The NC's main principal functions are as follows:

- review and assess candidates for directorships (including executive directorships) before making recommendations to the Board for the appointment of Directors;
- review and recommend the re-nomination of Directors in accordance with the Articles at each annual general meeting and having regard to the Director's contribution and performance;
- determine annually whether or not a Director of the Company is independent;
- review of structure, composition and size of the Board;
- decide how the Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of the Board; and
- assess the performance of the Board as a whole and contribution of each Director to the effectiveness of the Board.

In view of the Board is currently reviewing the composition of the Board, the Company is in the process of reviewing the guidelines pertaining to the review of Board succession plans for Directors and to determine an appropriate training and professional development program for the Board.

The process for the selection and appointment of new Board members is as follows:

- The NC evaluates the balances of skills, knowledge and experience of the Board and, in light of such evaluation and in consultation with Board, prepares a description of the role and the essential and desirable competencies for a particular appointment;
- If required, the NC may engage consultants to undertake research on, or assess, candidates for new positions on the Board;

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- The NC meets with short-listed candidate(s) to assess their suitability and to ensure that the candidate(s) are aware of the expectations; and
- The NC makes recommendations to the Board for approval.

The NC makes recommendations to the Board on re-appointments of Directors based on their contributions and performance, a review of the range of expertise, skills and attributes of current Board members, and the needs of the Board.

During FY2014, the NC is satisfied that sufficient time and attention were being given by the Directors to the affairs of the Group, notwithstanding that some of the Directors have multiple board representations, and there is presently no need to implement internal guidelines to address their competing time commitments. The NC is also of the opinion that the current Board size is adequate for the effective functioning of the Board.

Pursuant to the Articles of the Company, one-third of the Directors are required to retire by rotation and submit themselves for re-election at each annual general meeting of the Company. The Articles also provides that all the Directors shall retire by rotation at least once every three (3) years and such retiring Director shall be eligible for re-election. Under the Companies Act, Directors who are more than 70 years of age also have to be re-elected at each AGM. According to the Company's Articles of Association, Mr Ng Kim Huatt, Mr Calvin Lim Huan Kim, Mr Tan Gim Kang, Arran, Mr Farhash Wafa Salvador and Mr Aris Muhammad Rizal shall retire by rotation and will each submit themselves for re-election at the Company's forthcoming AGM. In making the recommendation, the NC had considered the Directors' overall contributions and performance.

Key information regarding the Directors, including their present and past three years' directorships in other listed companies are set out in the section headed "Board of Directors" of this Annual Report.

### **Principle 5: Board Performance**

***There should be a formal assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board.***

The NC has adopted a formal process to assess the effectiveness of the Board as a whole and for assessing the contribution by each individual Director. This evaluation is to be carried out at least once a year. When a Director has multiple board representations, the Director would need to ensure that sufficient time and attention is given to the affairs of each company. Nevertheless, the NC will also review and assess whether the Director is able to and has been adequately carrying out the duties as a Director of the Company. Upon assessment, the NC will make recommendations for improvement as and when required.

The Chairman of the Board will act on the results of the performance evaluation and recommendation, and where appropriate, propose new members to be appointed to the Board or seek the resignation of the Directors, in consultation with the NC.

During the financial year, the Directors were requested to complete an assessment checklist/form which focuses on the criterion on effectiveness and efficiency on the Board's access to information, evaluation

## CORPORATE GOVERNANCE

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of the size and composition of the Board, the Board's processes, procedures and compliance, and accountability, Board's performance in connection to discharging its responsibilities and duties and Directors' standards of conduct. In addition, the qualitative measures include the effectiveness of the Board in its monitoring role and the attainment of the strategic objectives set by the Board.

The individual assessment would include and aim to assess efficiency and effectiveness of each Director's continuous contribution to the Board and commitment to their roles and responsibilities in discharging their duties.

Upon reviewing the assessment, the NC is of the opinion that the Board and each member of the Board have been effective and efficiently contributed to the Board and Group during the year.

Each member of the NC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his/her performance or re-nomination as a Director.

Furthermore, the Board will continuously review and assess the current size and composition of the Board on the adequate ability to meet the Group's existing scope of needs and the nature of operation for effective decision making. From time to time, the review of the appropriateness will be taking into consideration the changes in the nature and scope of the Group's operations as well as diversified background, experience of the Directors and regulatory environment.

### **Principle 6: Access to Information**

***In order to fulfill their responsibilities, Directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.***

The Board is provided with Board papers in advance before each Board Meeting, giving the background, explanatory information and justification for each decision and mandate sought by the Management, including, where applicable, pertinent financials, to enable them to be properly informed of matters to be discussed and/or approved.

All Directors have separate and independent access to the Management Team of the Group at all times and can communicate directly with the Management, the officers, the Company Secretary and external auditors on all matters as and when they deem necessary. They have full access to the Company's records and information and may obtain independent legal and other professional advice if it deems necessary in the discharge of its responsibilities properly. Such expenses are to be borne by the Company.

The Company Secretary or representative from the Secretary's office attends the Board Meetings and is responsible for recording the proceedings. In addition, the Company Secretary or a representative assists the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively, and the Company's Memorandum and Articles of Association and relevant rules and regulations, including requirements of the Singapore Companies Act and the SGX-ST, are complied with. The appointment and removal of the Company Secretary are decided by the Board as a whole.

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### **(B) REMUNERATION MATTERS**

#### **Principle 7: Procedures for Developing Remuneration Policies**

***There should be formal and transparent procedure for developing policy on executive remuneration and for fixing remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.***

The Company had established a RC which comprises four (4) Directors,

The members of the RC are:

- Mr Calvin Lim Huan Kim (*Chairman*);
- Mr Tan Gim Kang, Arran;
- Mr Farhash Wafa Salvador; and
- Mr Aris Muhammad Rizal,

all of whom are Independent Non-Executive Directors. The Board is of the view that the current RC size and composition are appropriate and effective to provide the necessary objective inputs to the Board on reviewing and recommending to the Board a remuneration framework for the Board, Management and key employees as well as other compensation related matters to the Board. The Board will constantly examine the RC composition from time to time.

The RC is governed by the RC's terms of reference which describes the duties and responsibilities of the RC. The duties and functions of the RC are as follows:

- recommend to the Board a framework of remuneration for the Board, Non-Executive Directors, Executive Director, Management and key employees of the Company;
- recommend specific remuneration packages for each Director and the key employees of the Group;
- review of service contracts and/or employee contracts, where applicable;
- oversee and review the administration of the Blumont ESOS and Blumont PSP as defined in the Blumont Employee Share Option scheme and Blumont Performance Share Plan, respectively;
- recommend payment of fees to Non-Executive Directors based on the effort, time spent and responsibilities of the individual Director;
- review the company's obligations arising in the event of termination of the Executive Director, Management and key employees' contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and
- other acts as may be required by the SGX-ST and the Code from time to time.

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The RC covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options, benefits-in-kind, compensation/termination and gratuities. The members of the RC shall not be involved in the discussion and in deciding their own remuneration. Each member of RC shall abstain from voting on any resolutions in respect of his/her own remuneration package.

The RC may obtain independent professional advice if deems necessary in the discharge of its responsibilities properly. Such expenses are to be borne by the Company.

The Non-Executive Directors are paid a fixed director's fee for their efforts, responsibilities, time spent and contribution to the Board. Directors' fees are recommended by the Board for approval by shareholders at the Company's AGMs.

During the year, the RC proposed and recommended that the directors' fees for the financial year ending 31 December 2015 is to be fixed at S\$90,000.00, to be paid quarterly in arrears for shareholders' approval at the forthcoming AGM. The final payment of the directors' fees will be reviewed and if required will be tabulated for shareholders' approval in a general meeting, upon the assessment and proposal of NC and RC, from time to time, and taking into consideration the current search for a replacement of Director and review of the Board composition.

### **Principle 8: Level and Mix of Remuneration**

***The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the Company, and (b) key management personnel to successfully manage the Company. However, companies should avoid paying more than is necessary for this purpose.***

The review of the remuneration packages takes into consideration the long-term interests of the Group, the performance of the Group, overall assessment of the Board, the individual assessment of each Director, level of contribution to the Company and Board, taking into account factors such as, efforts and time spent and responsibilities and duties of the Directors, carefully evaluating the costs and benefits of each incentive before recommendation to the Board for review and approval. Nevertheless, the RC will ensure that the Independent Directors are not over-compensated to the extent that their independence may be compromised.

During the year, the RC reviewed the compensation and remuneration packages and strongly believes that the Directors and the Management are sufficiently compensated accordingly. In addition, the RC will ensure to provide appropriate compensation packages at market rates for the Board and the Management of the Company which will reward successful performance and attract and motivate the Directors and the Management.

### **Principle 9: Disclosure on Remuneration**

***Each Company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the Company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key management personnel, and performance.***

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The Company recognises that a clear disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid/payable to the Directors and the Management. The remuneration of each Director and Management has been disclosed in the respective bands. The Board is of the opinion that given the confidentiality of and commercial sensitivity attached to remuneration matters and to be in line with the interest of the Company, the remuneration will not be disclosed in dollar terms.

A breakdown, showing the level and mix of each individual Director's remuneration for the financial year ended 31 December 2014 is as follows:

### Remuneration Band Below S\$250,000

| Name                                      | Director Fees | Salary & Allowance | AWS | Bonus | Benefits-in-Kind | Total |
|-------------------------------------------|---------------|--------------------|-----|-------|------------------|-------|
| <b>Executive Chairman</b>                 |               |                    |     |       |                  |       |
| Neo Kim Hock                              | –             | 100%               | –   | –     | –                | 100%  |
| <b>Executive Director</b>                 |               |                    |     |       |                  |       |
| Ng Kim Huatt                              | 5%            | 88%                | 7%  | –     | – <sup>(1)</sup> | 100%  |
| <b>Independent Non-Executive Director</b> |               |                    |     |       |                  |       |
| Goh Boon Kok                              | 100%          | –                  | –   | –     | –                | 100%  |
| Calvin Lim Huan Kim                       | 100%          | –                  | –   | –     | –                | 100%  |
| Tan Gim Kang, Arran                       | 100%          | –                  | –   | –     | –                | 100%  |
| Farhash Wafa Salvador                     | 100%          | –                  | –   | –     | –                | 100%  |
| Aris Muhammad Rizal                       | 100%          | –                  | –   | –     | –                | 100%  |

Note:

(1) Amount below 1%

### Remuneration Band Above S\$250,000

| Name                      | Director Fees | Salary & Allowance | AWS | Bonus | Benefits-in-Kind | Total |
|---------------------------|---------------|--------------------|-----|-------|------------------|-------|
| <b>Executive Director</b> |               |                    |     |       |                  |       |
| James Hong Gee Ho         | –             | 61%                | –   | 24%   | 15%              | 100%  |

For competitive reasons, the Company is not disclosing the full identity and remuneration of key employees<sup>(1)</sup> (who are not Directors and/or Management of the Company) of the Group. The Company instead disclosing the remuneration in the band as follows:

| Remuneration Band | 2014 | 2013 |
|-------------------|------|------|
| Below S\$250,000  | 2    | 5    |
| Above S\$250,000  | –    | –    |
|                   | 2    | 5    |

For the financial year ended 31 December 2014, there are no employees who are immediate family members of a Director.

## CORPORATE GOVERNANCE

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### **(C) ACCOUNTABILITY AND AUDIT**

#### ***Principle 10: Accountability***

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

The Board recognises the importance and aims to provide to the shareholders with a balanced and understandable fair assessment of the Group's including accurate, relevant and appropriate information of the financial position, detailed explanatory analysis and the prospects of the Group when it announces the interim and annual financial statements. In addition, periodic and timely announcement of the Group's developments, price sensitive public reports and information, reports to regulators and all necessary information to the shareholders in order to better comprehend the Group's performance, position and prospect. The announcement submitted for shareholders and the public will be in accordance to SGX-ST timeline and regulations.

The Management provides the Board with financial information of the Group's performance and position, on a timely basis at all times and complete with accurate, relevant and appropriate information, to facilitate effective and efficient discussion and decision making.

#### ***Principle 11: Risk Management and Internal Controls***

***The Board is responsible for the governance of risk. The Board should ensure that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.***

#### **Internal Control Systems**

The Board determines the Company's levels of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control systems.

The Board had, at least annually, review the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls. Such review had been carried out internally.

In addition, the independent auditors conduct an annual review, in accordance with their audit plan, of the effectiveness of the Company's material internal control systems, including financial, operational and compliance controls, information technology and risk management. Any material non-compliance or failures in internal control systems and recommendations for improvements are reported to the AC. The Committee also reviews the effectiveness of the actions taken by the Management on the recommendations made by the external auditors in this respect where necessary.

It is the opinion of the Board with the concurrence of the AC that the internal control systems, which addresses the Group's financial, operational, information technology and compliance risks, maintained by the Group is in place and adequate throughout the financial year and up to the date of the Annual Report. It provides reasonable, but not absolute, assurance against material financial misstatements or losses, and includes the safeguarding of assets, the maintenance of proper accounting records, the

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reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of financial, operational and compliance risks. The Board notes that all internal control systems contain inherent limitations and no internal control systems could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error losses, fraud or other irregularities. However, other procedures, policies, guidelines and compliance regulations, as discussed in the Annual Report, are in place to mitigate any possible and/or suspected irregularities. Nothing has come to the attention of the AC, Board and/or the Management that there is any deficiency in the internal control systems that resulted in significant loss and/or material financial statements misstatements.

The Board has received assurance from the Executive Director and the Chief Financial Officer that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and also an effective risk management and internal control systems has been put in place.

### **Risk Management**

The Company is aware that each business and transaction of operation carries risk whether internally and/or externally in the form of environmental, operational, financial and/or Management decision making risk. The operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Other risks would include legal risk and strategic risk (the risk of a loss arising from a poor strategic business decision). The Company's Financial Risk management and policies are further outlined in the Annual Report under heading **Financial Risk Management**.

The Group regularly reviews and improves its business and operations activities to identify areas of significant business risks as well as respond appropriately to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the AC and the Board.

### **Principle 12: Audit Committee**

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

As at the date of this report, the Audit Committee (the "**AC**") of the Company comprises four (4) members, namely:

- Mr Calvin Lim Huan Kim (*Chairman*);
- Mr Tan Gim Kang, Arran;
- Mr Farhash Wafa Salvador; and
- Mr Aris Muhammad Rizal.

all of whom are Independent Directors. The members meet at least four (4) times in a year.

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The AC has specific written Terms of Reference setting out their duties and responsibilities. The AC's main principal functions are as follows:

- review the audit plan of the Company's independent auditors and, if any, their report on any recommendations on internal accounting controls arising from the statutory audit;
- review the assistance given by the Company's Management to the independent auditors;
- review the quarterly and the annual statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2014 before their submission to the Board of Directors, as well as the independent auditors' report on the statement of financial position of the Company and the consolidated financial statements of the Group;
- review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance;
- review the effectiveness of the Group's material internal control systems, including financial, operational and compliance controls and risk management;
- meet with the independent auditors, other committees, and/or the Management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- review 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;
- review the cost effectiveness and the independence and objectivity of the independent auditors;
- review the nature and extent of non-audit services provided by the independent auditors;
- recommend to the Board the independent auditors to be nominated, approve the compensation of the independent auditors, and reviews, the scope and results of the audit;
- report actions and minutes of the AC to the Board with such recommendations as the AC considers appropriate; and
- review interested person transactions, if any, in accordance with the requirements of the SGX-ST's Listing Manual.

The AC has the power to conduct or authorise investigations into any matters within the AC's scope of responsibility. The AC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

The AC has full access to and co-operation of the Management, officers, Company Secretary, Directors and relevant external regulator and/or professional parties and has full discretion to invite any Director or officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

## CORPORATE GOVERNANCE

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The AC also reviews any arrangement by which staff of the Group, or any other officers, may, in confidence, raise concerns about possible and/or suspected fraud, irregularities, corruption, dishonest practices and/or improprieties in matters of financial reporting or other similar matters. The AC's objective is to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow up action and improvements, if necessary and required.

In 2006, the Company adopted the Whistle-Blowing Policy provided to the staff with well-defined and accessible channels within the Group to counter and mitigate any possible and/or suspected fraud. Proper written procedures, policies and guideline are in place for making such reports in good faith, with confidence and will be treated fairly and be protected from reprimand. As at the date of this report and to the best of their knowledge and belief, nothing has come to the attention of the AC that may require any follow up and/or action plan.

All subsidiaries are audited by member firms of Moore Stephens International Limited of which Moore Stephens LLP, Singapore is also a member except for PT. Rel-ion Sterilization Services, which is audited by Paul Hadiwinata, Hidajat, Arsono, Ade Fatma & Rekan, Indonesia, a member firm of PKF International Limited; and Gemisuria Corporation Sdn Bhd, which is audited by KBCF Tan, Malaysia.

In evaluating the degree of reliance to be placed on the financial statements and auditor's reports on the subsidiaries, Moore Stephens LLP, Singapore may perform certain audit procedures where appropriate for purpose of consolidation.

The AC and Board are of the view that these audit firms are adequately resourced, of appropriate standing within the international affiliation, have reviewed and are satisfied that the appointment would not compromise the standard and effectiveness of the audit of the Company and that the Company is in compliance with Rule 712, 715 and 716 of the Listing Manual of the SGX-ST.

During the financial year under review, the AC, having reviewed for non-audit services provided by the independent auditors to the Group, that would affect the independence of the independent auditors, was of the opinion that there was no non-audit services rendered. The fees paid and/or payable to the independent auditors amounted to approximately S\$170,157 for audit services rendered by independent auditors. During the financial year under review, the AC has met with the Company's independent auditors without the presence of the Management. In addition, the AC has also conducted a review of interested person transaction and was of the opinion that there was no interested person transaction.

Throughout the financial year ended 31 December 2014, the Board has assessed and reviewed, together with the assistance of NC, to ensure that the members of the AC are appropriately qualified to discharge their responsibilities. The Board's view is that adequate and reasonable assistance and support has been properly rendered by the Directors, Management and officers to the AC and that the AC has been effectively and efficiently contributed to the Board and the Group. In addition, at least one (1) of the members of the AC has relevant accounting and related financial management expertise, experience, knowledge related to the business of the Group, as the Board interprets such qualification in its business judgement. During the financial year 2014, the AC had held four (4) meetings to review and undertake the scope of work as set in above. The independent auditors provides regular updates and briefing to the AC on changes or amendments to accounting standards to enable the member of the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

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Based on the Group's latest audited consolidated financial statements for the year ended 31 December 2014, assets in the mineral and energy resources sector was the Group's single largest contributor to its total assets at 39% (as outlined in the Annual Report under heading **Operating Segments**). Pursuant to Practice Note 6.3 of the Listing Manual of the SGX-ST, the Company may henceforth be considered to be principally in the business of exploration for or extraction of mineral, oil or gas assets and will be required to comply with all continuing listing rules under the Listing Manual of the SGX-ST that are applicable to mineral, oil and gas companies.

The AC has recommended to the Board of Directors the re-appointment of Messrs Moore Stephens LLP as independent auditors of the Company. The independent auditors of the Company are in compliance of the Rules 712(1) of the Listing Manual of the SGX-ST whereby "*a mineral, oil and gas company must appoint an auditing firm where the auditing firm and audit partner-in-charge have the relevant industry experience*". The Board will review the appointment of independent auditors from time to time and together with its committees will be rigorously reviewing the compliance of Rules of the Listing Manual of the SGX-ST.

### **Principle 13: Internal Audit**

***The Company should establish an internal audit function that is adequately resourced and independent of the activities it audits.***

The Board recognises and is responsible for designing, implementing and maintaining internal control systems and processes relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances, to safeguard shareholders' investments and the Group's business and assets.

Currently, the internal audit functions are subsumed under the finance team and that it is independent of the activities it audits. The AC has reviewed and is satisfied that the existing systems of internal control systems are adequate, taking into consideration the corporate structure and scope of the Group's operations.

The key element in the Group's internal system is the control which Management exercise over expenditure for investments and capital spending, with the various levels of approvals documented in the authorisation limits granted by the Board.

The AC will review the adequacy of the function of the internal audit from time to time and will proposed an independent engagement of internal auditor or professional firm to carry out the internal audit function as and when the need arise taking into the consideration of the corporate structure and scope of the Group's operations.

### **(D) SHAREHOLDERS RIGHTS AND RESPONSIBILITIES**

#### **Principle 14:**

***Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.***

## CORPORATE GOVERNANCE

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The Company facilitates the exercise of ownership rights by all shareholders. In particular, the shareholders of the Company are sufficiently informed of changes in the Company's business and development that are price sensitive and would be likely to materially affect the price or value of the Company's shares and those information are communicated to the shareholders on a timely basis via SGXNet.

The Company also ensure that the shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. The shareholders would be informed of the rules, including voting procedures, that govern general meetings of shareholders of the Company.

The Board has not declared dividend payments for FY2014 after taken into account various factors including:

- the level of the available cash;
- the projected levels of capital expenditure and other investment plans; and
- the losses for the year and the accumulated losses of the Company for the FY2014.

### **Principle 15: Communication with Shareholders**

***Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.***

The Board is mindful of the obligation to provide regular, effective and fair communication with shareholders. The Company does not practice selective disclosure. In line with the continuous obligations of the Company pursuant to the Rules of the Listing Manual of the SGX-ST, the Board's policy is that all shareholders should be equally informed of all major developments and the Company will make disclosure publicly to all shareholders as soon as practicable.

The Board provides shareholders with an assessment of the Company's performance, position and prospects via interim and annual results announcements and other ad-hoc announcements as required by the Singapore Exchange. The Company does not practise selective disclosure. Price sensitive information is first publicly released through SGXNet. In addition, The Company has taken steps to solicit and understand the views of the shareholders through the Company website and investor relations firm.

Results and annual reports are announced and/or issued within the mandatory period. All the shareholders of the Company receive the annual report and the notice of the AGM.

### **Principle 16: Conduct of shareholder meetings**

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

At the AGM, shareholders are given the opportunity to opine their views and seek clarification on questions regarding the Company. The Directors, Management and the external auditors are normally available at the AGM to answer shareholders' queries. At the shareholders' meeting, each distinct issue is proposed as a separate resolution.

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Shareholders have the opportunity to participate effectively and to vote in AGMs. They are allowed to vote in person or by appointed proxy. The Articles of Association of the Company allow members of the Company to appoint not more than two (2) proxies to attend and vote on their behalf at the AGMs. *The Articles currently do not allow a shareholder to vote in absentia.*

During the AGM, the resolutions on each substantially separate issues are disclosed separately and not bundled together unless the resolutions are interdependent and linked so as to form one significant proposal and clear explanation and reasons are to be provided together with its material implications.

For greater transparency, the Company will, as practicable, propose to put all resolutions to vote by poll at shareholders general meeting and an announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages will be made on the same day. The Company will adopt poll voting and disclosure of detailed voting outcomes for all shareholders' general meeting held on and after 1 August 2015, including the appointment of independent scrutineers to oversee the voting process and enhance their disclosures on voting outcomes.

The Company adopts the practices of preparation of minutes or notes of AGM, whereby there are substantial comments or queries from the shareholders and response from the Board and Management, and to make these minutes or notes available to shareholders upon their request. In addition, the Company practices transparency during the AGM whereby the Chairmen of the Nominating, Remuneration and Audit Committee and the Company's independent auditors are present and available to address shareholders' questions and concerns about the conduct of the Company and/or audit and the preparation and content of the Independent Auditors' Report.

### **OTHER GOVERNANCE PRACTICES**

#### **Material Contracts**

There is no material contract of the Company and its subsidiaries, including loans, involving the interests of any Director or the controlling shareholders either still subsisting at the end of FY2014 or if not then subsisting, entered into since the end of the previous financial year, save as for those as announced via SGXNet and as outlined in the Annual Report under headings **Trade** and **Other Payables** and **Subsequent Events**.

#### **Interested Person Transactions**

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and these interested persons transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

The Board and the AC will review all interested person transactions to be entered into to ensure that the relevant rules under Chapter 9 of the Listing Manual are complied with.

## CORPORATE GOVERNANCE

Save as disclosed above, except for the Repayment, those as announced via SGXNet and as outlined in the Annual Report under headings **Trade and Other Payables** and **Related Party Transactions**, there is no other interested person transaction for the financial year ended 31 December 2014 as follows:

| Name of Interested Person | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                           | Nil                                                                                                                                                                                                                    | Nil                                                                                                                                                                                                   |

### Dealing in Securities

In line with Blumont's Best Practices Guide in Dealing in Securities (the "**Best Practices Guide**") adopted and reviewed from time to time, the Company has in place a code of conduct on share dealings by Officers. This code sets out the statutory restrictions on insider trading as well as the recommendations of the Best Practices Guide on securities transactions. This has been made known to the Officers, including the Directors, staff, any relevant body corporate and officers of the Company and the Group, not to deal during the period commencing two (2) weeks before the announcement of the Company's interim results or one (1) month before financial year, as the case may be, and ending on the date of the announcement of the relevant results.

The Officers have been informed that to deal in the Company's securities, as well as securities of other listed companies, when they are in possession of information that is not generally available but, if it were, would be likely materially to affect the price of those securities in relation to those securities and relates to any transaction (actual or expected) involving both those bodies corporate or involving one of them and securities of the other are prohibited and is a subject to the law. The Company, while having provided the window periods for dealing in the Company's securities, has its own internal compliance code in providing guidance to its officers with regards to dealing in the Company's securities including reminders that the law on insider trading is applicable at all times. In addition, an officer should also not deal in the Company's securities on short-term considerations.

In the opinion of the AC, to the best of their knowledge and belief, the Company complies with Blumont's Best Practices Guide.

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# REPORT OF THE DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The directors of the Company present their report to the members together with the audited consolidated financial statements of Blumont Group Ltd. (the “Company”) and its subsidiaries (collectively the “Group”) for the financial year ended 31 December 2014 and the audited statement of financial position of the Company as at 31 December 2014.

## 1 Directors

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

|                          |                                                                   |
|--------------------------|-------------------------------------------------------------------|
| Mr Ng Kim Huatt          | Executive Director (Appointed on 19 July 2014)                    |
| Mr Calvin Lim Huan Kim   | Lead Independent Director                                         |
| Mr Tan Gim Kang, Arran   | Independent Non-Executive Director (Appointed on 30 May 2014)     |
| Mr Farhash Wafa Salvador | Independent Non-Executive Director (Appointed on 18 July 2014)    |
| Mr Aris Muhammad Rizal   | Independent Non-Executive Director (Appointed on 10 October 2014) |

## 2 Arrangements to Enable Directors to Acquire Shares or Debentures

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

## 3 Directors’ Interests in Shares or Debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the register of directors’ shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50, except as follows:

|                          | Shareholdings registered<br>in name of director |            |           | Shareholdings in which director<br>is deemed to have an interest |            |           |
|--------------------------|-------------------------------------------------|------------|-----------|------------------------------------------------------------------|------------|-----------|
|                          | At                                              |            |           | At                                                               |            |           |
|                          | 1.1.2014                                        |            |           | 1.1.2014                                                         |            |           |
|                          | or date of                                      |            |           | or date of                                                       |            |           |
|                          | appointment,                                    | At         | At        | appointment,                                                     | At         | At        |
|                          | if later                                        | 31.12.2014 | 21.1.2015 | if later                                                         | 31.12.2014 | 21.1.2015 |
| <b>Company:</b>          |                                                 |            |           |                                                                  |            |           |
| Blumont Group Ltd.       |                                                 |            |           | <b>Ordinary shares</b>                                           |            |           |
| Mr Calvin Lim Huan Kim   | 2,700,000                                       | 1,700,000  | 1,700,000 | —                                                                | —          | —         |
| Mr Farhash Wafa Salvador | —                                               | —          | —         | 224,000                                                          | 224,000    | 224,000   |

According to the register of directors’ shareholdings, there is no unissued ordinary shares under options held by the directors holding office at the end of the financial year to subscribe for ordinary shares of the Company.

## REPORT OF THE DIRECTORS

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

### **4 Directors' Contractual Benefits**

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

### **5 Share Options**

#### **Blumont Employee Share Option Scheme 2013 (the "Blumont ESOS 2013")**

At an Extraordinary General Meeting held on 22 April 2013, the members of the Company approved the Blumont ESOS 2013, for granting of non-transferable options to employees (including executive directors) and non-executive directors of the Company.

The Blumont ESOS 2013 is administered by the Compensation Committee which is overseen by the Remuneration Committee whose members are Mr Calvin Lim Huan Kim (Chairman), Mr Tan Gim Kang, Arran, Mr Farhash Wafa Salvador and Mr Aris Muhammad Rizal.

The Blumont ESOS 2013 shall continue to be in force at the discretion of the Compensation Committee for a period of ten years from 22 April 2013. However, the period may be extended or terminated with the approval of shareholders at a general meeting of the Company and any relevant approvals which may then be required.

Under the Blumont ESOS 2013, options may be exercised after 1st anniversary of the date of grant and before the 5th anniversary of such date of grant for non-executive directors and the 10th anniversary of such date of grant for group employees.

The subscription price for each ordinary share in respect of which an option is exercisable shall be determined by the Compensation Committee as follows:

- (a) fixed at the Market Price ("Market Price Option") equal to the average of the last dealt prices for the share on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the three (3) consecutive trading days immediately preceding the date of grant of that option; or
- (b) set at a discount to a Market Price ("Discount Option"), provided that the maximum discount shall not exceed twenty percent (20%) of the Market Price.

No share options under the Blumont ESOS 2013 have been granted during and as at the financial years ended 31 December 2014 and 2013.

## REPORT OF THE DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

### 5 Share Options (Continued)

Except as disclosed above,

- there were no share options granted by the Company or its subsidiaries during the financial year;
- there were no shares issued by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries during the financial year; and
- there were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

### 6 Performance Share Plan

At an Extraordinary General Meeting held on 22 April 2013, the members of the Company approved the Blumont Performance Share Plan (the “Blumont PSP”), for granting of incentive share awards to employees (including executive directors) and non-executive directors of the Company.

The Blumont PSP is administered by the Compensation Committee which is overseen by the Remuneration Committee whose members are Mr Calvin Lim Huan Kim (Chairman), Mr Tan Gim Kang, Arran, Mr Farhash Wafa Salvador and Mr Aris Muhammad Rizal.

The Blumont PSP shall continue to be in force at the discretion of the Compensation Committee for a period of ten years from 22 April 2013. However, the period may be extended or terminated with the approval of shareholders at a general meeting of the Company and any relevant approvals which may then be required.

A participants’ award under the Blumont PSP will be determined at the sole discretion of the Compensation Committee. In considering an award to be granted to a participant, the Compensation Committee may take into account, *inter alia*, the participant’s performance and/or contribution to the Company.

Awards granted under the Blumont PSP will typically vest only after the satisfactory completion of performance-related award conditions and/or other conditions such as vesting period(s) applicable for the release of the award. No minimum vesting periods are prescribed under the Blumont PSP, and the length of the vesting period(s) in respect of each award will be determined on a case-by-case basis.

No incentive share awards under the Blumont PSP have been granted during and as at the financial years ended 31 December 2014 and 2013.

## REPORT OF THE DIRECTORS

---

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

### **7 Audit Committee**

The members of the Audit Committee (“AC”) at the date of this report are as follows:

|                          |                                |
|--------------------------|--------------------------------|
| Mr Calvin Lim Huan Kim   | (Chairman)                     |
| Mr Tan Gim Kang, Arran   | (Appointed on 30 May 2014)     |
| Mr Farhash Wafa Salvador | (Appointed on 18 July 2014)    |
| Mr Aris Muhammad Rizal   | (Appointed on 10 October 2014) |

The AC has performed its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, including reviewing the following:

- (i) the audit plan of the Company’s independent auditors and, if any, their report on any recommendations on internal accounting controls arising from the statutory audit;
- (ii) the assistance given by the Company’s management to the independent auditors;
- (iii) the quarterly and annual statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2014 before their submission to the Board of Directors, as well as the independent auditors’ report on the statement of financial position of the Company and the consolidated financial statements of the Group;
- (iv) the effectiveness of the Group’s material internal controls, including financial, operational and compliance controls and risk management;
- (v) 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;
- (vi) recommendation to the Board of Directors the independent auditors to be nominated, approve the compensation to the auditors, and review the scope and results of the audit; and
- (vii) interested person transactions, if any, in accordance with the requirements of the SGX-ST’s Listing Manual.

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

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

## REPORT OF THE DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

### 7 Audit Committee (Continued)

It is the opinion of the Board of Directors with the concurrence of the AC that the system of internal controls, which addresses the Group's financial, operational and compliance risks, maintained by the Group is in place and adequate throughout the financial year and up to the date of this report.

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

The AC has recommended to the Board of Directors the nomination of Moore Stephens LLP for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting of the Company.

### 8 Independent Auditors

The auditors, Moore Stephens LLP, Public Accountants and Chartered Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,

-----  
NG KIM HUATT  
Executive Director

-----  
CALVIN LIM HUAN KIM  
Lead Independent Director

Singapore  
8 April 2015

## STATEMENT BY DIRECTORS

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

In the opinion of the Board of Directors,

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon, as set out on pages 62 to 171, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and of the results, changes in equity and cash flows of the Group for the year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Group and the Company will be able to pay its debts as and when they fall due as disclosed in Note 2(b) to the financial statements.

On behalf of the Board of Directors,

-----  
NG KIM HUATT  
Executive Director

-----  
CALVIN LIM HUAN KIM  
Lead Independent Director

Singapore  
8 April 2015

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BLUMONT GROUP LTD.

## **Report on the Financial Statements**

We have audited the accompanying financial statements of Blumont Group Ltd. (the "Company") and its subsidiaries (collectively the "Group"), as set out on pages 62 to 171, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

## ***Management's Responsibility for the Financial Statements***

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

## ***Auditors' Responsibility***

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

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

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

## ***Opinion***

In our opinion, the consolidated financial statements of the Group and the statement of the financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and of the results, changes in equity and cash flows of the Group for the year ended on that date.

## INDEPENDENT AUDITORS' REPORT

---

TO THE MEMBERS OF BLUMONT GROUP LTD.

(cont'd)

### ***Emphasis of Matter***

We draw attention to Note 2(b) to the financial statements which states that for the financial year ended 31 December 2014, the Group incurred a net loss of approximately S\$66.2 million and a total comprehensive loss of approximately S\$68.8 million (2013: a net loss of approximately S\$71.4 million and a total comprehensive loss of approximately S\$70.8 million), and a net cash outflow from operating activities of approximately S\$10.5 million (2013: net cash inflow from operating activities of approximately S\$5.2 million). As at 31 December 2014, the Group's current liabilities exceeded its current assets by approximately S\$16.5 million (2013: current assets exceeded current liabilities by approximately S\$20.2 million) and the Company's current liabilities exceeded its current assets by approximately S\$32.9 million (2013: approximately S\$7.2 million).

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and of the Company to continue as going concerns and to realise their assets and discharge their liabilities in the ordinary course of business. Nevertheless, the directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 December 2014 remains appropriate after taking into consideration the following factors:

- (i) Management is evaluating various strategies to improve profitability and generate significant positive cash flows from the Group's current business activities. Management has prepared a cash flow forecast which shows that the Group will have sufficient cash resources to satisfy its day-to-day operations for the next twelve months from 31 December 2014. This includes fund raising activities listed in paragraph (ii) below.
- (ii) Subsequent to 31 December 2014;
  - The Group has completed the placement of shares in the capital of the Company, which raised net proceeds of approximately S\$1.7 million as disclosed in Note 38(d) to the financial statements.
  - The Group has successfully extended the maturity period of the Wintercrest Financing Loans for a further 12 months from 15 March 2015 to 15 March 2016 together with a repayment schedule and other conditions as disclosed in Note 38(e) to the financial statements.
  - The Group has proposed a renounceable non-underwritten rights cum warrants issue subject to the approval of the shareholders of the Company at an extraordinary general meeting to be convened by the Company as disclosed in Note 38(f) to the financial statements. If the rights cum warrants issue is fully subscribed, it will raise an estimated net proceeds of approximately S\$28.7 million.

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BLUMONT GROUP LTD.

(cont'd)

### ***Emphasis of Matter (cont'd)***

If the Group is unable to generate significant cash flows as described in paragraph (i) above and the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than the normal course of business and at amounts which could differ from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities which may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. No such adjustments have been made to these financial statements. Our opinion is not qualified in respect of this matter.

### **Report on Other Legal and Regulatory Requirements**

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

**Moore Stephens LLP**

Public Accountants and  
Chartered Accountants

Singapore  
8 April 2015

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

|                                                                                                      |      | Group               |                   |
|------------------------------------------------------------------------------------------------------|------|---------------------|-------------------|
|                                                                                                      | Note | 2014<br>S\$         | 2013<br>S\$       |
| <b>Revenue</b>                                                                                       | 4    | <b>3,598,401</b>    | 3,604,259         |
| Other losses – net                                                                                   | 5    | <b>(6,931,141)</b>  | (63,393,045)      |
| <b>Expenses</b>                                                                                      |      |                     |                   |
| – Raw materials and consumables used                                                                 |      | <b>(117,008)</b>    | (113,473)         |
| – Costs of development properties sold                                                               |      | <b>(72,690)</b>     | (1,120,741)       |
| – Employee benefits                                                                                  | 6    | <b>(2,028,425)</b>  | (2,118,676)       |
| – Others                                                                                             | 7    | <b>(9,633,785)</b>  | (7,843,495)       |
| – Re-measurement loss on acquisition of investment in associate                                      | 20   | <b>(21,010,344)</b> | –                 |
| – Impairment loss on financial assets, available-for-sale                                            | 20   | <b>(18,648,365)</b> | (10,022,910)      |
| – Impairment loss on investment in associate                                                         | 18   | <b>(4,351,686)</b>  | –                 |
| – Share of loss of associate                                                                         | 18   | <b>(1,462,485)</b>  | –                 |
| – Finance costs                                                                                      | 8    | <b>(5,081,434)</b>  | (197,967)         |
| <b>Total expenses</b>                                                                                |      | <b>(62,406,222)</b> | (21,417,262)      |
| <b>Loss before income tax</b>                                                                        |      | <b>(65,738,962)</b> | (81,206,048)      |
| Income tax                                                                                           | 9    | <b>(497,378)</b>    | 9,838,456         |
| <b>Loss for the year</b>                                                                             |      | <b>(66,236,340)</b> | (71,367,592)      |
| <b>Other comprehensive (loss)/income</b>                                                             |      |                     |                   |
| <i>Items that will not be reclassified subsequently to profit or loss:</i>                           |      |                     |                   |
| Actuarial (loss)/gain on defined benefit plans                                                       |      | <b>(44,513)</b>     | 112,465           |
| <i>Items that may be reclassified subsequently to profit or loss:</i>                                |      |                     |                   |
| Foreign currency translation loss                                                                    |      | <b>(776,200)</b>    | (1,215,343)       |
| Net change in fair value of financial assets, available-for-sale                                     | 20   | –                   | 1,662,096         |
| Cumulative gain in fair value of financial assets, available-for-sale reclassified to profit or loss | 20   | <b>(1,662,096)</b>  | –                 |
| Share of other comprehensive loss of associates                                                      | 18   | <b>(102,917)</b>    | –                 |
| <b>Other comprehensive (loss)/income, net of tax</b>                                                 |      | <b>(2,585,726)</b>  | 559,218           |
| <b>Total comprehensive loss for the year</b>                                                         |      | <b>(68,822,066)</b> | (70,808,374)      |
| <b>(Loss)/Profit for the year attributable to:</b>                                                   |      |                     |                   |
| Owners of the Company                                                                                |      | <b>(66,855,787)</b> | (70,815,041)      |
| Non-controlling interests                                                                            |      | <b>619,447</b>      | (552,551)         |
|                                                                                                      |      | <b>(66,236,340)</b> | (71,367,592)      |
| <b>Total comprehensive (loss)/income for the year attributable to:</b>                               |      |                     |                   |
| Owners of the Company                                                                                |      | <b>(69,420,293)</b> | (69,879,481)      |
| Non-controlling interests                                                                            |      | <b>598,227</b>      | (928,893)         |
|                                                                                                      |      | <b>(68,822,066)</b> | (70,808,374)      |
|                                                                                                      |      |                     | <b>(Restated)</b> |
| <b>Loss per share (S\$ cents)</b>                                                                    | 10   |                     |                   |
| – Basic                                                                                              |      | <b>(2.58)</b>       | (2.32)            |
| – Diluted                                                                                            |      | <b>(2.58)</b>       | (2.32)            |

The accompanying notes form an integral part of the financial statements

## STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

|                                                        | Note | Group             |                   | Company           |                   |
|--------------------------------------------------------|------|-------------------|-------------------|-------------------|-------------------|
|                                                        |      | 2014<br>S\$       | 2013<br>S\$       | 2014<br>S\$       | 2013<br>S\$       |
| <b>ASSETS</b>                                          |      |                   |                   |                   |                   |
| <b>Current assets</b>                                  |      |                   |                   |                   |                   |
| Cash and bank balances                                 | 11   | 3,959,240         | 2,534,408         | 70,308            | 473,180           |
| Financial assets, at fair value through profit or loss | 12   | 7,880,313         | 18,389,075        | 161,250           | 1,342,500         |
| Trade and other receivables                            | 13   | 1,478,806         | 1,645,316         | 971,395           | 688,695           |
| Other current assets                                   | 14   | 399,577           | 225,411           | 208,960           | 51,341            |
| Development properties                                 | 15   | 5,425,499         | 5,630,011         | —                 | —                 |
| Assets held for sale                                   | 16   | —                 | 2,002,877         | —                 | —                 |
|                                                        |      | <u>19,143,435</u> | <u>30,427,098</u> | <u>1,411,913</u>  | <u>2,555,716</u>  |
| <b>Non-current assets</b>                              |      |                   |                   |                   |                   |
| Investments in subsidiaries                            | 17   | —                 | —                 | 4,416,287         | 5,390,814         |
| Investment in associate                                | 18   | 7,607,081         | —                 | —                 | —                 |
| Loans to subsidiaries                                  | 17   | —                 | —                 | 16,614,950        | 51,033,721        |
| Investment properties                                  | 19   | 2,305,190         | 1,658,080         | —                 | —                 |
| Financial assets, available-for-sale                   | 20   | 13,149,172        | 52,440,792        | 11,958,361        | 23,864,964        |
| Derivative financial assets                            | 21   | 6,193             | 532,570           | 6,193             | 110,207           |
| Property and equipment                                 | 22   | 2,636,113         | 2,613,012         | 240,721           | 281,730           |
| Other non-current assets                               | 14   | 2,469             | 2,298             | —                 | —                 |
| Deferred tax assets                                    | 27   | 119,087           | 86,560            | —                 | —                 |
|                                                        |      | <u>25,825,305</u> | <u>57,333,312</u> | <u>33,236,512</u> | <u>80,681,436</u> |
| <b>Total Assets</b>                                    |      | <u>44,968,740</u> | <u>87,760,410</u> | <u>34,648,425</u> | <u>83,237,152</u> |
| <b>LIABILITIES</b>                                     |      |                   |                   |                   |                   |
| <b>Current liabilities</b>                             |      |                   |                   |                   |                   |
| Trade and other payables                               | 23   | 7,151,017         | 6,388,966         | 6,188,458         | 6,013,514         |
| Borrowings                                             | 24   | 28,191,848        | 3,739,530         | 28,144,886        | 3,694,881         |
| Current income tax liabilities                         |      | 265,493           | 93,520            | —                 | —                 |
|                                                        |      | <u>35,608,358</u> | <u>10,222,016</u> | <u>34,333,344</u> | <u>9,708,395</u>  |
| <b>Non-current liabilities</b>                         |      |                   |                   |                   |                   |
| Employee compensation                                  | 26   | 502,057           | 391,393           | —                 | —                 |
| Borrowings                                             | 24   | 132,847           | 208,466           | 115,526           | 145,958           |
| Deferred tax liabilities                               | 27   | 27,700            | 28,264            | —                 | —                 |
|                                                        |      | <u>662,604</u>    | <u>628,123</u>    | <u>115,526</u>    | <u>145,958</u>    |
| <b>Total Liabilities</b>                               |      | <u>36,270,962</u> | <u>10,850,139</u> | <u>34,448,870</u> | <u>9,854,353</u>  |
| <b>Net Assets</b>                                      |      | <u>8,697,778</u>  | <u>76,910,271</u> | <u>199,555</u>    | <u>73,382,799</u> |
| <b>EQUITY</b>                                          |      |                   |                   |                   |                   |
| <b>Equity attributable to owners of the Company</b>    |      |                   |                   |                   |                   |
| Share capital                                          | 28   | 100,173,519       | 99,042,284        | 100,173,519       | 99,042,284        |
| Reserves                                               | 29   | (4,855,884)       | (832,114)         | —                 | 1,662,096         |
| Accumulated losses                                     |      | (90,802,441)      | (23,921,980)      | (99,973,964)      | (27,321,581)      |
|                                                        |      | <u>4,515,194</u>  | <u>74,288,190</u> | <u>199,555</u>    | <u>73,382,799</u> |
| Non-controlling interests                              | 30   | 4,182,584         | 2,622,081         | —                 | —                 |
| <b>Total Equity</b>                                    |      | <u>8,697,778</u>  | <u>76,910,271</u> | <u>199,555</u>    | <u>73,382,799</u> |

The accompanying notes form an integral part of the financial statements

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

|                                                                                                      | Note     | Attributable to owners of the Company |                    |                              |                    |                     |                                       | Non-controlling interests | Total equity     |
|------------------------------------------------------------------------------------------------------|----------|---------------------------------------|--------------------|------------------------------|--------------------|---------------------|---------------------------------------|---------------------------|------------------|
|                                                                                                      |          | Share capital                         | Fair value reserve | Currency translation reserve | Other reserves     | Accumulated losses  | Attributable to owners of the Company |                           |                  |
|                                                                                                      |          | S\$                                   | S\$                | S\$                          | S\$                | S\$                 | S\$                                   | S\$                       | S\$              |
| <b>Group</b>                                                                                         |          |                                       |                    |                              |                    |                     |                                       |                           |                  |
| <b>Balance at 1 January 2014</b>                                                                     |          | 99,042,284                            | 1,662,096          | (2,494,210)                  | -                  | (23,921,980)        | 74,288,190                            | 2,622,081                 | 76,910,271       |
| (Loss)/Profit for the year                                                                           |          | -                                     | -                  | -                            | -                  | (66,855,787)        | (66,855,787)                          | 619,447                   | (66,236,340)     |
| Other comprehensive (loss)/income, net of tax                                                        |          | -                                     | -                  | -                            | -                  | -                   | -                                     | -                         | -                |
| Foreign currency translation loss                                                                    |          | -                                     | -                  | (774,819)                    | -                  | -                   | (774,819)                             | (1,381)                   | (776,200)        |
| Cumulative gain in fair value of financial assets, available-for-sale reclassified to profit or loss |          | -                                     | (1,662,096)        | -                            | -                  | -                   | (1,662,096)                           | -                         | (1,662,096)      |
| Actuarial loss on defined benefit plan                                                               |          | -                                     | -                  | -                            | -                  | (24,674)            | (24,674)                              | (19,839)                  | (44,513)         |
| Share of other comprehensive loss of associate                                                       |          | -                                     | -                  | (102,917)                    | -                  | -                   | (102,917)                             | -                         | (102,917)        |
| <b>Total comprehensive (loss)/income for the year</b>                                                |          | -                                     | (1,662,096)        | (877,736)                    | -                  | (66,880,461)        | (69,420,293)                          | 598,227                   | (68,822,066)     |
| Issue of shares                                                                                      | 28(a)(i) | 1,163,400                             | -                  | -                            | -                  | -                   | 1,163,400                             | -                         | 1,163,400        |
| Share issue expense                                                                                  | 28       | (32,165)                              | -                  | -                            | -                  | -                   | (32,165)                              | -                         | (32,165)         |
| Acquisition of additional interest in a subsidiary                                                   | 17(b)    | -                                     | -                  | -                            | (962,296)          | -                   | (962,296)                             | 962,276                   | (20)             |
| Share of post-acquisition reserves of associate                                                      | 18       | -                                     | -                  | -                            | (521,642)          | -                   | (521,642)                             | -                         | (521,642)        |
| <b>Balance at 31 December 2014</b>                                                                   |          | <b>100,173,519</b>                    | <b>-</b>           | <b>(3,371,946)</b>           | <b>(1,483,938)</b> | <b>(90,802,441)</b> | <b>4,515,194</b>                      | <b>4,182,584</b>          | <b>8,697,778</b> |

The accompanying notes form an integral part of the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

*The accompanying notes form an integral part of the financial statements*

(Continued)

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

|                                                                           | Note  | Group<br>2014<br>S\$ | 2013<br>S\$         |
|---------------------------------------------------------------------------|-------|----------------------|---------------------|
| <b>Cash Flows from Operating Activities</b>                               |       |                      |                     |
| Loss before income tax                                                    |       | (65,738,962)         | (81,206,048)        |
| Adjustments for:                                                          |       |                      |                     |
| Share of loss of associate                                                |       | 1,462,485            | –                   |
| Unrealised foreign exchange gains                                         |       | (2,649,502)          | (155,330)           |
| Property and equipment written off                                        |       | –                    | 220                 |
| Depreciation of property and equipment                                    |       | 362,836              | 378,662             |
| Allowance for impairment loss of other receivables – third party          |       | 714,748              | 2,837,500           |
| Re-measurement loss on acquisition of investment in associate             |       | 21,010,344           | –                   |
| Allowance for impairment loss of financial assets, available-for-sale     |       | 18,648,365           | 10,022,910          |
| Allowance for impairment loss of investment in associate                  |       | 4,351,686            | –                   |
| Amortisation of deferred loan charges                                     |       | 2,669,434            | –                   |
| Write-back of allowance for foreseeable losses                            |       | –                    | (143,512)           |
| Interest expense                                                          |       | 2,412,000            | 197,967             |
| Interest income                                                           |       | (1,749,497)          | (651,338)           |
| Loss on disposal of property and equipment                                |       | 143                  | 8,598               |
| Loss on disposal of investment properties and assets held for sale        |       | 57,672               | 25,615              |
| Fair value loss on financial assets, at fair value through profit or loss |       | 4,648,522            | 64,089,794          |
| Fair value gains on investment properties                                 |       | (161,877)            | –                   |
| Operating cash flow before working capital changes                        |       | (13,961,603)         | (4,594,962)         |
| Changes in working capital:                                               |       |                      |                     |
| Financial assets, at fair value through profit or loss                    |       | 5,860,240            | 6,033,470           |
| Receivables                                                               |       | (535,537)            | (3,997,042)         |
| Payables                                                                  |       | (1,576,145)          | 7,254,917           |
| Inventories and development properties                                    |       | (222)                | 1,026,011           |
| Cash (used in)/generated from operations                                  |       | (10,213,267)         | 5,722,394           |
| Income tax paid                                                           |       | (295,464)            | (567,713)           |
| <b>Net cash (used in)/generated from operating activities</b>             |       | <b>(10,508,731)</b>  | <b>5,154,681</b>    |
| <b>Cash Flows from Investing Activities</b>                               |       |                      |                     |
| Proceeds from disposal of property and equipment                          |       | –                    | 53,182              |
| Purchase of property and equipment                                        |       | (345,230)            | (170,621)           |
| Proceeds from disposal of investment properties and assets held for sale  |       | 1,460,438            | 1,016,423           |
| Purchase of financial assets, available-for-sale                          | 35(a) | (11,982,975)         | (51,371,128)        |
| Purchase of additional interest in a subsidiary                           | 17(d) | (20)                 | –                   |
| Interest received                                                         |       | 124,895              | 106,480             |
| <b>Net cash used in investing activities</b>                              |       | <b>(10,742,892)</b>  | <b>(50,365,664)</b> |

The accompanying notes form an integral part of the financial statements

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(Continued)

|                                                                             | Note  | Group<br>2014<br>S\$ | 2013<br>S\$       |
|-----------------------------------------------------------------------------|-------|----------------------|-------------------|
| <b>Cash Flows from Financing Activities</b>                                 |       |                      |                   |
| Repayment of finance lease liabilities                                      |       | (73,768)             | (117,326)         |
| Repayment of borrowings                                                     |       | –                    | (507,064)         |
| Proceeds from borrowings                                                    | 24(b) | 22,731,658           | 3,669,950         |
| Payment of share issue expenses                                             |       | (32,165)             | (222,282)         |
| Net proceeds from issuance of ordinary shares                               |       | –                    | 43,640,115        |
| Interest paid                                                               |       | (12,082)             | (41,155)          |
| Capital contribution from non-controlling interests<br>in a subsidiary      |       | –                    | 19                |
| Placement of bank deposits pledged to bank                                  |       | –                    | (3,031)           |
| <b>Net cash generated from financing activities</b>                         |       | <b>22,613,643</b>    | <b>46,419,226</b> |
| <b>Net increase in cash and cash equivalents</b>                            |       | <b>1,362,020</b>     | <b>1,208,243</b>  |
| Cash and cash equivalents at the beginning of the year                      |       | 2,531,377            | 1,581,322         |
| Effect of changes in foreign exchange rates on cash and<br>cash equivalents |       | 62,873               | (258,188)         |
| <b>Cash and cash equivalents at the end of the year</b>                     | 11    | <b>3,956,270</b>     | <b>2,531,377</b>  |

*The accompanying notes form an integral part of the financial statements*

# NOTES TO THE FINANCIAL STATEMENTS

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31 DECEMBER 2014

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

## 1 GENERAL INFORMATION

Blumont Group Ltd. (the “Company”) is a public limited company incorporated and domiciled in Singapore and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”). The address of the Company’s registered office is 298 Tiong Bahru Road, #11-03 Central Plaza, Singapore 168730.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries and associate are disclosed in Notes 17 and 18.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Preparation

The consolidated financial statements of the Group and the statement of financial position of the Company have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (“FRS”). These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

#### Adoption of New/Revised FRS which are effective

The accounting policies adopted are consistent with those of the previous financial year except that, during the financial year ended 31 December 2014, the Group has adopted the following new/revised FRS that are mandatorily effective for the said year and relevant to the Group:

|                  |                                      |
|------------------|--------------------------------------|
| FRS 27 (Revised) | <i>Separate Financial Statements</i> |
|------------------|--------------------------------------|

FRS 27 (Revised) contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity elects, or is required by local regulations, to present separate financial statements. The adoption of FRS 27 (Revised) has no effect on the financial performance or the financial positions of the Group and of the Company on initial application.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (a) Basis of Preparation (Continued)

##### Adoption of New/Revised FRS which are effective (Continued)

##### FRS 28 (Revised) *Investments in Associates and Joint Ventures*

FRS 28 (Revised) prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The adoption of FRS 28 (Revised) has no effect on the financial performance or the financial positions of the Group and of the Company on initial application.

##### FRS 110 *Consolidated Financial Statements*

Under FRS 110, there is only one basis for consolidation for all entities, and that basis is control. This change removes the perceived inconsistency between the previous version of FRS 27 *Consolidated Financial Statements* and INT FRS 12 *Consolidation – Special Purpose Entities* – FRS 27 used a control concept whilst INT FRS 12 placed greater emphasis on risks and rewards.

A more robust definition of control has been developed in FRS 110 in order to capture unintentional weakness of the definition of control set out in the previous version of FRS 27. The definition of control in FRS 110 includes three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) ability to use its power over the investee to affect the amount of investor's returns.

FRS 110 requires investors to reassess whether or not they have control over their investees on transition to FRS 110. In general, FRS 110 requires retrospective application, with certain limited transitional provisions. The adoption of FRS 110 did not result in any change to the control conclusions reached by the Group in respect of its involvement with other entities at the date of initial application.

##### FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 is a new disclosure standard and is applicable to entities that have interest in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of FRS 112 has resulted in more extensive disclosures in the financial statements (see Notes 17 and 18 for details). As this is a disclosure standard, the adoption of FRS 112 has no effect on the financial performance or the financial positions of the Group and of the Company on initial application.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (a) Basis of Preparation (Continued)

##### Adoption of New/Revised FRS which are effective (Continued)

##### Amendments to FRS 36 *Recoverable Amount Disclosures for Non-Financial Assets*

The amendments to FRS 36 restrict the requirement to disclose the recoverable amount of an asset or Cash-Generating Unit (CGU) to periods in which an impairment loss has been recognised or reversed.

The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal. In general, the application of the amendments to FRS 36 has resulted in more extensive disclosures in the financial statements. As this is a disclosure standard, the adoption of the amendments to FRS 36 has no effect on the financial performance or the financial positions of the Group and of the Company on initial application.

##### New/Revised FRS which are issued but not yet effective

At the date of these financial statements, the following new/revised FRS that are relevant to the Group were issued but not yet effective:

| Description           |                                                       | Effective for<br>annual periods<br>beginning on<br>or after |
|-----------------------|-------------------------------------------------------|-------------------------------------------------------------|
| Amendments to FRS 103 | <i>Business Combinations</i>                          | 1 July 2014                                                 |
| Amendments to FRS 108 | <i>Operating Segments</i>                             | 1 July 2014                                                 |
| Amendments to FRS 24  | <i>Related Party Disclosures</i>                      | 1 July 2014                                                 |
| Amendments to FRS 113 | <i>Fair Value Measurement</i>                         | 1 July 2014                                                 |
| Amendments to FRS 40  | <i>Investment Property</i>                            | 1 July 2014                                                 |
| Amendments to FRS 19  | <i>Defined Benefit Plans: Employee Contributions</i>  | 1 July 2014                                                 |
| Amendments to FRS 27  | <i>Equity Method in Separate Financial Statements</i> | 1 January 2016                                              |
| FRS 115               | <i>Revenue from Contracts with Customers</i>          | 1 January 2017                                              |
| FRS 109               | <i>Financial Instruments</i>                          | 1 January 2018                                              |

Except for FRS 115 and FRS 109 described below, management anticipates that the adoption of the other new/revised FRS above in future periods will have no material impact on the Group's financial statements in the period of initial application.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (a) Basis of Preparation (Continued)

##### New/Revised FRS which are issued but not yet effective (Continued)

##### FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a revised framework for revenue recognition based on the following five-step approach:

- Identification of the contracts
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations
- Recognition of revenue when (or as) an entity satisfies a performance obligation

FRS 115 will replace the existing revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and INT FRS 113 *Customer Loyalty Programs*.

The Group is currently evaluating the impact of the changes and assessing whether the adoption of FRS 115 will have an impact on the Group.

##### FRS 109 *Financial Instruments*

FRS 109 prescribes the accounting requirements for financial instruments and replaces the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. FRS 109 prescribes a new classification and measurement framework for financial instruments, requires financial assets to be impaired based on a new expected credit loss model, changes the hedge accounting requirements, and carries forward the recognition and de-recognition requirements for financial instruments from FRS 39.

The Group is currently evaluating the impact of the changes and assessing whether the adoption of FRS 109 will have an impact on the Group.

## NOTES TO THE FINANCIAL STATEMENTS

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31 DECEMBER 2014

### **2 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **(b) Going Concern Assumption**

For the financial year ended 31 December 2014, the Group incurred a net loss of approximately S\$66.2 million and a total comprehensive loss of approximately S\$68.8 million (2013: a net loss of approximately S\$71.4 million and a total comprehensive loss of approximately S\$70.8 million), and a net cash outflow from operating activities of approximately S\$10.5 million (2013: net cash inflow from operating activities of approximately S\$5.2 million). As at 31 December 2014, the Group's current liabilities exceeded its current assets by approximately S\$16.5 million (2013: current assets exceeded current liabilities by approximately S\$20.2 million) and the Company's current liabilities exceeded its current assets by approximately S\$32.9 million (2013: approximately S\$7.2 million).

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and of the Company to continue as going concerns and to realise their assets and discharge their liabilities on the ordinary course of business. Nevertheless, the directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 December 2014 remains appropriate after taking into consideration the following factors:

- (i) Management is evaluating various strategies to improve profitability and generate significant positive cash flows from the Group's current business activities. Management has prepared a cash flow forecast which shows that the Group will have sufficient cash resources to satisfy its day-to-day operations for the next twelve months from 31 December 2014. This includes fund raising activities listed in paragraph (ii) below.
- (ii) Subsequent to 31 December 2014;
  - The Group has completed the placement of shares in the capital of the Company, which raised net proceeds of approximately S\$1.7 million as disclosed in Note 38(d).
  - The Group has successfully extended the maturity period of the Wintercrest Financing Loans for a further 12 months from 15 March 2015 to 15 March 2016 together with a repayment schedule and other conditions as disclosed in Note 38(e).
  - The Group has proposed a renounceable non-underwritten rights cum warrants issue subject to the approval of the shareholders of the Company at an extraordinary general meeting to be convened by the Company as disclosed in Note 38(f). If the rights cum warrants issue is fully subscribed, it will raise an estimated net proceeds of approximately S\$28.7 million.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (b) Going Concern Assumption (Continued)

If the Group is unable to generate significant cash flows as described in paragraph (i) above and the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than the normal course of business and at amounts which could differ from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities which may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. No such adjustments have been made to these financial statements.

#### (c) Consolidation

##### Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

They are deconsolidated from the date that control ceases.

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

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

## NOTES TO THE FINANCIAL STATEMENTS

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31 DECEMBER 2014

### **2 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **(c) Consolidation (Continued)**

##### Subsidiaries (Continued)

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

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (c) Consolidation (Continued)

##### Subsidiaries (Continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

##### Change in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

##### Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

##### Associate

Associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in associate is accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associate includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

## NOTES TO THE FINANCIAL STATEMENTS

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31 DECEMBER 2014

### **2 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **(c) Consolidation (Continued)**

##### Associate (Continued)

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment.

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

The Group determines at each statement of financial position date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying amount and recognises the amount adjacent to the share of profit/(loss) of associate in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associate have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associate are recognised in profit or loss.

#### **(d) Investments in Subsidiaries**

Investments in subsidiaries are carried at cost less accumulated impairment losses in the statement of financial position of the Company.

On disposal of investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

#### **(e) Foreign Currencies**

##### Functional and presentation currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

For the purpose of the consolidated financial statements, the results and financial position of each Group entity are expressed in Singapore Dollars ("S\$"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (e) Foreign Currencies (Continued)

##### Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the statement of financial position date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at that date.

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing exchange rates at the statement of financial position date are recognised in profit or loss, unless they arise from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations.

Those currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the exchange rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

##### Translation of Group entities' financial statements

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

- Assets and liabilities are translated at the closing exchange rates at the statement of financial position date;
- Income and expenses for each statements presenting profit and loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the accumulated exchange differences in respect of that foreign operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

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31 DECEMBER 2014

### **2 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **(e) Foreign Currencies (Continued)**

##### Translation of Group entities' financial statements (Continued)

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities not involving a change of accounting basis), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

#### **(f) Revenue Recognition**

Revenue for the Group comprises the fair value of the consideration received or receivable for the sale of goods and/or rendering of services in the ordinary course of business, net of goods and services tax, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

##### Rendering of services

Revenue from sterilisation contracts are recognised when sterilisation services have been rendered.

##### Sale of development properties

Revenue from the sale of development properties is recognised using the percentage-of-completion method based on the stages of completion. Under the percentage-of-completion method, profit is recognised only in respect of sales procured and to the extent that such profit relate to the progress of construction work. The stage of completion is measured by reference to the sales contract per certification by architects.

In all other instances, revenue from sale of development properties is only recognised upon the transfer of control and significant risks and rewards of ownership of the property to the buyer. This generally coincides with the point in time when the development unit is delivered to the buyer. No revenue is recognised when there is significant uncertainty as to the collectability of consideration due or the possible return of units sold.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (f) Revenue Recognition (Continued)

##### Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line method over the lease term as set out in specific rental agreements.

##### Property management fees

Property management fees are recognised when services are rendered under the terms of the contract.

##### Dividend income

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

##### Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

#### (g) Employee Benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

##### Defined contribution plans

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

##### Provision for employee benefits

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

## NOTES TO THE FINANCIAL STATEMENTS

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31 DECEMBER 2014

### **2 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **(g) Employee Benefits (Continued)**

##### Provision for employee benefits (Continued)

Payments to defined contribution retirement benefit plans are recognised as an expense when the employees have rendered service entitling them to the contributions.

A subsidiary in the Group has an unfunded defined benefit plan covering substantially all of their eligible permanent employees in accordance with a subsidiary in the Group's Collective Agreement and Labour Law No. 13/2003 of Indonesia. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actual gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings/(accumulated losses) and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item "employee benefits". Curtailment gains and losses are accounted for as past service costs.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (g) Employee Benefits (Continued)

##### Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share-based payment reserve over the vesting period.

The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under option that are expected to become exercisable on the vesting date.

At the statement of financial position date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share-based payment reserve over the remaining vesting period.

The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. The share-based payment reserve is transferred to retained earnings/(accumulated losses) upon expiry of the share options. When the options are exercised, the share-based payment reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received at the grant date. This is then capitalised or expensed as appropriate.

## NOTES TO THE FINANCIAL STATEMENTS

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31 DECEMBER 2014

### **2 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **(h) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period using the effective interest method in which they are incurred.

#### **(i) Leases**

##### Lessee – Finance leases

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (i) Leases (Continued)

##### Lessee – Operating leases

Leases of assets where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the leases.

When a lease is terminated before the lease period expires, any payment made (or received) by the Group as penalty is recognised as an expense (or income) when termination takes place.

##### Lessor – Operating leases

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

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

#### (j) Investment Properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes and land that is held for long-term capital appreciation or for a current indeterminate use), are measured initially at its cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value, determined annually by independent professional valuers on the highest-and-best use basis.

Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

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

## NOTES TO THE FINANCIAL STATEMENTS

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31 DECEMBER 2014

### **2 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **(j) Investment Properties (Continued)**

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is accounted for in accordance with the accounting policy for property and equipment up to the date of change in use.

#### **(k) Property and Equipment**

##### Measurement

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

##### Depreciation

Freehold land has an unlimited useful life and is therefore not depreciated.

Depreciation is recognised so as to write off the cost of assets less their residual values (if any) over their estimated useful lives, using the straight-line method as follows:

|                                      | <u>Useful lives</u> |
|--------------------------------------|---------------------|
| Freehold building                    | 20 years            |
| Renovations                          | 5 years             |
| Furniture and fittings               | 5 years             |
| Office, computer and other equipment | 3, 5 and 8 years    |
| Cobalt isotope                       | 10 years            |
| Motor vehicles                       | 7 and 8 years       |

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

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

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (k) Property and Equipment (Continued)

##### Subsequent expenditure

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

##### Disposal

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

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

#### (l) Impairment of Non-Financial Assets

Non-financial assets are tested for impairment whenever there is any objective evidence or indication that these assets have been impaired.

At the statement of financial position date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the amount of impairment loss (if any), on an individual asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

## NOTES TO THE FINANCIAL STATEMENTS

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31 DECEMBER 2014

### **2 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **(l) Impairment of Non-Financial Assets (Continued)**

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An assessment is made at each statement of financial position date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

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

#### **(m) Development Properties**

Development properties are those properties, which are held with the intention of development and sale in the ordinary course of business. These are stated at the lower of cost plus, where appropriate, a portion of attributable profit, and estimated net realisable value, net of progress billings. Net realisable value represents the estimated selling price less costs to be incurred in selling the properties.

The cost of properties under development comprise specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are also capitalised, on a specific identification basis, as part of the cost of the development property until the completion of development.

#### **(n) Inventories**

Inventories are stated at the lower of cost and net realisable value, using the weighted average method. Inventories comprise materials and supplies to be consumed in the rendering of sterilisation services.

Net realisable value is the estimated selling price of sterilisation services less all estimated costs of completion and cost necessary to make the sale. Allowance for stock obsolescence is made for obsolete or slow moving inventories.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (o) Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

The assets are not depreciated or amortised while they are classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense.

Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

Non-current assets that cease to be classified as held for sale is measured at the lower of:

- its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluation that would have been recognised had the asset not been classified as held for sale; and
- its recoverable amount at the date of the subsequent decision not to sell.

Any required adjustment to the carrying amount of the non-current assets that cease to be classified as held for sale is recognised in profit or loss in the period in which the decision not to sell is made.

#### (p) Cash and Cash Equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, less bank deposits that are pledged to secure banking facilities.

## NOTES TO THE FINANCIAL STATEMENTS

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31 DECEMBER 2014

### **2 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **(q) Financial Assets**

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

##### Financial assets, at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception.

A financial asset is classified as held for trading if it is acquired principally for the purpose of selling it in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy.

Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within twelve months after the statement of financial position date.

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They are presented as current assets, except for those expected to be realised later than twelve months after the statement of financial position date which are presented as non-current assets.

Loans and receivables are presented as “trade and other receivables”, “deposits” and “cash and bank balances” in the statement of financial position.

##### Financial assets, available-for-sale

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

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (q) Financial Assets (Continued)

##### Recognition and derecognition

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

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are carried at cost.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the financial asset has expired, or has been transferred and transferred substantially all the risks and rewards of ownership of the financial asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is transferred to profit or loss.

##### Initial measurement

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

## NOTES TO THE FINANCIAL STATEMENTS

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31 DECEMBER 2014

### **2 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **(q) Financial Assets (Continued)**

##### Subsequent measurement

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

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are carried at cost less impairment losses.

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

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

Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve.

##### Impairment

##### ***Loans and receivables***

The Group assesses at the statement of financial position date whether there is objective evidence that the loans and receivables is impaired and recognises an allowance for impairment when such evidence exists.

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

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (q) Financial Assets (Continued)

##### Impairment (Continued)

##### ***Loans and receivables (Continued)***

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

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

##### ***Financial assets, available-for-sale***

The Group assesses at the statement of financial position date whether there is objective evidence that the financial assets, available-for-sale is impaired and recognises an allowance for impairment when such evidence exists.

If any evidence of impairment exists, the cumulative loss that was recognised in the fair value reserve is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense.

The impairment losses recognised as an expense on equity securities are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

If the fair value of debt instruments, available-for-sale increases and the increase is related to the event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of reversal recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

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31 DECEMBER 2014

### **2 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **(r) Combined Financial Instruments**

When the Group becomes a party to a combined financial instrument that contains one or more embedded derivatives, the Group is required to identify any such embedded derivative, and assess whether it is required to be separated from the host contract.

The separate recognition of an embedded derivative requires the following three conditions to be satisfied:

- The economic characteristics and risks of the embedded derivative must not be closely related to the economic characteristics and risks of the host contract;
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- The combined instrument is not measured at fair value with changes in fair value recognised in profit or loss.

When the Group assessed the embedded derivative to be separated, it measures the embedded derivative on initial recognition at fair value with fair value gains and losses recognised in profit or loss. The initial carrying amount of the host instrument is the residual amount after separating out the embedded derivative and the fair value is likely to be constantly remeasured. However if the embedded derivative cannot be reliably measured because it will be settled by delivery of an unquoted financial instruments whose fair value cannot be reliably measured, the entire contract is designated as financial instruments at fair value through profit or loss.

The embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the financial instrument is more than twelve months. The Group classifies the host contract as financial asset, available-for-sale as it has no intention and ability to hold the financial instrument for the foreseeable future or until maturity.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (s) Financial Liabilities

The Group shall recognise a financial liability on its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

##### Trade and other payables

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

##### Interest-bearing borrowings

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

##### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

#### (t) Provisions

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

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31 DECEMBER 2014

### **2 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **(u) Share Capital**

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

#### **(v) Income Tax**

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

##### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

##### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (v) Income Tax (Continued)

##### Deferred tax (Continued)

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the statement of financial position date, to recover or settle the carrying amount of its tax assets and liabilities.

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

The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

##### Current and deferred tax for the year

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

## NOTES TO THE FINANCIAL STATEMENTS

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31 DECEMBER 2014

### **2 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **(w) Segment Reporting**

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

### **3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### Critical judgments in applying accounting policies

In addition to the going concern assumption disclosed in Note 2(b), the following are the critical judgements that the management has made in the process of applying the Group's accounting policies during the financial year that have the most significant effect on the amounts recognised in the consolidated financial statements:

#### **(a) Impairment of Financial Assets, Available-for-sale**

Management reviews the financial assets, available-for sale for objective evidence of impairment at the statement of financial position date. A significant or prolonged decline in the fair value of financial assets, available-for sale below its cost is considered as an indicator that the financial asset, available-for-sale is impaired.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

#### Critical judgments in applying accounting policies (Continued)

##### (a) Impairment of Financial Assets, Available-for-sale (Continued)

If any evidence of impairment exists, the cumulative gain or loss that was recognised in the fair value reserve is reclassified to profit or loss. The cumulative gain or loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment loss recognised as an expense on financial assets, available-for sale is not reversed through profit or loss.

The carrying amounts of the Group's financial assets, available-for-sale as at 31 December 2014 and the related impairment losses recognised during the financial year is disclosed in Note 20.

##### (b) Impairment of Investment in Associate

Investment in associate is tested for impairment whenever there is any objective evidence or indication that the investment may be impaired. The recoverable amount of the investment in associate is determined based on the higher of fair value less costs of disposal and value in use.

The carrying amount of the Group's investment in associate as at 31 December 2014 and the related allowance for impairment loss recognised during the financial year is disclosed in Note 18.

##### (c) Impairment of Investments in Subsidiaries

Investments in subsidiaries (including loan receivables from subsidiaries which are in substance part of the net investments in subsidiaries) are tested for impairment whenever there is any objective evidence or indication that these investments may be impaired. In determining whether there is objective evidence of impairment, the Company considers factors such as the subsidiaries' financial performance and financial position and the overall economic environment in which the subsidiaries operate.

The carrying amounts of the Company's net investments in subsidiaries as at 31 December 2014 and the movement in the relevant allowances for impairment loss during the financial year are disclosed in Note 17.

## NOTES TO THE FINANCIAL STATEMENTS

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31 DECEMBER 2014

### **3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)**

#### Critical judgments in applying accounting policies (Continued)

##### (d) Impairment of Trade and Other Receivables

Management reviews its loans and receivables for objective evidence of impairment at the statement of financial position date. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effects in the technological, market, economic or legal environment in which the debtor operates in. Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense.

During the financial year, the Group has impaired other receivables of S\$714,748 (2013: S\$2,837,500) to profit or loss as disclosed in Note 13. The carrying amount of the Group's trade and other receivables as at 31 December 2014 are disclosed in Note 13.

##### (e) Income Taxes

The Group is subject to income taxes in numerous jurisdictions. In determining the income tax liabilities, management is required to estimate the amount of capital allowances, deductibility of certain expenses and taxability of certain income in each relevant tax jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amount of the Group's current income tax liabilities as at 31 December 2014 is S\$265,493 (2013: S\$93,520). The Group's deferred taxes are disclosed in Note 27. For the financial year ended 31 December 2014, the Group has recognised income tax expense of S\$497,378 (2013: income tax benefit of S\$9,838,456) (Note 9).

##### (f) Litigation

The Group exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities.

The Company is a defendant of the Consortium in a legal action involving the termination of a conditional subscription agreement with Prospect Resources Limited ("PSC") to subscribe for 325,000,000 new shares of PSC. Further details of the foregoing litigation are described in Note 36(a).

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

#### Critical judgments in applying accounting policies (Continued)

##### (f) Litigation (Continued)

Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may or may not have a material adverse impact on the financial position of the Company. The directors of the Company have taken the view that such a material adverse outcome is very unlikely, and accordingly, no provision has been made in the financial statements for any potential liability that may arise from the litigation proceedings.

#### Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

##### (a) Accounting for Convertible Notes/Derivative Financial Assets

As at 31 December 2014, the Group holds one 10-year convertible notes for a principal amount of S\$4,184,789 (before impairment loss) with a nominal interest rate of 12.5% per annum (2013: two 10 years convertible note for a principal amount of S\$15,168,000 and S\$2,818,750 with nominal interest rate of 10% and 12.5% per annum, respectively). IFRS 39 *Financial Instruments Recognition and Measurement* requires that in the Group's financial statements, on initial recognition of the convertible notes, the equity component is accounted for as a derivative financial asset of the Group, the fair value of which is calculated first, with the available-for-sale component treated as a residual amount.

This requirement resulted in the use of estimates and assumptions to separate the derivative financial assets from the convertible notes. The Group estimated the effective interest rate of 13.23% for the convertible notes with the principal amount of S\$4,184,789 (2013: 10.46% and 13.23% for the convertible notes with the principal amount of S\$15,168,000 and S\$2,818,750 respectively). Changes to the estimates will result in changes in the fair value of the derivative financial assets.

The fair value of the financial assets, available-for sale (the available-for-sale component) and the derivative financial assets of the convertible notes as at 31 December 2014 are disclosed in Note 20(c)(i),(ii) and Note 21, respectively.

If management's estimated pre-tax effective interest rate applied to the discounted cash flows for the convertible notes as at 31 December 2014 is raised by 1.5% (2013: 1.5%), the derivative financial assets of the convertible notes would have increased by approximately S\$12,000 (2013: S\$1,470,000) and the financial assets, available-for sale (the available-for-sale component) would have decreased by the same amount.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

#### Key sources of estimation uncertainty (Continued)

##### (b) Employee Compensation

The present value of employee compensation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used include the discount rate, rate of future salary increase and rate of resignation. Any changes in these assumptions will impact the carrying amount of employee compensation.

In determining the appropriate discount rate, management considers the interest rates of high quality corporate bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligations. These corporate bonds generally have an AA rating with low risk of default. The interest rate is used to determine the present value of estimated future cash outflows expected to be required to settle employee compensation. Management does not expect any variable changes in the assumptions used to determine the present value of employee compensation on an actuarial basis will result in the amount determined to be materially different. A 1% increase or decrease in the discount rate used in calculating the employee compensation would have no significant impact on the amount recognised by the Group during the financial year.

The carrying amount of the Group's employee compensation as at 31 December 2014 is disclosed in Note 26.

### 4 REVENUE

|                                                       | Group            |           |
|-------------------------------------------------------|------------------|-----------|
|                                                       | 2014             | 2013      |
|                                                       | S\$              | S\$       |
| Revenue from sterilisation contracts                  | <b>3,398,656</b> | 2,550,605 |
| Revenue from sale of development properties (Note 15) | <b>152,895</b>   | 1,009,993 |
| Rental income (Note 19(d))                            | <b>27,869</b>    | 23,709    |
| Revenue from property management fees                 | <b>18,981</b>    | 19,952    |
|                                                       | <b>3,598,401</b> | 3,604,259 |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 5 OTHER LOSSES – NET

|                                                         | Group              |                     |
|---------------------------------------------------------|--------------------|---------------------|
|                                                         | 2014<br>S\$        | 2013<br>S\$         |
| Other income from mineral and energy resources:         |                    |                     |
| Management fee income                                   | –                  | 554,862             |
| Revenue arising from investment holding:                |                    |                     |
| Fair value loss on financial assets, at fair value      |                    |                     |
| through or loss – net (Note 12)                         | (4,648,522)        | (64,089,794)        |
| Loss on the disposal of financial assets, at fair value |                    |                     |
| through profit or loss – net                            | (4,260,815)        | (700,275)           |
|                                                         | (8,909,337)        | (64,790,069)        |
| Currency exchange gain – net                            | 41,957             | 33,098              |
| Fair value gain on investment properties (Note 19)      | 161,877            | –                   |
| Interest income                                         |                    |                     |
| – Celsius Convertible Note                              | 506,075            | 84,077              |
| – Azarga Resources Convertible Note                     | 962,044            | 436,519             |
| – Cokal Convertible Loan                                | 197,335            | 21,663              |
| – bank balances                                         | 83,706             | 26,296              |
| – others                                                | 337                | 82,783              |
| Loss on disposal of property and equipment              | (143)              | (8,598)             |
| Loss on disposal of investment properties and           |                    |                     |
| assets held for sale                                    | (57,672)           | (25,615)            |
| Property and equipment written off                      | –                  | (220)               |
| Write-back of allowance for foreseeable loss            | –                  | 143,512             |
| Miscellaneous income                                    | 82,680             | 48,647              |
|                                                         | <b>(6,931,141)</b> | <b>(63,393,045)</b> |

### 6 EMPLOYEE BENEFITS

|                                             | Group            |                  |
|---------------------------------------------|------------------|------------------|
|                                             | 2014<br>S\$      | 2013<br>S\$      |
| Short-term employee benefits                | 1,890,470        | 1,872,461        |
| Post-employment benefits                    | 57,759           | 52,652           |
| Other long-term employee benefits (Note 26) | 76,647           | 68,247           |
| Termination costs                           | 3,549            | 125,316          |
|                                             | <b>2,028,425</b> | <b>2,118,676</b> |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 7 OTHER EXPENSES

|                                                                              | Group            |                  |
|------------------------------------------------------------------------------|------------------|------------------|
|                                                                              | 2014             | 2013             |
|                                                                              | S\$              | S\$              |
| Audit fees:                                                                  |                  |                  |
| – auditors of the Company                                                    | 157,004          | 146,883          |
| – other auditors                                                             | 13,153           | 13,308           |
| Legal professional and consultancy fees                                      | 6,957,316        | 1,514,019        |
| Allowance for impairment loss on other receivables<br>(Note 13(b), (c), (d)) | 714,748          | 2,837,500        |
| Depreciation of property and equipment (Note 22)                             | 362,836          | 378,662          |
| Rental expense – operating leases                                            | 256,703          | 121,794          |
| Upkeep expenses                                                              | 230,824          | 254,964          |
| Directors' fees – current year                                               | 173,488          | 101,546          |
| Travelling expenses                                                          | 97,722           | 249,718          |
| Marketing and advertising                                                    | 55,121           | 89,608           |
| Transaction costs                                                            | 25,278           | 1,048,931        |
| Management service fees                                                      | –                | 504,872          |
| Others                                                                       | 589,592          | 581,690          |
|                                                                              | <b>9,633,785</b> | <b>7,843,495</b> |

There were no non-audit fees paid/payable to the Company's auditors during the financial year ended 31 December 2014 (2013: Nil).

Transaction costs mainly incurred for the Group's various acquisitions and disposals of financial assets, at fair value through profit or loss during the relevant financial years.

Legal professional and consultancy fees mainly incurred for the Group's various acquisitions of financial assets, available-for-sale, proposed takeovers and litigations during the relevant financial years.

### 8 FINANCE COSTS

|                                                    | Group            |                |
|----------------------------------------------------|------------------|----------------|
|                                                    | 2014             | 2013           |
|                                                    | S\$              | S\$            |
| Interest expense                                   |                  |                |
| – Wintercrest Financing Loans                      | 2,399,406        | 156,811        |
| – finance lease liabilities                        | 12,594           | 17,017         |
| – share margin financing facility                  | –                | 24,139         |
| Amortisation of deferred loan charges (Note 24(b)) | 2,669,434        | –              |
|                                                    | <b>5,081,434</b> | <b>197,967</b> |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 9 INCOME TAX

|                                        | Group    |              |
|----------------------------------------|----------|--------------|
|                                        | 2014     | 2013         |
|                                        | S\$      | S\$          |
| Income tax expense/(credit) comprised: |          |              |
| Current income tax                     | 489,939  | 222,152      |
| Deferred tax (Note 27)                 | (20,050) | (10,028,567) |
|                                        | 469,889  | (9,806,415)  |
| Under/(Over) provision in prior years: |          |              |
| Current income tax                     | 27,489   | (32,041)     |
|                                        | 497,378  | (9,838,456)  |

The reconciliation of the income tax expense/(credit) and the product of accounting loss multiplied by the Singapore statutory income tax rate is as follows:

|                                                     | Group        |              |
|-----------------------------------------------------|--------------|--------------|
|                                                     | 2014         | 2013         |
|                                                     | S\$          | S\$          |
| Loss before income tax                              | (65,738,962) | (81,206,048) |
| Tax at the statutory tax rate of 17% (2013: 17%)    | (11,175,623) | (13,805,028) |
| Effect of different tax rates in other countries    | 153,366      | 60,401       |
| Tax exempt revenues                                 | —            | (24,116)     |
| Tax effect of non-taxable income*                   | (218,829)    | (325,303)    |
| Tax effect of non-deductible expenses**             | 10,329,133   | 4,221,008    |
| Deferred tax assets not recognised                  | 1,381,842    | 66,623       |
| Under/(Over) provision of income tax in prior years | 27,489       | (32,041)     |
|                                                     | 497,378      | (9,838,456)  |

\* attributable mainly to the interest income (2013: management fee and interest income) recognised by the Group.

\*\* attributable mainly to the various re-measurement and impairment losses (2013: impairment losses) recognised by the Group.

The income tax rate used for the reconciliation above is the corporate income tax rate of 17% payable by the Company and other Singapore companies of the Group on taxable profits under tax laws in that jurisdiction. Taxation for the Group's operations in other jurisdictions are either not material or have no taxable profits.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 10 LOSS PER SHARE

#### (a) Basic loss per share

Basic loss per share is calculated on the net loss attributable to owners of the Company of S\$66,855,787 (2013: net loss of S\$70,815,041) divided by the weighted average number of ordinary shares of 2,592,330,558 (2013: 3,046,192,304) in issue during the financial year.

#### (b) Diluted loss per share

Diluted loss per share is calculated on the net loss attributable to owners of the Company of S\$66,855,787 (2013: net loss of S\$70,815,041) divided by the weighted average number of ordinary shares of 2,592,330,558 (2013: 3,046,192,304) in issue during the financial year after adjustment for the effects of all dilutive potential ordinary shares.

Diluted loss per share is the same as the basic loss per share as there were no dilutive potential ordinary shares outstanding as at 31 December 2014 and 2013.

#### (c) Restatement of 2013 comparative loss per share

The Group has restated the 2013 comparative loss per share to take into consideration the rights issue of the Group in October 2013, as disclosed in Note 28(a)(ii).

|                                   | Group<br>2013      |                                  |
|-----------------------------------|--------------------|----------------------------------|
|                                   | As restated<br>S\$ | As previously<br>reported<br>S\$ |
| <b>Loss per share (S\$ cents)</b> |                    |                                  |
| – Basic                           | (2.32)             | (3.77)                           |
| – Diluted                         | (2.32)             | (3.77)                           |

### 11 CASH AND BANK BALANCES

|                              | Group       |             | Company     |             |
|------------------------------|-------------|-------------|-------------|-------------|
|                              | 2014<br>S\$ | 2013<br>S\$ | 2014<br>S\$ | 2013<br>S\$ |
| Cash at bank and on hand     | 2,893,900   | 1,273,083   | 70,308      | 473,180     |
| Short-term bank deposits     | 1,065,340   | 1,261,325   | –           | –           |
| Total cash and bank balances | 3,959,240   | 2,534,408   | 70,308      | 473,180     |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

**11 CASH AND BANK BALANCES (Continued)**

For the purpose of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprised the following:

|                                                                       | <b>Group</b>     |             |
|-----------------------------------------------------------------------|------------------|-------------|
|                                                                       | <b>2014</b>      | <b>2013</b> |
|                                                                       | <b>S\$</b>       | <b>S\$</b>  |
| Cash and bank balances (as above)                                     | <b>3,959,240</b> | 2,534,408   |
| Less: Bank deposits pledged                                           | <b>(2,970)</b>   | (3,031)     |
| Cash and cash equivalents as per consolidated statement of cash flows | <b>3,956,270</b> | 2,531,377   |

- (a) As at 31 December 2014, certain bank deposits of the Group amounted to S\$2,970 (2013: S\$3,031) have been pledged as security for the bank guarantee facility granted to the Group, the facility of which has not been utilised by the Group as at the statement of financial position date. The movement in the pledged deposits is due to the effect of changes in foreign exchange rate.
- (b) As at 31 December 2014, the Company's bank balances amounting to S\$69,608 (2013: Nil) have been pledged as collateral for the Wintercrest Financing Loans (Note 24(b)).

**12 FINANCIAL ASSETS, AT FAIR VALUE THROUGH PROFIT OR LOSS**

|                                  | <b>Group</b>       |               | <b>Company</b>     |             |
|----------------------------------|--------------------|---------------|--------------------|-------------|
|                                  | <b>2014</b>        | <b>2013</b>   | <b>2014</b>        | <b>2013</b> |
|                                  | <b>S\$</b>         | <b>S\$</b>    | <b>S\$</b>         | <b>S\$</b>  |
| Balance at beginning of the year | <b>18,389,075</b>  | 100,385,537   | <b>1,342,500</b>   | 8,703,750   |
| Additions                        | <b>3,858,664</b>   | 151,133,484   | –                  | –           |
| Disposals                        | <b>(9,718,904)</b> | (169,040,152) | –                  | –           |
| Fair value loss – net (Note 5)   | <b>(4,648,522)</b> | (64,089,794)  | <b>(1,181,250)</b> | (7,361,250) |
| Balance at end of the year       | <b>7,880,313</b>   | 18,389,075    | <b>161,250</b>     | 1,342,500   |
| <i>At fair value</i>             |                    |               |                    |             |
| Listed securities:               |                    |               |                    |             |
| Equity securities – Singapore    | <b>7,832,924</b>   | 18,365,939    | <b>161,250</b>     | 1,342,500   |
| Equity securities – Malaysia     | <b>47,389</b>      | 23,136        | –                  | –           |
|                                  | <b>7,880,313</b>   | 18,389,075    | <b>161,250</b>     | 1,342,500   |

As at 31 December 2013, certain financial assets, at fair value through profit or loss of the Group amounted to S\$774,320 had been pledged as security for the share margin financing facility granted to the Group, the facility of which had not been utilised by the Group as at the statement of financial position date. As at 31 December 2014, no financial assets, at fair value through profit or loss of the Group has been pledged as security.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 13 TRADE AND OTHER RECEIVABLES

|                                                      | Group            |             | Company          |             |
|------------------------------------------------------|------------------|-------------|------------------|-------------|
|                                                      | 2014             | 2013        | 2014             | 2013        |
|                                                      | S\$              | S\$         | S\$              | S\$         |
| Trade receivables                                    |                  |             |                  |             |
| – third parties (a)                                  | <b>399,857</b>   | 307,462     | –                | –           |
| Other receivables                                    |                  |             |                  |             |
| – third parties                                      | <b>110,363</b>   | 792,996     | <b>2,809</b>     | 530,863     |
| – advance payment to RES (b)                         | –                | 2,837,500   | –                | 2,837,500   |
| – Consideration Advance to MED (c)                   | <b>893,363</b>   | –           | <b>893,363</b>   | –           |
| – interest receivables (d)                           | <b>789,971</b>   | 544,858     | <b>789,971</b>   | 157,832     |
|                                                      | <b>1,793,697</b> | 4,175,354   | <b>1,686,143</b> | 3,526,195   |
| Less: Allowance for<br>impairment loss (b), (c), (d) | <b>(714,748)</b> | (2,837,500) | <b>(714,748)</b> | (2,837,500) |
| Other receivables – net                              | <b>1,078,949</b> | 1,337,854   | <b>971,395</b>   | 688,695     |
| Total trade and other receivables                    | <b>1,478,806</b> | 1,645,316   | <b>971,395</b>   | 688,695     |

- (a) Trade receivables from third parties are non-interest bearing and repayable within the normal trade credit terms of 30 to 60 days (2013: 30 to 60 days).
- (b) As at 31 December 2013, other receivables included an advance payment made to a third party to secure a potential investment in the subscription of shares up to 15% of the enlarged share capital of Resource Generation Limited (“RES”), a company incorporated in Australia and dual listed on the Australian and Johannesburg Stock Exchanges, at a subscription price of A\$0.22 per share (the “Share Subscription”). On 18 December 2013, the Company had entered into a deed of settlement with RES to amend the terms of the Share Subscription Agreement (“SSA”), which was entered into on 16 September 2013, to extend the completion date under the SSA to 26 February 2014. Under the terms of the deed of settlement, the Company had paid S\$2,837,500 (equivalent to A\$2,500,000) as an advance payment towards the payment for the Share Subscription (the “Advance Payment”). However, on 25 February 2014, the Company notified RES that it had elected not to proceed with the Share Subscription and the SSA was deemed to be terminated on 26 February 2014. Consequently, the advance payment of S\$2,837,500 was forfeited by RES under the terms of the deed of settlement, and accordingly, the advance payment to RES had been fully impaired as at 31 December 2013. As at 31 December 2014, the aforesaid allowance for impairment loss of \$2,837,500 has been fully written off (Note 32(b)(i)).
- (c) As at 31 December 2014, other receivables include the balance of the Consideration Advance of S\$893,363 (equivalent to A\$750,000) due from Merlin Diamonds Limited (“MED”) in relation to the remaining balance of shares in the capital of MED to be allotted and issued to the Company (see Note 38(a)). However, in view of the Company’s withdrawal of the takeover bid of MED subsequent to the financial year ended as described in Note 38(a), the Company has impaired S\$173,184 (2013: Nil) of the balance of the Consideration Advance to MED to profit or loss based on management’s assessment of the recoverable amount of the Consideration Advance as at the financial year end.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

**13 TRADE AND OTHER RECEIVABLES (Continued)**

- (d) As at 31 December 2014, other receivables include interest receivables of S\$562,001 (2013: S\$82,632) from the Celsius Convertible Note (Note 20). However in view of the Company's Termination Deed with Celsius subsequent to the financial year end as described in Note 38(c), the Company has impaired S\$541,564 (2013: Nil) of the interest receivables to profit or loss based on management's assessment of the recoverable amount of the interest receivables as at the financial year end.
- (e) As at 31 December 2014, certain of the Company's other receivables with a carrying amount S\$968,586 (2013: Nil) have been pledged as collateral for the Wintercrest Financing Loans (Note 24(b)).

**14 OTHER ASSETS**

|                    | Group       |             | Company     |             |
|--------------------|-------------|-------------|-------------|-------------|
|                    | 2014<br>S\$ | 2013<br>S\$ | 2014<br>S\$ | 2013<br>S\$ |
| <u>Current</u>     |             |             |             |             |
| Inventories        | 1,198       | 959         | –           | –           |
| Deposits           | 192,926     | 85,872      | 146,423     | 36,976      |
| Prepayments        | 205,453     | 138,580     | 62,537      | 14,365      |
|                    | 399,577     | 225,411     | 208,960     | 51,341      |
| <u>Non-current</u> |             |             |             |             |
| Prepayments        | 2,469       | 2,298       | –           | –           |
| Total other assets | 402,046     | 227,709     | 208,960     | 51,341      |

The cost of inventories recognised as an expense and included in "Raw materials and consumables used" amounted to S\$117,008 (2013: S\$113,473) during the financial year.

**15 DEVELOPMENT PROPERTIES**

|                                                                 | Group       |             |
|-----------------------------------------------------------------|-------------|-------------|
|                                                                 | 2014<br>S\$ | 2013<br>S\$ |
| Properties for development<br>representing mainly land, at cost | 5,425,499   | 5,536,048   |
| Completed units, at cost                                        | –           | 93,963      |
|                                                                 | 5,425,499   | 5,630,011   |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 15 DEVELOPMENT PROPERTIES (Continued)

Details of the Group's development properties are as follows:

| Description and Location                                                                                                                                                | Usage      | Tenure,<br>(unexpired<br>terms) and<br>Land Area<br>(square metre) | Stage of<br>Completion<br>and<br>(Expected<br>Year of<br>Completion) | Effective<br>Interest in<br>Property<br><br>% | Net Book Value   |                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|--------------------------------------------------------------------|----------------------------------------------------------------------|-----------------------------------------------|------------------|------------------|
|                                                                                                                                                                         |            |                                                                    |                                                                      |                                               | 2014<br>S\$      | 2013<br>S\$      |
| Vacant land for<br>development of<br>apartments<br>Malaysia<br>H.S. (D) 181352, P.T.<br>No. 948, Section 13,<br>Town of Shah Alam,<br>District of Petaling,<br>Selangor | Commercial | Leasehold,<br>(87 years)<br>7,863 sq. metre                        | –<br>*                                                               | 65                                            | 5,425,499        | 5,536,048        |
| 1 unit shop lot<br>Malaysia<br>Kota Kinabalu Country<br>Lease No. 015400987,<br>Town of Menggatal,<br>District of Kota Kinabalu,<br>Sabah                               | Commercial | Leasehold,<br>(901 years)<br>100 sq. metre                         | 100%<br>(2010)                                                       | 100                                           | –                | 93,963           |
|                                                                                                                                                                         |            |                                                                    |                                                                      |                                               | <u>5,425,499</u> | <u>5,630,011</u> |

\* The development of the vacant land for development of apartments is yet to commence and is subject to the revised proposal of development to be submitted to the relevant government authorities for approval.

- (a) During the financial year ended 31 December 2014, the Group disposed the 1 unit shop lot, for a total cash consideration of S\$152,895, which has been included as revenue in profit or loss (Note 4).
- (b) During the financial year ended 31 December 2013, the Group had fully disposed of the remaining 13 lots of land for development of residential lots and commercial centre in the United States of America for a total cash consideration of S\$1,009,993, which had been included as revenue in profit or loss (Note 4).

## NOTES TO THE FINANCIAL STATEMENTS

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**16 ASSETS HELD FOR SALE**

|                                                       | Group       |           |
|-------------------------------------------------------|-------------|-----------|
|                                                       | 2014        | 2013      |
|                                                       | S\$         | S\$       |
| Balance at beginning of the year                      | 2,002,877   | 460,081   |
| Transferred (to)/from investment properties (Note 19) | (522,180)   | 2,002,877 |
| Disposals                                             | (1,475,680) | (460,312) |
| Currency translation differences                      | (5,017)     | 231       |
| Balance at end of the year                            | –           | 2,002,877 |

As at 31 December 2013, the assets held for sale comprised the investment properties at Parcel No. 5-9 (Type C), 5-11 (Type B1), 12-10 (Type E1) and 13a-6 (Type B), Clear Water Residence, Malaysia. The Group had entered into sale and purchase agreements with external parties for the sale of Parcel No. 5-9 (Type C) and 12-10 (Type E1) during the previous financial year, and the Group intended to dispose the remaining Parcel No. 5-11 (Type B1) and 13a-6 (Type B) within the next twelve months from the previous financial year end.

As at 31 December 2014, the Group has completed the sales of Parcel No. 5-9 (Type C) and 12-10 (Type E1), including Parcel No. 13a-6 (Type B) which the Group has entered into a sale and purchase agreement with an external party for the sale during the current financial year. The remaining unsold Parcel No. 5-11 (Type B1) has been reclassified from asset held for sale to investment property as management has determined that the sale of the said property is not highly probable to be completed within the next twelve months from the current financial year end.

**17 INVESTMENTS IN SUBSIDIARIES/LOANS RECEIVABLES FROM SUBSIDIARIES**

|                                         | Company      |             |
|-----------------------------------------|--------------|-------------|
|                                         | 2014         | 2013        |
|                                         | S\$          | S\$         |
| Investments in subsidiaries (a)         | 5,390,838    | 5,390,818   |
| Less: Allowance for impairment loss     | (974,551)    | (4)         |
|                                         | 4,416,287    | 5,390,814   |
| Loans receivables from subsidiaries (b) | 62,886,396   | 58,044,921  |
| Less: Allowance for impairment loss     | (46,271,446) | (7,011,200) |
|                                         | 16,614,950   | 51,033,721  |

## NOTES TO THE FINANCIAL STATEMENTS

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### 17 INVESTMENTS IN SUBSIDIARIES/LOANS RECEIVABLES FROM SUBSIDIARIES (Continued)

(a) Investments in subsidiaries

Movements in investments in subsidiaries and allowance for impairment loss during the financial year are as follows:

|                                                | Company   |           |
|------------------------------------------------|-----------|-----------|
|                                                | 2014      | 2013      |
|                                                | S\$       | S\$       |
| <i>Unquoted equity shares, at cost</i>         |           |           |
| Balance at the beginning of the year           | 5,390,818 | 5,390,818 |
| Addition during the year (d)                   | 20        | –         |
| Balance at the end of the year                 | 5,390,838 | 5,390,818 |
| <i>Allowance for impairment loss</i>           |           |           |
| Balance at the beginning of the year           | 4         | 577       |
| Impairment recognised during the year          | 974,547   | –         |
| Allowance written off during the year          | –         | (573)     |
| Balance at the end of the year                 | 974,551   | 4         |
| Carrying amount of investments in subsidiaries | 4,416,287 | 5,390,814 |

- (i) As at 31 December 2014, the Company has impaired S\$974,547 of its investments in subsidiaries to profit or loss based on management's judgement of the fair value of the relevant subsidiaries' net assets and liabilities as at the financial year end.
- (ii) As at 31 December 2013, the Company had written off the allowance for impairment loss of S\$573 in relation to its investment in a subsidiary that had been struck off the Register.

As at 31 December 2014, certain of the Company's investments in subsidiaries with a carrying amount of S\$3,311,831 (2013: Nil) have been pledged as collateral for the Wintercrest Financing Loans (Note 24(b)).

## NOTES TO THE FINANCIAL STATEMENTS

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**17 INVESTMENTS IN SUBSIDIARIES/LOANS RECEIVABLES FROM SUBSIDIARIES  
(Continued)****(b) Loans receivables from subsidiaries**

As at 31 December 2014, the loans receivables from subsidiaries consist of interest-free loan receivables of S\$62,886,396 (2013: interest-free loan receivables of S\$47,995,684 and interest-bearing loan of S\$10,049,237 at 2% per annum). The loans receivables are unsecured and settlement is neither planned nor likely to occur in the foreseeable future. As the amounts are, in substance, a part of the Company's net investments in the equity of the subsidiaries, they are stated at cost less impairment losses.

As at 31 December 2014, certain of the Company's loans receivables from subsidiaries with a carrying amount of S\$1,186,016 (2013: Nil) have been pledged as collateral for the Wintercrest Financing Loans (Note 24(b)).

Movements in allowance for impairment loss of loans receivables from subsidiaries during the financial year are as follows:

|                                       | <b>Company</b>    |             |
|---------------------------------------|-------------------|-------------|
|                                       | <b>2014</b>       | <b>2013</b> |
|                                       | <b>S\$</b>        | <b>S\$</b>  |
| Balance at the beginning of the year  | <b>7,011,200</b>  | 6,843,889   |
| Impairment recognised during the year | <b>39,260,246</b> | 167,311     |
| Balance at the end of the year        | <b>46,271,446</b> | 7,011,200   |

As at 31 December 2014, the Company has impaired S\$39,260,246 (2013: S\$167,311) of its loans receivables from subsidiaries to profit or loss based on management's judgement of the recoverable amount of the loan receivables from the relevant subsidiaries as at the financial year end.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 17 INVESTMENTS IN SUBSIDIARIES/LOANS RECEIVABLES FROM SUBSIDIARIES (Continued)

(c) Details of the Group's subsidiaries are as follows:

| Name of companies<br>Country of business/incorporation              | Principal activities                            | Effective equity held by the Group |           |
|---------------------------------------------------------------------|-------------------------------------------------|------------------------------------|-----------|
|                                                                     |                                                 | 2014<br>%                          | 2013<br>% |
| <b><u>Held by the Company</u></b>                                   |                                                 |                                    |           |
| Adroit Innovations Investment Pte Ltd <sup>(a)</sup><br>Singapore   | Investment holding                              | 100                                | 100       |
| G1 Investments Pte. Ltd. <sup>(a)</sup><br>Singapore                | Investment holding                              | 100                                | 100       |
| Tria Holdings Pte. Ltd. <sup>(a)</sup><br>Singapore                 | Investment holding                              | 100                                | 100       |
| Asphere Holdings Pte. Ltd. <sup>(a)</sup><br>Singapore              | Investment holding                              | 100                                | 100       |
| Tyzen Holdings Pte. Ltd. <sup>(a)</sup><br>Singapore                | Investment holding                              | 100                                | 100       |
| Phelago Holdings Pte. Ltd. <sup>(a)</sup><br>Singapore              | Investment holding                              | 100                                | 100       |
| Raintree Rock Sdn. Bhd. <sup>(b)</sup><br>Malaysia                  | Investment holding                              | 100                                | 100       |
| Powerlite Ventures Limited <sup>(e)</sup><br>British Virgin Islands | Investment holding                              | 100                                | 100       |
| Blumont Copper Pte. Ltd. <sup>(a)(f)</sup><br>Singapore             | Investment holding<br>and copper mining         | 100                                | 85        |
| <b><u>Held by Adroit Innovations<br/>Investment Pte Ltd</u></b>     |                                                 |                                    |           |
| PT Rel-ion Sterilization Services <sup>(c)</sup><br>Indonesia       | Sterilisation and<br>polymerisation<br>services | 55.43                              | 55.43     |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

**17 INVESTMENTS IN SUBSIDIARIES/LOANS RECEIVABLES FROM SUBSIDIARIES  
(Continued)**

(c) Details of the Group's subsidiaries are as follows: (Continued)

| Name of companies<br>Country of business/incorporation                               | Principal activities | Effective equity held by the Group |           |
|--------------------------------------------------------------------------------------|----------------------|------------------------------------|-----------|
|                                                                                      |                      | 2014<br>%                          | 2013<br>% |
| <b><u>Held by Tria Holdings Pte. Ltd.</u></b>                                        |                      |                                    |           |
| Trackplus Sdn Bhd <sup>(b)</sup><br>Malaysia                                         | Property development | <b>65</b>                          | 65        |
| <b><u>Held by Asphere Holdings Pte. Ltd.</u></b>                                     |                      |                                    |           |
| Gemisuria Corporation Sdn Bhd <sup>(d)</sup><br>Malaysia                             | Property development | <b>100</b>                         | 100       |
| <b><u>Held by G1 Investments Pte. Ltd.</u></b>                                       |                      |                                    |           |
| Waddells International Limited <sup>(e)(g)</sup><br>Singapore/British Virgin Islands | Investment holding   | <b>—</b>                           | 100       |

<sup>(a)</sup> Audited by Moore Stephens LLP, Singapore.<sup>(b)</sup> Audited by Moore Stephens Associates PLT, Malaysia, a member firm of Moore Stephens International Limited of which Moore Stephens LLP is also a member.<sup>(c)</sup> Audited by Paul Hadiwinata, Hidajat, Arsono, Ade Fatma & Rekan, Indonesia.<sup>(d)</sup> Audited by KBCF Tan, Malaysia.<sup>(e)</sup> No audit requirement in the country if incorporation.<sup>(f)</sup> Acquisition of additional interest during the year.<sup>(g)</sup> Disposed of during the year.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 17 INVESTMENTS IN SUBSIDIARIES/LOANS RECEIVABLES FROM SUBSIDIARIES (Continued)

(d) Acquisition of additional interest in a subsidiary

The following summarises the effect of the change in the Group's ownership interest in Blumont Copper Pte. Ltd. on the equity attributable to owners of the Company:

|                                                                    | Group<br>2014<br>S\$ |
|--------------------------------------------------------------------|----------------------|
| Consideration paid for acquisition of non-controlling interest (a) | 20                   |
| Fair value of acquired non-controlling interest                    | 962,276              |
| Acquisition of additional interest in a subsidiary                 | <u>962,296</u>       |

On 18 July 2014, the Group acquired the 15% equity interest in Blumont Copper Pte. Ltd. from its non-controlling interest for a cash consideration of US\$15 (equivalent to S\$20). The carrying amount of the net liabilities of Blumont Copper Pte. Ltd. was S\$962,276. The difference of \$962,296 between the consideration paid and the fair value of the 15% equity interest acquired from the non-controlling interest has been recognised in equity under other reserve.

(e) Disposal of a subsidiary

On 31 December 2014, the Group disposed of a wholly owned subsidiary, Waddells International Limited, which is an investment holding company. The cash consideration for the disposal was US\$2 (equivalent to S\$2).

|                                                                       | Group<br>2014<br>S\$ |
|-----------------------------------------------------------------------|----------------------|
| <u>Analysis of assets and liabilities over which control was lost</u> |                      |
| Current assets                                                        | 2                    |
| Non-current assets                                                    | -                    |
| Current liabilities                                                   | -                    |
| Non-current liabilities                                               | -                    |
| Net assets disposed of                                                | <u>2</u>             |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

**17 INVESTMENTS IN SUBSIDIARIES/LOANS RECEIVABLES FROM SUBSIDIARIES  
(Continued)**

## (e) Disposal of a subsidiary (Continued)

|                                        | <b>2014<br/>S\$</b> |
|----------------------------------------|---------------------|
| <u>Gains on disposal of subsidiary</u> |                     |
| Consideration receivable               | <b>2</b>            |
| Net assets disposed of                 | <b>(2)</b>          |
| Gain on disposal of subsidiary         | <b>–</b>            |

The disposal of subsidiary has no material impact on the Group's profit or loss and cash flows for the financial year.

## (f) Details of material non-controlling interests of the Group

| Name of<br>companies<br>(Country of<br>business/<br>incorporation) | Proportion of ownership<br>interests and voting<br>rights held by non-<br>controlling interests |        | Profit/(Loss)<br>allocated to<br>non-controlling<br>interests |          | Accumulated non-<br>controlling interests |           |
|--------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|--------|---------------------------------------------------------------|----------|-------------------------------------------|-----------|
|                                                                    | 2014                                                                                            | 2013   | 2014                                                          | 2013     | 2014                                      | 2013      |
|                                                                    | %                                                                                               | %      | S\$                                                           | S\$      | S\$                                       | S\$       |
| PT Rel-ion<br>Sterilization<br>Services (Indonesia)                | <b>44.57%</b>                                                                                   | 44.57% | <b>684,168</b>                                                | 388,252  | <b>2,340,486</b>                          | 1,646,800 |
| Trackplus Sdn Bhd<br>(Malaysia)                                    | <b>35%</b>                                                                                      | 35%    | <b>(38,998)</b>                                               | (14,710) | <b>504,835</b>                            | 545,629   |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 17 INVESTMENTS IN SUBSIDIARIES/LOANS RECEIVABLES FROM SUBSIDIARIES (Continued)

(f) Details of material non-controlling interests of the Group (Continued)

Summarised financial information in respect of material non-controlling interests to the Group is set out below. The summarised financial information represents amounts before inter-company eliminations:

|                                                                             | 2014<br>S\$ | 2013<br>S\$ |
|-----------------------------------------------------------------------------|-------------|-------------|
| <u>PT Rel-ion Sterilisation Services</u>                                    |             |             |
| Current assets                                                              | 3,888,334   | 2,132,706   |
| Non-current assets                                                          | 2,228,951   | 2,094,780   |
| Current liabilities                                                         | (347,100)   | (93,638)    |
| Non-current liabilities                                                     | (518,926)   | (440,089)   |
| Equity attributable to owners of the Company                                | 2,910,773   | 2,047,450   |
| Non-controlling interests                                                   | 2,340,486   | 1,646,308   |
| Revenue                                                                     | 3,336,470   | 2,619,954   |
| Profit for the year                                                         | 1,535,042   | 871,106     |
| Profit attributable to owners of the Company                                | 850,874     | 482,854     |
| Profit attributable to non-controlling interests                            | 684,168     | 388,252     |
| Profit for the year                                                         | 1,535,042   | 871,106     |
| Other comprehensive (loss)/income attributable to owners of the Company     | (18,505)    | 62,340      |
| Other comprehensive (loss)/income attributable to non-controlling interests | (14,879)    | 50,126      |
| Other comprehensive (loss)/income for the year                              | (33,384)    | 112,466     |
| Total comprehensive income attributable to owners of the Company            | 832,369     | 545,194     |
| Total comprehensive income attributable to the non-controlling interests    | 669,289     | 438,378     |
| Total comprehensive income for the year                                     | 1,501,658   | 983,572     |
| Net cash inflow from operating activities                                   | 1,978,173   | 766,808     |
| Net cash outflow from investing activities                                  | (321,890)   | (166,934)   |
| Net cash (outflow)/inflow from financing activities                         | (31,949)    | 13,441      |
| Net cash inflow for the year                                                | 1,624,334   | 613,315     |

## NOTES TO THE FINANCIAL STATEMENTS

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### 17 INVESTMENTS IN SUBSIDIARIES/LOANS RECEIVABLES FROM SUBSIDIARIES (Continued)

(f) Details of material non-controlling interests of the Group (Continued)

|                                                                          | 2014<br>S\$ | 2013<br>S\$ |
|--------------------------------------------------------------------------|-------------|-------------|
| <u>Trackplus Sdn Bhd</u>                                                 |             |             |
| Current assets                                                           | 1,888,267   | 1,955,801   |
| Non-current assets                                                       | –           | –           |
| Current liabilities                                                      | (445,881)   | (396,860)   |
| Non-current liabilities                                                  | –           | –           |
| Equity attributable to owners of the Company                             | 937,551     | 1,013,311   |
| Non-controlling interests                                                | 504,835     | 545,629     |
| Revenue                                                                  | –           | –           |
| Loss for the year                                                        | (87,498)    | (33,005)    |
| Loss attributable to owners of the Company                               | (48,500)    | (18,295)    |
| Loss attributable to non-controlling interests                           | (38,998)    | (14,710)    |
| Loss for the year                                                        | (87,498)    | (33,005)    |
| Other comprehensive income attributable to owners of the Company         | –           | –           |
| Other comprehensive income attributable to the non-controlling interests | –           | –           |
| Other comprehensive income for the year                                  | –           | –           |
| Total comprehensive loss attributable to owners of the Company           | (48,500)    | (18,295)    |
| Total comprehensive loss attributable to the non-controlling interests   | (38,998)    | (14,710)    |
| Total comprehensive loss for the year                                    | (87,498)    | (33,005)    |
| Net cash (outflow)/inflow from operating activities                      | (32,258)    | 115,871     |
| Net cash inflow/(outflow) from investing activities                      | –           | –           |
| Net cash inflow/(outflow) from financing activities                      | 3,779       | (84,561)    |
| Net cash (outflow)/inflow for the year                                   | (28,479)    | 31,310      |

There were no dividends paid to non-controlling interests during the financial years ended 31 December 2014 and 2013.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 18 INVESTMENT IN ASSOCIATE

|                                       | Group            |          | Company  |          |
|---------------------------------------|------------------|----------|----------|----------|
|                                       | 2014             | 2013     | 2014     | 2013     |
|                                       | S\$              | S\$      | S\$      | S\$      |
| Balance at the beginning of the year  | –                | –        | –        | –        |
| Addition during the year (Note 20(a)) | 12,635,270       | –        | –        | –        |
| Share of loss of associate            | (1,462,485)      | –        | –        | –        |
| Share of other comprehensive          |                  |          |          |          |
| loss of associate                     | (102,917)        | –        | –        | –        |
| Share of post-acquisition reserves    | (521,642)        | –        | –        | –        |
| Currency translation differences      | 1,410,541        | –        | –        | –        |
| Balance at the end of the year        | 11,958,767       | –        | –        | –        |
| Less: Allowance for impairment loss   | (4,351,686)      | –        | –        | –        |
|                                       | <u>7,607,081</u> | <u>–</u> | <u>–</u> | <u>–</u> |

During the financial year, the Azarga Resources Convertible Note was fully converted into ordinary shares in Azarga Resources at the agreed conversion price of US\$0.50 per share (see Note 20(c) (ii)). Prior to the conversion, the Group holds an equity investment in Azarga Resources accounted as unquoted equity investment under financial assets, available-for-sale (see Note 20(a)), which represented approximately 17.65% shareholding interest in Azarga Resources. Consequently, after the aforesaid conversion, the Group's shareholding interest in Azarga Resources was increased to approximately 43.08%.

Subsequently as announced by the Company on 29 October 2014, the acquisition of Azarga Resources with Toronto Stock Exchange listed Powertech Uranium Corp. ("Powertech") has been completed which resulted in Powertech having purchased all of the Group's shares in Azarga Resources in exchange for shares in Powertech – renamed as Azarga Uranium Corp. ("Azarga Uranium"). Consequently, the Group now owns approximately 30.39% of the total issued share capital of Azarga Uranium, and accordingly, accounted for as an associate of the Group.

The Group has also recognised a re-measurement loss on the pre-existing investment in Azarga Resources amounted to S\$21,010,344 (Note 20(a)) as a result of the exchange of the Group's share in Azarga Resources for the shares in Azarga Uranium mentioned above.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

## 18 INVESTMENT IN ASSOCIATE (Continued)

Details of the Group's associate are as follows:

| Name of company<br>(Country of business/incorporation) | Principal activities                   | Effective equity held<br>by the Group |      |
|--------------------------------------------------------|----------------------------------------|---------------------------------------|------|
|                                                        |                                        | 2014                                  | 2013 |
| Azarga Uranium Corp. (Canada) <sup>(a)</sup>           | Uranium exploration<br>and development | 30.39%                                | –    |

<sup>(a)</sup> Audited by BDO Canada LLP

As at 31 December 2014, the Group has impaired S\$4,351,686 of its investment in associate to profit or loss, the recoverable amount of which was determined based on the market value of those quoted shares held in the associate as at 31 December 2014.

As at 31 December 2014, the carrying amount of the Group's investment in associate amounted to S\$7,607,081 (2013: Nil) has been pledged as collateral for the Wintercrest Financing Loans (Note 24(b)).

Summarised financial information in respect of the Group's investment in associate is set out below.

*Summarised statement of financial position:*

|                         | Group<br>2014<br>S\$ |
|-------------------------|----------------------|
| Current assets          | 4,861,743            |
| Non-current assets      | 55,298,568           |
|                         | <u>60,160,311</u>    |
| Current liabilities     | (6,932,617)          |
| Non-current liabilities | (13,876,701)         |
|                         | <u>20,809,318</u>    |
| Net assets              | <u>39,350,993</u>    |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 18 INVESTMENT IN ASSOCIATE (Continued)

*Summarised statement of comprehensive income:*

|                                                                                                                                | Group<br>2014<br>S\$ |
|--------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Revenue                                                                                                                        | –                    |
| Loss for the year                                                                                                              | (1,840,229)          |
| Other comprehensive loss                                                                                                       | (912,713)            |
| Total comprehensive loss                                                                                                       | <u>(2,752,942)</u>   |
| <br>Fair value of investment in associate for which there is a published price<br>quotation – Level 1 as defined in Note 32(d) | <br><u>7,607,081</u> |

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associate is as follows:

|                                                | Group<br>2014<br>S\$ |
|------------------------------------------------|----------------------|
| Net assets as at 31 December                   | 39,350,993           |
| Proportion of the Group's ownership            | 30.39%               |
| Group's share of net assets                    | 11,958,767           |
| Less: Allowance for impairment loss            | <u>(4,351,686)</u>   |
| Carrying amount of the investment in associate | <u>7,607,081</u>     |

There were no dividends received from the associate during the financial year ended 31 December 2014.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

**19 INVESTMENT PROPERTIES**

|                                                       | <b>Group</b>     |             |
|-------------------------------------------------------|------------------|-------------|
|                                                       | <b>2014</b>      | <b>2013</b> |
|                                                       | <b>S\$</b>       | <b>S\$</b>  |
| <i>At fair value</i>                                  |                  |             |
| Balance at the beginning of the year                  | <b>1,658,080</b> | 4,377,027   |
| Disposals (a)                                         | –                | (581,726)   |
| Transferred from/(to) assets held for sale (Note 16)  | <b>522,180</b>   | (2,002,877) |
| Fair value gain recognised in profit or loss (Note 5) | <b>161,877</b>   | –           |
| Currency translation differences                      | <b>(36,947)</b>  | (134,344)   |
| Balance at the end of the year                        | <b>2,305,190</b> | 1,658,080   |

- (a) In 2013, an investment property at Parcel No. 13A-7 (Type A) Clear Water Residence, Malaysia was disposed, for which the Group had entered into a sale and purchase agreement in June 2013 with an external party. The sale was completed in August 2013 after all conditions precedent, pursuant to the terms of the sale and purchase agreement, had been met by the parties concerned.

- (b) Details of the Group's investment properties are as follows:

| <b>Description and Location</b>                                                                                                                                          | <b>Usage</b> | <b>Tenure,<br/>(unexpired<br/>terms)</b> | <b>Fair value</b> |             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------------------------------------|-------------------|-------------|
|                                                                                                                                                                          |              |                                          | <b>2014</b>       | <b>2013</b> |
|                                                                                                                                                                          |              |                                          | <b>S\$</b>        | <b>S\$</b>  |
| 1 condominium unit<br>Malaysia<br>B-37-01, 37th Floor, Block B<br>Suasana Sentral Condominium,<br>Jalan Stesen Sentral 5,<br>Kuala Lumpur Sentral,<br>50470 Kuala Lumpur | Residential  | Freehold                                 | <b>1,738,340</b>  | 1,658,080   |
| 1 (2013: Nil) unit of property<br>Malaysia<br>5-11 Clear Water Residence,<br>Changkat Semantan,<br>Damansara Heights,<br>50490 Kuala Lumpur                              | Residential  | Freehold                                 | <b>566,850</b>    | –           |
|                                                                                                                                                                          |              |                                          | <b>2,305,190</b>  | 1,658,080   |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 19 INVESTMENT PROPERTIES (Continued)

- (c) Investment properties are leased to non-related parties under operating leases.

|                                                                                                         | Group       |             |
|---------------------------------------------------------------------------------------------------------|-------------|-------------|
|                                                                                                         | 2014<br>S\$ | 2013<br>S\$ |
| The following amounts are recognised in profit or loss:                                                 |             |             |
| Rental income from investment properties (Note 4)                                                       | 27,869      | 23,709      |
| Direct operating expenses (including repairs and maintenance) arising from rental generating properties | 23,203      | 36,022      |

- (d) Investment properties are carried at fair value as at the statement of financial position date as determined by reference to market evident of transaction prices of similar properties in the vicinity and/or independent professional valuers, which use the Direct Comparison Method.

The fair value of the Group's investment properties as at the statement financial position date has been arrived at on the basis of a valuation carried out at that date by Messrs Suleiman & Co Property Consultants Sdn Bhd, independent valuers not related to the Group. The independent valuers are members of the Board of Valuers, Appraisers and Estate Agents Malaysia, and they have appropriate recognised professional qualifications and relevant experiences in the locations and type of the investment properties being valued. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

As at 31 December 2014, management has determined the fair value of investment properties held and recognised a fair value gain of S\$161,877 (2013: Nil) in profit or loss. The fair value of investment properties is classified under Level 3 of the fair value hierarchy, as defined in Note 32(d).

The following table shows the significant unobservable input used in the valuation model:

| Description           | Valuation technique      | Significant unobservable input |
|-----------------------|--------------------------|--------------------------------|
| Investment properties | Direct Comparison Method | Adopted per square meter *     |

\* Any significant isolated increases/(decreases) in the input would result in a significant higher/(lower) fair value measurement.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 19 INVESTMENT PROPERTIES (Continued)

- (e) For the purposes of measuring deferred taxes for investment properties that are measured using fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. Management has reviewed Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the management has determined that the 'sale' presumption is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of the investment properties, as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

### 20 FINANCIAL ASSETS, AVAILABLE-FOR-SALE

|                                               | Group                    |                   | Company                  |                   |
|-----------------------------------------------|--------------------------|-------------------|--------------------------|-------------------|
|                                               | 2014                     | 2013              | 2014                     | 2013              |
|                                               | S\$                      | S\$               | S\$                      | S\$               |
| Unquoted equity investments (a)               | –                        | 9,963,048         | –                        | –                 |
| Quoted equity investments (b)                 | <b>8,495,550</b>         | 21,863,564        | <b>7,304,739</b>         | 17,996,421        |
| Celsius Convertible Note (c)(i)               | <b>161,202</b>           | 2,708,543         | <b>161,202</b>           | 2,708,543         |
| Azarga Convertible Note (c)(ii)               | –                        | 14,745,637        | –                        | –                 |
| Cokal Convertible Loan (d)                    | <b>4,492,420</b>         | 3,160,000         | <b>4,492,420</b>         | 3,160,000         |
| Total financial assets,<br>available-for-sale | <b><u>13,149,172</u></b> | <u>52,440,792</u> | <b><u>11,958,361</u></b> | <u>23,864,964</u> |

As at 31 December 2014, the carrying amount of the Group's financial assets, available-for-sale amounting to S\$13,149,172 (2013: S\$21,863,564) have been pledged as collateral for the Wintercrest Financing Loans (Note 24(b)).

#### (a) Unquoted equity investments

As at 31 December 2013, included in the unquoted investments was the Group's investment in Azarga Resources Limited ("Azarga Resources"), a company incorporated in the British Virgin Islands, amounted to US\$7,875,000 (equivalent to S\$10,001,250). Azarga Resources's assets include significant investments in unquoted uranium exploration ventures. The volume of uranium resources that may arise from these ventures is subject to a wide range of estimates and the probabilities of the various estimates cannot be reasonably assessed. As such, the fair value of the Group's unquoted investment in Azarga Resources had not been disclosed because the fair value of the investment cannot be measured reliably. Other unquoted equity investments are individually not material.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 20 FINANCIAL ASSETS, AVAILABLE-FOR-SALE (Continued)

#### (a) Unquoted equity investments (Continued)

Movements in unquoted equity investments and the allowance for impairment loss during the financial year are as follows:

|                                                                                                                                               | Group        |            | Company   |           |
|-----------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------|-----------|-----------|
|                                                                                                                                               | 2014         | 2013       | 2014      | 2013      |
|                                                                                                                                               | S\$          | S\$        | S\$       | S\$       |
| <i>Unquoted equity investments, at cost</i>                                                                                                   |              |            |           |           |
| Balance at the beginning of the year                                                                                                          | 10,368,763   | 405,715    | 405,715   | 405,715   |
| Additions during the year                                                                                                                     | 311,250      | 10,001,250 | 311,250   | –         |
| Addition from conversion of Azarga Resources Convertible Note (c)(ii)                                                                         | 22,446,000   | –          | –         | –         |
| Addition from conversion of interest receivables (c)(ii)                                                                                      | 1,379,489    | –          | –         | –         |
|                                                                                                                                               | 23,825,489   | –          | –         | –         |
| Less: Re-measurement loss on acquisition of investment in associate by the exchange of certain financial assets, available-for-sale (Note 18) | (21,010,344) | –          | –         | –         |
| Acquisition of investment in associate by the exchange of certain financial assets, available-for-sale (Note 18)                              | (12,635,270) | –          | –         | –         |
| Investments written off                                                                                                                       | (716,965)    | –          | (716,965) | –         |
| Currency translation differences                                                                                                              | (142,923)    | (38,202)   | –         | –         |
| Balance at the end of the year                                                                                                                | –            | 10,368,763 | –         | 405,715   |
| Allowance for impairment loss                                                                                                                 |              |            |           |           |
| Balance at the beginning of the year                                                                                                          | (405,715)    | (405,715)  | (405,715) | (405,715) |
| Impairment recognised during the year                                                                                                         | (311,250)    | –          | (311,250) | –         |
| Allowance written off during the year                                                                                                         | 716,965      | –          | 716,965   | –         |
| Balance at the end of the year                                                                                                                | –            | (405,715)  | –         | (405,715) |
| Unquoted equity investments – net                                                                                                             | –            | 9,963,048  | –         | –         |

During the financial year, the Group has impaired S\$311,250 (2013: Nil) of its unquoted equity investments to profit or loss due to significant adverse changes in the economic environment in which the investee companies operate.

As at 31 December 2014, the Group has fully written off all its unquoted equity investments amounted to S\$716,965 together with the relevant allowance for impairment loss (2013: Nil).

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

**20 FINANCIAL ASSETS, AVAILABLE-FOR-SALE (Continued)****(b) Quoted equity investments**

Movements in quoted equity investments during the financial year are as follows:

|                                                                           | <b>Group</b>        |              | <b>Company</b>      |             |
|---------------------------------------------------------------------------|---------------------|--------------|---------------------|-------------|
|                                                                           | <b>2014</b>         | <b>2013</b>  | <b>2014</b>         | <b>2013</b> |
|                                                                           | <b>S\$</b>          | <b>S\$</b>   | <b>S\$</b>          | <b>S\$</b>  |
| <i>Quoted equity investments,<br/>at fair value</i>                       |                     |              |                     |             |
| Balance at the beginning<br>of the year                                   | <b>21,863,564</b>   | –            | <b>17,996,421</b>   | –           |
| Additions during the year                                                 | <b>2,550,075</b>    | 30,136,752   | <b>2,550,075</b>    | 21,005,511  |
| Cumulative fair value gain<br>recognised in other<br>comprehensive income | <b>(1,662,096)</b>  | 1,662,096    | <b>(1,662,096)</b>  | 1,662,096   |
| Impairment recognised<br>during the year                                  | <b>(14,319,721)</b> | (10,022,910) | <b>(11,579,661)</b> | (4,671,186) |
| Currency translation<br>differences                                       | <b>63,728</b>       | 87,626       | –                   | –           |
| Balance at the end of the year                                            | <b>8,495,550</b>    | 21,863,564   | <b>7,304,739</b>    | 17,996,421  |

During the financial year, the Group has impaired S\$15,981,817 (2013: S\$10,022,910) of its quoted equity investments to profit or loss as a result of a significant or prolonged decline in the fair value these investments.

**(c) (i) Celsius Convertible Note**

|                                          | <b>Group</b>       |             | <b>Company</b>     |             |
|------------------------------------------|--------------------|-------------|--------------------|-------------|
|                                          | <b>2014</b>        | <b>2013</b> | <b>2014</b>        | <b>2013</b> |
|                                          | <b>S\$</b>         | <b>S\$</b>  | <b>S\$</b>         | <b>S\$</b>  |
| Balance at the beginning<br>of the year  | <b>2,708,543</b>   | –           | <b>2,708,543</b>   | –           |
| Additions during the year                | <b>1,527,800</b>   | 2,842,060   | <b>1,527,800</b>   | 2,842,060   |
| Impairment recognised<br>during the year | <b>(4,017,394)</b> | –           | <b>(4,017,394)</b> | –           |
| Currency translation differences         | <b>(51,554)</b>    | (23,310)    | <b>(51,554)</b>    | (23,310)    |
| Balance at the end of the year           | <b>167,395</b>     | 2,818,750   | <b>167,395</b>     | 2,818,750   |
| <i>Presented as</i>                      |                    |             |                    |             |
| Financial assets,<br>available-for-sale  | <b>161,202</b>     | 2,708,543   | <b>161,202</b>     | 2,708,543   |
| Derivative financial assets<br>(Note 21) | <b>6,193</b>       | 110,207     | <b>6,193</b>       | 110,207     |
|                                          | <b>167,395</b>     | 2,818,750   | <b>167,395</b>     | 2,818,750   |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 20 FINANCIAL ASSETS, AVAILABLE-FOR-SALE (Continued)

#### (c) (i) Celsius Convertible Note (Continued)

On 6 February 2013, the Group entered into a convertible note agreement with Celsius Coal Limited ("Celsius"), a company incorporated in Australia and listed on the Australian Stock Exchange, under which the Group shall make available to Celsius a loan facility for the sum of up to A\$5,000,000 at an interest rate of 12.5% per annum. The Group has the right to convert in part or in full, within 10 years after the first drawdown date, of both the principal amount and accrued interest into ordinary shares of Celsius at the conversion price pursuant to the terms of the loan facility. On 15 May 2014, the Group entered into a deed variation with Celsius to amend and vary the terms of the convertible note agreement. Pursuant to the deed variation, the Group and Celsius agreed to reduce the loan facility limit from A\$5,000,000 to the aggregated amounts of A\$3,500,000 and US\$750,000.

During the financial year, as addition A\$1,000,000 and US\$300,000 (total equivalent to S\$1,527,800) (2013: A\$2,500,000 (equivalent to S\$2,842,000)) of the loan facility has been drawn down by Celsius.

As at 31 December 2014, in view of the Company's Termination Deed with Celsius subsequent to the financial year end as described in Note 38(c), the Group has impaired S\$4,017,394 (2013: Nil) of the Celsius Convertible Note to profit or loss based on management's assessment of the recoverable amount of the Celsius Convertible Note as at the end of the financial year.

#### (c) (ii) Azarga Resources Convertible Note

|                                       | Group        |            | Company |      |
|---------------------------------------|--------------|------------|---------|------|
|                                       | 2014         | 2013       | 2014    | 2013 |
|                                       | S\$          | S\$        | S\$     | S\$  |
| Balance at the beginning of the year  | 14,745,637   | —          | —       | —    |
| Additions during the year             | 7,617,600    | 14,831,616 | —       | —    |
| Conversion to shares (a)              | (22,446,000) | —          | —       | —    |
| Currency translation differences      | 82,763       | (85,979)   | —       | —    |
| Balance at the end of the year        | —            | 14,745,637 | —       | —    |
| <i>Presented as</i>                   |              |            |         |      |
| Financial assets, available-for-sale  | —            | 14,745,637 | —       | —    |
| Derivative financial assets (Note 21) | —            | 422,363    | —       | —    |
|                                       | —            | 15,168,000 | —       | —    |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

**20 FINANCIAL ASSETS, AVAILABLE-FOR-SALE (Continued)****(c) (ii) Azarga Resources Convertible Note (Continued)**

On 28 August 2013, the Group entered into an amendment to the convertible note deed dated 22 May 2013 with Azarga Resources under which the Group shall make available to Azarga Resources a loan facility for the sum of up to US\$21,000,000 at an interest rate of 10% per annum. The Group has the right to convert in part or in full, within 10 years after the first drawdown date, of both the principal amount and accrued interest into ordinary shares of Azarga Resources at the conversion price pursuant to the terms of the loan facility. On 27 February 2014, the Group entered into a second amendment to the convertible note deed with Azarga Resources to increase the loan facility from US\$21,000,000 to US\$26,000,000. The incremental loan facility amount of US\$5,000,000 agreed can only be drawn in 2015 and is subject to a mutual agreed upon drawdown schedule to be agreed in writing. As at 31 December 2014, a drawdown schedule has not yet been agreed.

During the financial year, an addition US\$6,000,000 (equivalent to S\$7,617,600) (2013: US\$12,000,000 (equivalent to S\$15,168,000)) of the loan facility has been drawn down by Azarga Resources.

Subsequently, pursuant to the conversion notice from Azarga Resources, the Azarga Resources Convertible Note was fully converted into ordinary shares in Azarga Resources at the agreed conversion price of US\$0.50 per share. The consideration for the Azarga Resources Convertible Note converted comprised the principal amount of US\$18,000,000 (equivalent to S\$22,446,000) and accrued interest of US\$1,106,247 (equivalent to S\$1,379,489).

**(d) Cokal Convertible Loan**

|                                      | <b>Group</b>     |             | <b>Company</b>   |             |
|--------------------------------------|------------------|-------------|------------------|-------------|
|                                      | <b>2014</b>      | <b>2013</b> | <b>2014</b>      | <b>2013</b> |
|                                      | <b>S\$</b>       | <b>S\$</b>  | <b>S\$</b>       | <b>S\$</b>  |
| <i>At cost</i>                       |                  |             |                  |             |
| Balance at the beginning of the year | <b>3,160,000</b> | –           | <b>3,160,000</b> | –           |
| Additions during the year            | <b>1,139,650</b> | 3,125,000   | <b>1,139,650</b> | 3,125,000   |
| Currency translation differences     | <b>192,770</b>   | 35,000      | <b>192,770</b>   | 35,000      |
| Balance at the end of the year       | <b>4,492,420</b> | 3,160,000   | <b>4,492,420</b> | 3,160,000   |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 20 FINANCIAL ASSETS, AVAILABLE-FOR-SALE (Continued)

#### (d) Cokal Convertible Loan (Continued)

On 7 October 2013, the Group entered into a convertible loan facility agreement with Cokal Limited ("Cokal"), a company incorporated in Australia and listed on the Australian Stock Exchange, under which the Group shall make available to Cokal a loan facility of the sum up to US\$8,000,000 at an interest rate of 5% per annum. The loan facility is secured on, for every US\$1,600,000 drawn down, a first ranking, fixed charge over Cokal's shareholdings in Cokal Holdings Pte. Ltd, equivalent to 1% or the total number of issued ordinary shares of Cokal Holdings Pte. Ltd. This loan facility includes a conversion option into ordinary shares of Cokal upon mutual agreement with Cokal and the Group.

During the financial year, an addition US\$900,000 (equivalent to S\$1,139,650) (2013: US\$2,500,000 (equivalent to S\$3,125,000)) of the loan facility has been drawn down by Cokal.

### 21 DERIVATIVE FINANCIAL ASSETS

|                                                        | Group        |                | Company      |                |
|--------------------------------------------------------|--------------|----------------|--------------|----------------|
|                                                        | 2014         | 2013           | 2014         | 2013           |
|                                                        | S\$          | S\$            | S\$          | S\$            |
| <i>At fair value</i>                                   |              |                |              |                |
| Celsius Convertible Note (20(c)(i))                    | 6,193        | 110,207        | 6,193        | 110,207        |
| Azarga Resources Convertible Notes<br>(Note 20(c)(ii)) | —            | 422,363        | —            | —              |
|                                                        | <b>6,193</b> | <b>532,570</b> | <b>6,193</b> | <b>110,207</b> |

Derivative financial assets pertained to the fair value of the equity component of the convertible notes classified under financial assets, available-for-sale and were presented as non-current assets as the remaining maturity of the instrument is more than twelve months.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

## 22 PROPERTY AND EQUIPMENT

|                                          | Freehold<br>land<br>S\$ | Freehold<br>building<br>S\$ | Renovations<br>S\$ | Furniture<br>and<br>fittings<br>S\$ | Office,<br>computer<br>and other<br>equipment<br>S\$ | Cobalt<br>isotope<br>S\$ | Motor<br>vehicles<br>S\$ | Total<br>S\$ |
|------------------------------------------|-------------------------|-----------------------------|--------------------|-------------------------------------|------------------------------------------------------|--------------------------|--------------------------|--------------|
| <b>Group</b>                             |                         |                             |                    |                                     |                                                      |                          |                          |              |
| 2014                                     |                         |                             |                    |                                     |                                                      |                          |                          |              |
| <u>Cost</u>                              |                         |                             |                    |                                     |                                                      |                          |                          |              |
| At 1 January                             | 887,672                 | 612,661                     | 57,045             | 14,062                              | 1,060,168                                            | 1,433,280                | 823,597                  | 4,888,485    |
| Additions                                | -                       | 92,919                      | -                  | -                                   | 53,970                                               | -                        | 198,341                  | 345,230      |
| Disposals/Write-off                      | -                       | -                           | -                  | -                                   | (149)                                                | -                        | -                        | (149)        |
| Currency translation<br>differences      | 17,071                  | 8,747                       | (106)              | (13)                                | 16,872                                               | 27,563                   | 1,747                    | 71,881       |
| At 31 December                           | 904,743                 | 714,327                     | 56,939             | 14,049                              | 1,130,861                                            | 1,460,843                | 1,023,685                | 5,305,447    |
| <u>Accumulated depreciation</u>          |                         |                             |                    |                                     |                                                      |                          |                          |              |
| At 1 January                             | -                       | 259,682                     | 37,311             | 13,597                              | 751,055                                              | 933,817                  | 280,011                  | 2,275,473    |
| Depreciation during<br>the year (Note 7) | -                       | 28,499                      | 7,137              | 179                                 | 62,557                                               | 147,577                  | 116,887                  | 362,836      |
| Disposals/Write-off                      | -                       | -                           | -                  | -                                   | (6)                                                  | -                        | -                        | (6)          |
| Currency translation<br>differences      | -                       | 4,355                       | (106)              | (13)                                | 10,957                                               | 16,466                   | (628)                    | 31,031       |
| At 31 December                           | -                       | 292,536                     | 44,342             | 13,763                              | 824,563                                              | 1,097,860                | 396,270                  | 2,669,334    |
| <u>Net carrying amount</u>               |                         |                             |                    |                                     |                                                      |                          |                          |              |
| At 31 December                           | 904,743                 | 421,791                     | 12,597             | 286                                 | 306,298                                              | 362,983                  | 627,415                  | 2,636,113    |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 22 PROPERTY AND EQUIPMENT (Continued)

|                                          | Freehold<br>land<br>S\$ | Freehold<br>building<br>S\$ | Renovations<br>S\$ | Furniture<br>and<br>fittings<br>S\$ | Office,<br>computer<br>and other<br>equipment<br>S\$ | Cobalt<br>isotope<br>S\$ | Motor<br>vehicles<br>S\$ | Total<br>S\$ |
|------------------------------------------|-------------------------|-----------------------------|--------------------|-------------------------------------|------------------------------------------------------|--------------------------|--------------------------|--------------|
| <b>Group</b>                             |                         |                             |                    |                                     |                                                      |                          |                          |              |
| 2013                                     |                         |                             |                    |                                     |                                                      |                          |                          |              |
| <u>Cost</u>                              |                         |                             |                    |                                     |                                                      |                          |                          |              |
| At 1 January                             | 1,083,984               | 728,975                     | 57,235             | 14,085                              | 1,163,341                                            | 1,750,256                | 875,979                  | 5,673,855    |
| Currency translation<br>differences      | (196,312)               | (125,032)                   | (190)              | (23)                                | (195,945)                                            | (316,976)                | (79,113)                 | (913,591)    |
| Additions                                | –                       | 8,718                       | –                  | –                                   | 93,118                                               | –                        | 127,899                  | 229,735      |
| Disposals/Write-off                      | –                       | –                           | –                  | –                                   | (346)                                                | –                        | (101,168)                | (101,514)    |
| At 31 December                           | 887,672                 | 612,661                     | 57,045             | 14,062                              | 1,060,168                                            | 1,433,280                | 823,597                  | 4,888,485    |
| <u>Accumulated depreciation</u>          |                         |                             |                    |                                     |                                                      |                          |                          |              |
| At 1 January                             | –                       | 279,099                     | 30,364             | 13,442                              | 827,647                                              | 965,309                  | 230,553                  | 2,346,414    |
| Currency translation<br>differences      | –                       | (53,898)                    | (190)              | (24)                                | (132,099)                                            | (196,066)                | (27,812)                 | (410,089)    |
| Depreciation during<br>the year (Note 7) | –                       | 34,481                      | 7,137              | 179                                 | 55,633                                               | 164,574                  | 116,658                  | 378,662      |
| Disposals/Write-off                      | –                       | –                           | –                  | –                                   | (126)                                                | –                        | (39,388)                 | (39,514)     |
| At 31 December                           | –                       | 259,682                     | 37,311             | 13,597                              | 751,055                                              | 933,817                  | 280,011                  | 2,275,473    |
| <u>Net carrying amount</u>               |                         |                             |                    |                                     |                                                      |                          |                          |              |
| At 31 December                           | 887,672                 | 352,979                     | 19,734             | 465                                 | 309,113                                              | 499,463                  | 543,586                  | 2,613,012    |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

**22 PROPERTY AND EQUIPMENT (Continued)**

|                                 | Renovations<br>S\$ | Furniture<br>and fittings<br>S\$ | Office,<br>computer<br>and other<br>equipment<br>S\$ | Motor<br>vehicle<br>S\$ | Total<br>S\$   |
|---------------------------------|--------------------|----------------------------------|------------------------------------------------------|-------------------------|----------------|
| <b>Company</b>                  |                    |                                  |                                                      |                         |                |
| <b>2014</b>                     |                    |                                  |                                                      |                         |                |
| <u>Cost</u>                     |                    |                                  |                                                      |                         |                |
| At 1 January                    | 51,737             | 13,410                           | 137,799                                              | 323,488                 | 526,434        |
| Additions                       | –                  | –                                | 20,051                                               | –                       | 20,051         |
| Disposal/Write-off              | –                  | –                                | (149)                                                | –                       | (149)          |
| At 31 December                  | <u>51,737</u>      | <u>13,410</u>                    | <u>157,701</u>                                       | <u>323,488</u>          | <u>546,336</u> |
| <u>Accumulated depreciation</u> |                    |                                  |                                                      |                         |                |
| At 1 January                    | 32,003             | 12,944                           | 130,439                                              | 69,318                  | 244,704        |
| Depreciation during<br>the year | 7,137              | 179                              | 7,389                                                | 46,212                  | 60,917         |
| Disposal/Write-off              | –                  | –                                | (6)                                                  | –                       | (6)            |
| At 31 December                  | <u>39,140</u>      | <u>13,123</u>                    | <u>137,822</u>                                       | <u>115,530</u>          | <u>305,615</u> |
| <u>Net carrying amount</u>      |                    |                                  |                                                      |                         |                |
| At 31 December                  | <u>12,597</u>      | <u>287</u>                       | <u>19,879</u>                                        | <u>207,958</u>          | <u>240,721</u> |
| <b>2013</b>                     |                    |                                  |                                                      |                         |                |
| <u>Cost</u>                     |                    |                                  |                                                      |                         |                |
| At 1 January                    | 51,737             | 13,410                           | 132,774                                              | 323,488                 | 521,409        |
| Additions                       | –                  | –                                | 5,025                                                | –                       | 5,025          |
| At 31 December                  | <u>51,737</u>      | <u>13,410</u>                    | <u>137,799</u>                                       | <u>323,488</u>          | <u>526,434</u> |
| <u>Accumulated depreciation</u> |                    |                                  |                                                      |                         |                |
| At 1 January                    | 24,865             | 12,766                           | 128,069                                              | 23,106                  | 188,806        |
| Depreciation during<br>the year | 7,138              | 178                              | 2,370                                                | 46,212                  | 55,898         |
| At 31 December                  | <u>32,003</u>      | <u>12,944</u>                    | <u>130,439</u>                                       | <u>69,318</u>           | <u>244,704</u> |
| <u>Net carrying amount</u>      |                    |                                  |                                                      |                         |                |
| At 31 December                  | <u>19,734</u>      | <u>466</u>                       | <u>7,360</u>                                         | <u>254,170</u>          | <u>281,730</u> |

As at 31 December 2014, the carrying amount of the Group's motor vehicles held under finance leases amounted to S\$353,832 (2013: S\$426,839).

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 23 TRADE AND OTHER PAYABLES

|                                                    | Group            |                  | Company          |                  |
|----------------------------------------------------|------------------|------------------|------------------|------------------|
|                                                    | 2014<br>S\$      | 2013<br>S\$      | 2014<br>S\$      | 2013<br>S\$      |
| Other payables                                     | 318,515          | 98,737           | 252,877          | 23,304           |
| Accrued operating expenses (c)                     | 3,212,304        | 855,289          | 3,142,422        | 679,711          |
| Amounts due to a<br>shareholder/director (a)       | 250,882          | 277,753          | 136,025          | 153,688          |
| Advances from customers                            | –                | 376              | –                | –                |
| Non-trade payable to<br>a shareholder (b)          | 712,182          | 5,000,000        | –                | 5,000,000        |
| Interest payables – Wintercrest<br>Financial Loans | 2,657,134        | 156,811          | 2,657,134        | 156,811          |
| Total trade and other payables                     | <u>7,151,017</u> | <u>6,388,966</u> | <u>6,188,458</u> | <u>6,013,514</u> |

(a) The amounts due to a shareholder/director are advances to the Company which are unsecured, interest-free and repayable on demand in cash.

(b) As at 31 December 2013, the non-trade payable to a shareholder relates to the balance of acquisition outstanding as disclosed in Note 33 (b)(ii). The amount was unsecured, interest-free and repayable on demand in cash. The advances outstanding have been fully repaid in the current financial year.

As at 31 December 2014, the non-trade payable to a shareholder relates to the balance of the advances outstanding as disclosed in Note 33 (b)(i). The amount is unsecured, interest-free and repayable on demand in cash.

(c) Accrued operating expenses include administrative fees and extension fees in relation to the Wintercrest Financing Loans totalling approximately S\$2.4 million as at 31 December 2014 (2013: Nil)

### 24 BORROWINGS

|                                             | Group             |                  | Company           |                  |
|---------------------------------------------|-------------------|------------------|-------------------|------------------|
|                                             | 2014<br>S\$       | 2013<br>S\$      | 2014<br>S\$       | 2013<br>S\$      |
| <u>Current</u>                              |                   |                  |                   |                  |
| Finance lease liabilities (a),<br>(Note 25) | 77,394            | 73,930           | 30,432            | 29,281           |
| Wintercrest Financing Loans                 |                   |                  |                   |                  |
| Principal amount                            | 28,407,950        | 5,688,000        | 28,407,950        | 5,688,000        |
| Less: Deferred loans charges                | (293,496)         | (2,022,400)      | (293,496)         | (2,022,400)      |
| Wintercrest Financing Loans, net (b)        | <u>28,114,454</u> | <u>3,665,600</u> | <u>28,114,454</u> | <u>3,665,600</u> |
|                                             | <u>28,191,848</u> | <u>3,739,530</u> | <u>28,144,886</u> | <u>3,694,881</u> |
| <u>Non-current</u>                          |                   |                  |                   |                  |
| Finance lease liabilities (a),<br>(Note 25) | 132,847           | 208,466          | 115,526           | 145,958          |
| Total borrowings                            | <u>28,324,695</u> | <u>3,947,996</u> | <u>28,260,412</u> | <u>3,840,839</u> |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 24 BORROWINGS (Continued)

- (a) Finance lease liabilities are effectively secured over the leased motor vehicles of the Group (Note 22), as the legal title is retained by the lessors and will be transferred to the Group upon full settlement of the finance lease liabilities. The weighted average effective interest rates of the finance lease liabilities ranges from 3.66% – 7.76% (2013: 3.66% – 7.76%) per annum during the financial year.
- (b) On 24 December 2013, the Company entered into a financing loan facility agreement with Wintercrest Advisors LLC (“Wintercrest”), under which Wintercrest shall make available to the Company a financing loan facility of the sum up to US\$30,000,000 at an interest rate of 10% per annum. The financing facility is secured by certain financial assets, available-for-sale of the Group and maturity period of the financial loan facility was 30 June 2014.

On 29 May 2014, the Company entered into a Supplemental Agreement with Wintercrest (the “Supplemental Agreement”) to reduce the financing loan facility from US\$30,000,000 to US\$23,500,000. The maturity period of the financing loan facility was also extended from 30 June 2014 to 15 March 2015, and the interest rate was changed from 10% to 12% per annum. The Supplemental Agreement also requires additional financial assets, available-for-sale of the Group as security.

As at 31 December 2014, US\$21,500,000 (equivalent to S\$28,407,950) (2013: US\$4,500,000 (equivalent to S\$5,688,000)) of the financing loan facility has been drawn down by the Company, with a net proceed of US\$19,145,000 (equivalent to S\$25,445,020) (2013: US\$2,900,000 (equivalent to S\$3,665,600)) after deducting drawdown and legal fees of US\$2,355,000 (equivalent to S\$2,962,930) (2013: US\$1,600,000 (equivalent to S\$2,022,400)) to be amortised up to the maturity period of the financing loan facility. The drawdown financing loan facility shall hereinafter referred to as the “Wintercrest Financing Loans”.

As at 31 December 2014, the Wintercrest Financing Loans is secured by:

- (i) all investments owned by the Company whose principal activities consist of exploration for or extraction of minerals, oil or gas (excluding any company that purely provides services or equipment to other companies engaged in such activities) (see Notes 17, 18 and 20);
- (ii) the Company’s net investments in certain wholly owned subsidiaries (see Note 17); and
- (iii) all of the Company’s bank accounts (Note 11).

Subsequent to the financial year end, the maturity period of the Wintercrest Financing Loans was extended for a further 12 months from 15 March 2015 to 15 March 2016 (see Note 38(e) for further details).

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 24 BORROWINGS (Continued)

#### (c) Fair Value of Non-current Borrowings

|                           | Group          |             | Company        |             |
|---------------------------|----------------|-------------|----------------|-------------|
|                           | 2014<br>S\$    | 2013<br>S\$ | 2014<br>S\$    | 2013<br>S\$ |
| Finance lease liabilities | <b>126,422</b> | 201,121     | <b>109,938</b> | 138,120     |

The above fair values of finance lease liabilities were determined from cash flow analyses, discounted at market borrowing rates of an equivalent instrument as at the date of the statement of financial position which management expects to be available to the Group as follows:

|                           | Group              |             | Company     |           |
|---------------------------|--------------------|-------------|-------------|-----------|
|                           | 2014<br>%          | 2013<br>%   | 2014<br>%   | 2013<br>% |
| Finance lease liabilities | <b>5.00 – 8.50</b> | 5.00 – 9.00 | <b>5.00</b> | 5.00      |

### 25 FINANCE LEASE LIABILITIES (SECURED)

|                                                   | Group           |             | Company         |             |
|---------------------------------------------------|-----------------|-------------|-----------------|-------------|
|                                                   | 2014<br>S\$     | 2013<br>S\$ | 2014<br>S\$     | 2013<br>S\$ |
| Not later than one year                           | <b>85,133</b>   | 85,930      | <b>35,088</b>   | 35,088      |
| Later than one year but not later than five years | <b>140,608</b>  | 206,361     | <b>122,749</b>  | 140,352     |
| Later than five years                             | <b>–</b>        | 17,485      | <b>–</b>        | 17,485      |
|                                                   | <b>225,741</b>  | 309,776     | <b>157,837</b>  | 192,925     |
| Less: Future finance charges                      | <b>(15,500)</b> | (27,380)    | <b>(11,879)</b> | (17,686)    |
| Present value of finance lease liabilities        | <b>210,241</b>  | 282,396     | <b>145,958</b>  | 175,239     |
| Presented as:                                     |                 |             |                 |             |
| Current (Note 24)                                 | <b>77,394</b>   | 73,930      | <b>30,432</b>   | 29,281      |
| Non-current (Note 24)                             | <b>132,847</b>  | 208,466     | <b>115,526</b>  | 145,958     |
|                                                   | <b>210,241</b>  | 282,396     | <b>145,958</b>  | 175,239     |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

**26 EMPLOYEE COMPENSATION**

|                                       | <b>Group</b>   |             |
|---------------------------------------|----------------|-------------|
|                                       | <b>2014</b>    | <b>2013</b> |
|                                       | <b>S\$</b>     | <b>S\$</b>  |
| Present value of unfunded obligations | <b>502,057</b> | 391,393     |

Movements in the present value of the defined benefit obligations during the financial year are as follows:

|                                                                | <b>Group</b>    |             |
|----------------------------------------------------------------|-----------------|-------------|
|                                                                | <b>2014</b>     | <b>2013</b> |
|                                                                | <b>S\$</b>      | <b>S\$</b>  |
| Defined benefit obligations at beginning of the year           | <b>391,393</b>  | 609,568     |
| Benefits paid by the plan                                      | <b>(16,796)</b> | (36,621)    |
| Current service costs                                          | <b>40,377</b>   | 36,723      |
| Interest on obligations                                        | <b>36,270</b>   | 31,524      |
| Actuarial loss/(gain) recognised in other comprehensive income | <b>44,513</b>   | (112,465)   |
| Currency translation differences                               | <b>6,300</b>    | (137,336)   |
| Defined benefit obligations at end of the year                 | <b>502,057</b>  | 391,393     |

The amounts recognised in profit or loss during the financial year are as follows:

|                                                 | <b>Group</b>  |             |
|-------------------------------------------------|---------------|-------------|
|                                                 | <b>2014</b>   | <b>2013</b> |
|                                                 | <b>S\$</b>    | <b>S\$</b>  |
| Current service costs                           | <b>40,377</b> | 36,723      |
| Interest on obligations                         | <b>36,270</b> | 31,524      |
| Total, included in "Employee Benefits" (Note 6) | <b>76,647</b> | 68,247      |

Actuarial losses/(gains) recognised in other comprehensive income during the financial year are as follows:

|                                                                           | <b>Group</b>  |             |
|---------------------------------------------------------------------------|---------------|-------------|
|                                                                           | <b>2014</b>   | <b>2013</b> |
|                                                                           | <b>S\$</b>    | <b>S\$</b>  |
| Amount accumulated in accumulated (losses)/gains at beginning of the year | <b>(524)</b>  | 158,836     |
| Recognised during the year                                                | <b>44,513</b> | (112,465)   |
| Currency translation differences                                          | <b>(461)</b>  | (46,895)    |
| Amount accumulated in accumulated (losses)/gains at end of the year       | <b>43,528</b> | (524)       |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 26 EMPLOYEE COMPENSATION (Continued)

Principal actuarial assumptions at the end of the financial year are as follows:

|                        | <b>Group<br/>2014 and 2013</b>                                                                            |
|------------------------|-----------------------------------------------------------------------------------------------------------|
| Valuation method       | Projected Unit Credit based on Actuarial Cost Method                                                      |
| Mortality rate         | CS01980 (2013: TMI2011)                                                                                   |
| Discount rate          | 8.5% (2013: 9%)                                                                                           |
| Future salary increase | 10%                                                                                                       |
| Disability rate        | 10% or mortality rate                                                                                     |
| Resignation rate       | 3% per annum up to age 25 years old, reducing linearly to 1% per annum at age 45 years old and thereafter |
| Normal retirement age  | 55 years old                                                                                              |
| Retirement rate        | 100% at normal retirement age                                                                             |

The Group has no significant exposure from changes in the principal actuarial assumptions disclosed above. Thus, no sensitivity analysis is presented.

### 27 DEFERRED TAXES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position as follows:

|                                    | <b>Group<br/>2014<br/>S\$</b> | <b>2013<br/>S\$</b> |
|------------------------------------|-------------------------------|---------------------|
| To be settled after one year       |                               |                     |
| – Deferred tax assets              | (119,087)                     | (86,560)            |
| – Deferred tax liabilities         | 27,700                        | 28,264              |
| Net balance at the end of the year | <b>(91,387)</b>               | <b>(58,296)</b>     |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

**27 DEFERRED TAXES (Continued)**

The movements in the deferred tax assets and liabilities (on an aggregated basis) during the financial year are as follows:

|                                      | <b>Group</b>    |              |
|--------------------------------------|-----------------|--------------|
|                                      | <b>2014</b>     | <b>2013</b>  |
|                                      | <b>S\$</b>      | <b>S\$</b>   |
| Balance at the beginning of the year | <b>(58,296)</b> | 9,914,841    |
| Tax (credited)/charged to:           |                 |              |
| – profit or loss (Note 9)            | <b>(20,050)</b> | (10,028,567) |
| – other comprehensive income         | <b>(11,128)</b> | 37,489       |
|                                      | <b>(31,178)</b> | (9,991,078)  |
| Currency translation differences     | <b>(1,913)</b>  | 17,941       |
| Balance at the end of the year       | <b>(91,387)</b> | (58,296)     |

Deferred tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of related tax benefits through future taxable profits is probable. The Group had the following unrecognised tax losses and capital allowances which can be carried forward and used to offset against future taxable income subject to meeting certain statutory tax requirements by those group entities in their respective countries of incorporation:

|                    | <b>Group</b>      |             | <b>Company</b>    |             |
|--------------------|-------------------|-------------|-------------------|-------------|
|                    | <b>2014</b>       | <b>2013</b> | <b>2014</b>       | <b>2013</b> |
|                    | <b>S\$</b>        | <b>S\$</b>  | <b>S\$</b>        | <b>S\$</b>  |
| Capital allowances | <b>71,801</b>     | 57,840      | –                 | –           |
| Tax losses         | <b>39,566,757</b> | 31,522,975  | <b>30,777,660</b> | 30,712,741  |
|                    | <b>39,638,558</b> | 31,580,815  | <b>30,777,660</b> | 30,712,741  |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 27 DEFERRED TAXES (Continued)

The movements in the deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year are as follows:

Deferred tax assets:

|                                      | <b>Provisions<br/>S\$</b> |
|--------------------------------------|---------------------------|
| <b>Group</b>                         |                           |
| <u>2014</u>                          |                           |
| Balance at the beginning of the year | (97,978)                  |
| Currency translation differences     | (1,621)                   |
| Tax (credited) to:                   |                           |
| – profit or loss                     | (14,905)                  |
| – other comprehensive income         | (11,128)                  |
|                                      | (26,033)                  |
| Balance at the end of the year       | (125,632)                 |
| <u>2013</u>                          |                           |
| Balance at the beginning of the year | (152,269)                 |
| Currency translation differences     | 23,616                    |
| Tax (credited)/charged to:           |                           |
| – profit or loss                     | (6,814)                   |
| – other comprehensive income         | 37,489                    |
|                                      | 30,675                    |
| Balance at the end of the year       | (97,978)                  |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

**27 DEFERRED TAXES (Continued)**Deferred tax liabilities:

|                                      | Accelerated<br>tax<br>depreciation<br>S\$ | Fair value<br>gains of<br>financial<br>assets, at fair<br>value through<br>profit or loss<br>S\$ | Fair value<br>gains of<br>investment<br>properties<br>S\$ | Total<br>S\$  |
|--------------------------------------|-------------------------------------------|--------------------------------------------------------------------------------------------------|-----------------------------------------------------------|---------------|
| <b>Group</b>                         |                                           |                                                                                                  |                                                           |               |
| <u>2014</u>                          |                                           |                                                                                                  |                                                           |               |
| Balance at the beginning of the year | 11,418                                    | —                                                                                                | 28,264                                                    | 39,682        |
| Currency translation differences     | 272                                       | —                                                                                                | (564)                                                     | (292)         |
| Credited to profit or loss           | (5,145)                                   | —                                                                                                | —                                                         | (5,145)       |
| Balance at the end of the year       | <u>6,545</u>                              | <u>—</u>                                                                                         | <u>27,700</u>                                             | <u>34,245</u> |
| <u>2013</u>                          |                                           |                                                                                                  |                                                           |               |
| Balance at the beginning of the year | 49,769                                    | 9,988,065                                                                                        | 29,276                                                    | 10,067,110    |
| Currency translation differences     | (4,663)                                   | —                                                                                                | (1,012)                                                   | (5,675)       |
| Credited to profit or loss           | (33,688)                                  | (9,988,065)                                                                                      | —                                                         | (10,021,753)  |
| Balance at the end of the year       | <u>11,418</u>                             | <u>—</u>                                                                                         | <u>28,264</u>                                             | <u>39,682</u> |

**28 SHARE CAPITAL**

|                                                  | Group and Company               |                    |                                 |                   |
|--------------------------------------------------|---------------------------------|--------------------|---------------------------------|-------------------|
|                                                  | 2014                            |                    | 2013                            |                   |
|                                                  | Number of<br>ordinary<br>shares | S\$                | Number of<br>ordinary<br>shares | S\$               |
| <i>Ordinary shares issued and<br/>fully paid</i> |                                 |                    |                                 |                   |
| Balance at the beginning<br>of the year          | 2,583,006,879                   | 99,042,284         | 1,692,504,586                   | 55,508,513        |
| Issue of shares                                  | 26,380,953                      | 1,163,400          | 861,002,293                     | 43,050,115        |
| Share issue expense                              | —                               | (32,165)           | —                               | (222,282)         |
| Share options exercised                          | —                               | —                  | 29,500,000                      | 705,938           |
| Balance at the end of the year                   | <u>2,609,387,832</u>            | <u>100,173,519</u> | <u>2,583,006,879</u>            | <u>99,042,284</u> |

## NOTES TO THE FINANCIAL STATEMENTS

---

31 DECEMBER 2014

### 28 SHARE CAPITAL (Continued)

#### (a) Issue of shares

- (i) On 25 August 2014, the Company allotted and issued 26,380,953 new ordinary shares at an issue price of S\$0.0441 per share for aggregate proceeds of S\$1,163,400. The issued shares was used as consideration shares for the acquisition of certain financial assets, available for sale of the Group as disclosed in Note 35(a)(i). The newly issued ordinary shares rank *pari passu* in all respects with the previously issued shares.
- (ii) In October 2013, the Company allotted and issued 861,002,293 new ordinary shares (the "Rights Shares") at an issue price of S\$0.05 for each Rights Share for aggregate proceeds of S\$43,050,115. The rights proceeds were to be used for the Group's working capital and business expansion. The newly issued ordinary shares ranked *pari passu* in all respects with the previously issued shares.

#### (b) Share Options

##### Blumont Employee Share Option Scheme 2013 (the "Blumont ESOS 2013")

At an Extraordinary General Meeting held on 22 April 2013, the members of the Company approved the Blumont ESOS 2013, for granting of non-transferable options to employees (including executive directors) and non-executive directors of the Company.

The Blumont ESOS 2013 is administered by the Compensation Committee which is overseen by the Remuneration Committee whose members are Mr Calvin Lim Huan Kim (Chairman), Mr Tan Gim Kang, Arran, Mr Farhash Wafa Salvador and Mr Aris Muhammad Rizal.

The Blumont ESOS 2013 shall continue to be in force at the discretion of the Compensation Committee for a period of 10 years from 22 April 2013. However, the period may be extended or terminated with the approval of shareholders at a general meeting of the Company and any relevant approvals which may then be required.

Under the Blumont ESOS 2013, options may be exercised after 1st anniversary of the date of grant and before the 5th anniversary of such date of grant for non-executive directors and the 10th anniversary of such date of grant for group employees.

The subscription price for each ordinary share in respect of which an option is exercisable shall be determined by the Compensation Committee as follows:

- fixed at the Market Price ("Market Price Option") equal to the average of the last dealt prices for the share on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the three (3) consecutive trading days immediately preceding the date of grant of that option; or
- set at a discount to a Market Price ("Discount Option"), provided that the maximum discount shall not exceed twenty percent (20%) of the Market Price.

No share options under the Blumont ESOS 2013 have been granted during and as at the financial year ended 31 December 2014 (2013: Nil).

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 28 SHARE CAPITAL (Continued)

#### (b) Share Options (Continued)

##### Blumont Performance Share Plan

At an Extraordinary General Meeting held on 22 April 2013, the members of the Company approved the Blumont Performance Share Plan ("Blumont PSP"), for granting of incentive share awards to employees (including executive directors) and non-executive directors of the Company.

The Blumont PSP is administered by the Compensation Committee which is overseen by the Remuneration Committee whose members are Mr Calvin Lim Huan Kim (Chairman), Mr Tan Gim Kang, Arran, Mr Farhash Wafa Salvador and Mr Aris Muhammad Rizal.

The Blumont PSP shall continue to be in force at the discretion of the Compensation Committee for a period of 10 years from 22 April 2013. However, the period may be extended or terminated with the approval of shareholders at a general meeting of the Company and any relevant approvals which may then be required.

A participants' award under the Blumont PSP will be determined at the sole discretion of the Compensation Committee. In considering an award to be granted to a participant, the Compensation Committee may take into account, *inter alia*, the participant's performance and/or contribution to the Company.

Awards granted under the Blumont PSP will typically vest only after the satisfactory completion of performance-related award conditions and/or other conditions such as vesting period(s) applicable for the release of the award. No minimum vesting periods are prescribed under the Blumont PSP, and the length of the vesting period(s) in respect of each award will be determined on a case-by-case basis.

No incentive share award under the Blumont PSP has been granted during and as at the financial year ended 31 December 2014 (2013: Nil).

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 28 SHARE CAPITAL (Continued)

#### (c) Capital Management

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising share capital, reserves, accumulated losses and net debts, which includes borrowings net of cash and bank balances.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debts.

Consistently, the Group monitors capital on the basis of the net debt-to-adjusted capital ratio. This ratio is calculated as net debt ÷ adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less income tax and deferred tax liabilities and cash and bank balances. Adjusted capital comprises all components of equity attributable to owners of the Company (i.e. share capital, reserves and accumulated losses).

There were no changes in the Group's approach to capital management during the current and previous financial years.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The Group's net debt-to-adjusted capital ratio as at the statement of financial position date is as follows:

|                                    | Group             |            | Company           |            |
|------------------------------------|-------------------|------------|-------------------|------------|
|                                    | 2014              | 2013       | 2014              | 2013       |
|                                    | S\$               | S\$        | S\$               | S\$        |
| Net debt                           | <b>32,018,529</b> | 8,193,947  | <b>34,378,562</b> | 9,381,173  |
| Total equity                       | <b>4,515,194</b>  | 74,288,190 | <b>199,555</b>    | 73,382,799 |
| Adjusted capital                   | <b>36,533,723</b> | 82,482,137 | <b>34,578,117</b> | 82,763,972 |
| Net debt-to-adjusted capital ratio | <b>87.6%</b>      | 9.9%       | <b>99.4%</b>      | 11.3%      |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

**29 RESERVES**

|                              | Group              |                  | Company     |                  |
|------------------------------|--------------------|------------------|-------------|------------------|
|                              | 2014<br>S\$        | 2013<br>S\$      | 2014<br>S\$ | 2013<br>S\$      |
| (a) Composition:             |                    |                  |             |                  |
| Fair value reserve           | –                  | 1,662,096        | –           | 1,662,096        |
| Currency translation reserve | (3,371,946)        | (2,494,210)      | –           | –                |
| Other reserves               | (1,483,938)        | –                | –           | –                |
|                              | <u>(4,855,884)</u> | <u>(832,114)</u> | <u>–</u>    | <u>1,662,096</u> |

(b) Movements during the financial year are as follows:

|                                                                  | Group              |                    | Company     |                  |
|------------------------------------------------------------------|--------------------|--------------------|-------------|------------------|
|                                                                  | 2014<br>S\$        | 2013<br>S\$        | 2014<br>S\$ | 2013<br>S\$      |
| (i) Fair value reserve                                           |                    |                    |             |                  |
| Balance at the beginning of the year                             | 1,662,096          | –                  | 1,662,096   | –                |
| Net change in fair value of financial assets, available-for-sale | –                  | 1,662,096          | –           | 1,662,096        |
| Cumulative fair value gain reclassified to profit or loss        | (1,662,096)        | –                  | (1,662,096) | 1,662,096        |
| Balance at the end of the year                                   | <u>–</u>           | <u>1,662,096</u>   | <u>–</u>    | <u>1,662,096</u> |
| (ii) Currency translation reserve                                |                    |                    |             |                  |
| Balance at the beginning of the year                             | (2,494,210)        | (1,705,335)        | –           | –                |
| Foreign exchange translation loss                                | (774,819)          | (788,875)          | –           | –                |
| Share of other comprehensive loss of associate                   | (102,917)          | –                  | –           | –                |
| Balance at the end of the year                                   | <u>(3,371,946)</u> | <u>(2,494,210)</u> | <u>–</u>    | <u>–</u>         |

## NOTES TO THE FINANCIAL STATEMENTS

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### 29 RESERVES (Continued)

|                                                                 | Group       |             | Company     |             |
|-----------------------------------------------------------------|-------------|-------------|-------------|-------------|
|                                                                 | 2014<br>S\$ | 2013<br>S\$ | 2014<br>S\$ | 2013<br>S\$ |
| (iii) Other reserves                                            |             |             |             |             |
| Balance at the beginning of the year                            | –           | –           | –           | –           |
| Acquisition of additional interest in a subsidiary (Note 17(d)) | (962,296)   | –           | –           | –           |
| Share of post-acquisition reserves of associate (Note 18)       | (521,642)   | –           | –           | –           |
| Balance at the end of the year                                  | (1,483,938) | –           | –           | –           |

### 30 NON-CONTROLLING INTERESTS

|                                                                     | Group       |             |
|---------------------------------------------------------------------|-------------|-------------|
|                                                                     | 2014<br>S\$ | 2013<br>S\$ |
| Balance at beginning of the year                                    | 2,622,081   | 3,550,955   |
| Share of comprehensive income/(loss) for the year                   | 598,227     | (928,893)   |
| Capital contribution from non-controlling interests of a subsidiary | –           | 19          |
| Acquisition of additional interest in a subsidiary (Note 17(d))     | 962,276     | –           |
| Balance at the end of the year                                      | 4,182,584   | 2,622,081   |

### 31 COMMITMENTS

#### (a) Operating Lease Commitments – where the Group is a lessee

The Group leases an office and certain office equipment from non-related parties under non-cancellable operating leases. The operating lease expenses charged to profit or loss during the financial year is disclosed in Note 7.

## NOTES TO THE FINANCIAL STATEMENTS

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**31 COMMITMENTS (Continued)****(a) Operating Lease Commitments – where the Group is a lessee (Continued)**

The future aggregate minimum lease payable under non-cancellable operating leases contracted for as at the statement of financial position date but not recognised as liabilities in the financial statements are analysed as follows:

|                                                   | <b>Group</b>   |             |
|---------------------------------------------------|----------------|-------------|
|                                                   | <b>2014</b>    | <b>2013</b> |
|                                                   | <b>S\$</b>     | <b>S\$</b>  |
| Not later than one year                           | <b>198,179</b> | 97,046      |
| Later than one year but not later than five years | <b>538,771</b> | –           |
|                                                   | <b>736,950</b> | 97,046      |

The leases entered into by the Group do not include any contingent rentals, renewal purchase option or any escalation clauses.

**(b) Capital Commitments**

Commitments not recognised as at the statement of financial position date in the financial statements are as follows:

|                         | <b>Group</b>      |             | <b>Company</b>   |             |
|-------------------------|-------------------|-------------|------------------|-------------|
|                         | <b>2014</b>       | <b>2013</b> | <b>2014</b>      | <b>2013</b> |
|                         | <b>S\$</b>        | <b>S\$</b>  | <b>S\$</b>       | <b>S\$</b>  |
| Undrawn loan facilities | <b>10,636,565</b> | 21,146,750  | <b>6,672,565</b> | 9,770,750   |

Included in these undrawn loan facilities are those Celsius Convertible Note and Azarga Resources Convertible Note amounting to US\$450,000 (S\$594,585) (2013: A\$2,500,000 (S\$2,818,750)) and US\$3,000,000 (S\$3,964,000) (2013: US\$9,000,000 (S\$11,376,000)), respectively, (Note 20(c)(i),(ii)), and the Cokal Convertible Loan amounting to US\$4,600,000 (S\$6,077,980) (2013: US\$5,500,000 (S\$6,952,000)) (Note 20(d)).

Subsequent to the financial year end, the Company entered into a Termination Deed with Celsius to terminate the loan facility agreement (see Note 38(c) for further details).

**(c) Others**

The Company has given an undertaking to provide continuing financial support to certain subsidiaries of the Group for the next twelve months from the date of authorisation of their financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

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### **32 FINANCIAL RISK MANAGEMENT**

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk arising in the normal course of the Group's business. The Group's overall risk management strategy seeks to minimise potential adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Risk management is carried out by the Group's executive management.

#### **(a) Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rate, interest rate and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

##### **(i) Currency risk**

The Group operates internationally and is subject to various currency exposures, primarily with respect to the Indonesian Rupiah (IDR), Malaysian Ringgit (RM), United States Dollar (USD), and Australian Dollar (AUD). Currency risk arises from recognised assets and liabilities and net investments in foreign operations.

The Group has certain investments in foreign operations, whose net assets are exposed to currency translation risk. Currency exposures to the net assets of the Group's foreign operations in Malaysia and Indonesia are kept at a minimal level. The Group does not presently hedge this foreign exchange exposure.

Generally, recognised assets and liabilities are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily Singapore Dollar, but also IDR, RM, USD and AUD. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances. The Group monitors exposure of foreign currency risk on an ongoing basis by reviewing the liquid assets and liabilities held in currencies other than the Singapore Dollar to ensure that the net exposure are within acceptable parameters.

## NOTES TO THE FINANCIAL STATEMENTS

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**32 FINANCIAL RISK MANAGEMENT (Continued)****(a) Market Risk (Continued)****(i) Currency risk (Continued)**

The Group's and Company's currency exposure based on the information provided to key management as at the statement of financial position date is as follows:

|                             | 2014                 |                      |                         | 2013                 |                      |                      |
|-----------------------------|----------------------|----------------------|-------------------------|----------------------|----------------------|----------------------|
|                             | Indonesian<br>Rupiah | Malaysian<br>Ringgit | United<br>States Dollar | Australian<br>Dollar | Indonesian<br>Rupiah | Malaysian<br>Ringgit |
|                             | \$                   | \$                   | \$                      | \$                   | \$                   | \$                   |
| <b>Group</b>                |                      |                      |                         |                      |                      |                      |
| Trade and other receivables | 329,454              | 103,040              | 229,030                 | 739,556              | 238,612              | 20,769               |
| Cash and bank balances      | 1,469,593            | 234,597              | 1,926,973               | -                    | 1,684,233            | 207,519              |
| Other financial assets      | -                    | 47,389               | 4,508,280               | 8,647,086            | -                    | 23,136               |
| Trade and other payables    | (49,369)             | (158,008)            | (2,670,934)             | -                    | (36,588)             | (248,886)            |
| Other financial liabilities | (551,690)            | (14,650)             | (28,114,453)            | -                    | (471,436)            | (27,114)             |
|                             | <u>1,197,988</u>     | <u>212,368</u>       | <u>(24,121,104)</u>     | <u>9,386,642</u>     | <u>1,414,821</u>     | <u>(24,576)</u>      |
|                             |                      |                      |                         |                      |                      | <u>15,113,535</u>    |
|                             |                      |                      |                         |                      |                      | <u>24,856,847</u>    |
| <b>Company</b>              |                      |                      |                         |                      |                      |                      |
| Trade and other receivables | -                    | -                    | 229,030                 | 739,556              | -                    | -                    |
| Cash and bank balances      | -                    | -                    | -                       | -                    | -                    | -                    |
| Other financial assets      | -                    | -                    | 4,508,280               | 7,456,275            | -                    | -                    |
| Trade and other payables    | -                    | -                    | (2,657,134)             | -                    | -                    | -                    |
| Other financial liabilities | -                    | -                    | (28,114,453)            | -                    | -                    | -                    |
|                             | <u>-</u>             | <u>-</u>             | <u>(26,034,277)</u>     | <u>8,195,831</u>     | <u>-</u>             | <u>(496,510)</u>     |
|                             |                      |                      |                         |                      |                      | <u>20,753,632</u>    |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 32 FINANCIAL RISK MANAGEMENT (Continued)

#### (a) Market Risk (Continued)

##### (i) Currency risk (Continued)

A 1% strengthening of the Singapore Dollar against the following foreign currencies at the statement of financial position date would (decrease)/increase loss before tax and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest and tax rates, remain constant. The analysis was performed on the same basis for 2013, as indicated below:

|                         | Group                     |               | Company                   |               |
|-------------------------|---------------------------|---------------|---------------------------|---------------|
|                         | Loss<br>before tax<br>S\$ | Equity<br>S\$ | Loss<br>before tax<br>S\$ | Equity<br>S\$ |
| <b>31 December 2014</b> |                           |               |                           |               |
| Indonesian Rupiah       | (11,980)                  | —             | —                         | —             |
| Malaysian Ringgit       | (2,124)                   | —             | —                         | —             |
| United States Dollar    | (241,211)                 | —             | (260,343)                 | —             |
| Australian Dollar       | 8,911                     | 84,956        | 8,911                     | 73,047        |
| <b>31 December 2013</b> |                           |               |                           |               |
| Indonesian Rupiah       | (14,148)                  | —             | —                         | —             |
| Malaysian Ringgit       | 246                       | —             | —                         | —             |
| United States Dollar    | (151,135)                 | —             | 4,966                     | —             |
| Australian Dollar       | (40,399)                  | (218,595)     | (27,572)                  | (179,964)     |

A 1% weakening of the Singapore Dollar against the above foreign currencies would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables, in particular interest and tax rates, remain constant.

##### (ii) Price risk

The Group is exposed to equity securities price risk from its investments held, which are classified on the statement of financial position as financial assets, at fair value through profit or loss or available-for-sale. These equity securities are mostly listed in Singapore, Malaysia, and Australia. The market value of these investments are affected, amongst others, by changes in market prices as a result of changes in global economic conditions, macro and micro economic factors affecting the relevant countries, where the investments are quoted, and factors specific to investee corporations. The fluctuations in market prices due to the above factors are unforeseen and the Group monitors these changes to respond to them as and when appropriate and necessary.

## NOTES TO THE FINANCIAL STATEMENTS

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**32 FINANCIAL RISK MANAGEMENT (Continued)****(a) Market Risk (Continued)****(ii) Price risk (Continued)**

A 1% increase in the underlying equity prices at the statement of financial position date with all other variables, including the tax rate, being held constant would (decrease)/increase loss before income tax or equity in both years by the following amount:

|                 | <b>Group</b>  |             | <b>Company</b> |             |
|-----------------|---------------|-------------|----------------|-------------|
|                 | <b>2014</b>   | <b>2013</b> | <b>2014</b>    | <b>2013</b> |
|                 | <b>S\$</b>    | <b>S\$</b>  | <b>S\$</b>     | <b>S\$</b>  |
| Equity          | <b>84,956</b> | 218,636     | <b>73,047</b>  | 179,964     |
| Loss before tax | <b>78,803</b> | 183,891     | <b>1,613</b>   | 13,425      |

A 1% decrease in the underlying equity prices would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables, including the tax rate, remain constant.

**(iii) Cash flow and fair value interest rate risk**

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to interest rates arises relates from fixed interest-earning financial assets and fixed interest-bearing financial liabilities. Fixed interest-bearing financial assets primarily relates to financial assets, available-for-sale and cash and bank balances while fixed interest-bearing financial liabilities mainly relates to financing facilities. The interest rates and repayment terms are disclosed in the respective notes to the financial statements. The Group has no significant exposure from all of these financial assets and financial liabilities as these mainly bear fixed interest rates. Thus, no sensitivity analysis is presented.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 32 FINANCIAL RISK MANAGEMENT (Continued)

#### (b) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group, and arises principally from the Group's receivables from customers, bank deposits and investment securities.

The carrying amount of financial assets in the statement of financial position represents the Group's and Company's respective maximum exposure to credit risk, before taking into account any collateral held. For trade and other receivables, the Group has a credit policy in place and monitors credit evaluation and exposure to credit risk on an ongoing basis. The counterparty's payment pattern and credit exposure are continuously monitored at the entity level by the respective management and at the Group level.

#### (i) Trade and other receivables

The Group does not require any collateral in respect of trade and other receivables.

The maximum exposure to credit risk for trade and other receivables as at the statement of financial position date by geographic region is as follows:

|                          | Group            |                  | Company        |                |
|--------------------------|------------------|------------------|----------------|----------------|
|                          | 2014             | 2013             | 2014           | 2013           |
|                          | S\$              | S\$              | S\$            | S\$            |
| Singapore                | 77,726           | 605,006          | 2,809          | 584,333        |
| Malaysia                 | 103,040          | 20,769           | –              | –              |
| Indonesia                | 329,454          | 238,612          | –              | –              |
| United States of America | 229,030          | 462,225          | 229,030        | 21,730         |
| Australia                | 739,556          | 318,704          | 739,556        | 82,632         |
|                          | <b>1,478,806</b> | <b>1,645,316</b> | <b>971,395</b> | <b>688,695</b> |

The trade and other receivables of the Group comprised 5 debtors (2013: 5 debtors) that individually represent 72% (2013: 59%) of trade and other receivables. There is no concentration of customer risk at the Company level.

The aging of trade and other receivables that were past due but not impaired at the statement of financial position date is as follows:

|                             | Group          |                | Company  |          |
|-----------------------------|----------------|----------------|----------|----------|
|                             | 2014           | 2013           | 2014     | 2013     |
|                             | S\$            | S\$            | S\$      | S\$      |
| Past due less than 2 months | 128,637        | 173,668        | –        | –        |
| Past due more than 2 months | 5,128          | –              | –        | –        |
|                             | <b>133,765</b> | <b>173,668</b> | <b>–</b> | <b>–</b> |

## NOTES TO THE FINANCIAL STATEMENTS

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**32 FINANCIAL RISK MANAGEMENT (Continued)****(b) Credit Risk (Continued)****(i) Trade and other receivables (Continued)**

Management believed that the unimpaired amounts that are past due are still collectible, based on historical payment behaviour and analysis of customer credit risk, including underlying customers' credit rating, where applicable.

The Group establishes an allowance for impairment that represents incurred losses in respect of trade and other receivables based on expected collectivity of the receivables. The movements in the allowance for impairment in respect of trade and other receivables based on individual impairments during the financial year are as follows:

|                                            | <b>Group</b>       |             | <b>Company</b>     |             |
|--------------------------------------------|--------------------|-------------|--------------------|-------------|
|                                            | <b>2014</b>        | <b>2013</b> | <b>2014</b>        | <b>2013</b> |
|                                            | <b>S\$</b>         | <b>S\$</b>  | <b>S\$</b>         | <b>S\$</b>  |
| Balance at the beginning of the year       | <b>2,837,500</b>   | 3,360       | <b>2,837,500</b>   | 3,360       |
| Impairment loss recognised during the year | <b>714,748</b>     | 2,837,500   | <b>714,748</b>     | 2,837,500   |
| Allowance written off during the year      | <b>(2,837,500)</b> | (3,360)     | <b>(2,837,500)</b> | (3,360)     |
| Balance at the end of the year             | <b>714,748</b>     | 2,837,500   | <b>714,748</b>     | 2,837,500   |

Based on management's monitoring of customer credit risk, management believed that, apart from the above, no impairment allowance is necessary in respect of trade and other receivables.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group/Company is satisfied that no recovery of the amount owing is possible, at that point, the amounts are considered irrecoverable and are written off against the financial assets directly.

## NOTES TO THE FINANCIAL STATEMENTS

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31 DECEMBER 2014

### **32 FINANCIAL RISK MANAGEMENT (Continued)**

#### **(b) Credit Risk (Continued)**

##### **(ii) Investments**

The Group limits its exposure to credit risk on investments held by investing only in liquid marketable securities and with counterparties that have a good credit ratings. Management does not expect any counterparty to fail to meet its obligations, except for certain impaired financial assets, available-for-sale as disclosed in Note 20.

The allowance account in respect of financial assets, available-for-sale is used to record impairment losses unless the Group/Company is satisfied that no recovery of the investment held is possible, at that point, the investments are considered irrecoverable and are written off against the financial assets directly.

##### **(iii) Cash and bank balances**

The Group and the Company held cash and bank balances of S\$3,959,240 and S\$70,308 respectively as at 31 December 2014 (2013: S\$2,534,408 and S\$473,180), which represents their maximum credit exposure on these assets. The cash at bank are held with banks with good credit rating.

#### **(c) Liquidity Risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meets its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk by maintaining sufficient cash and marketable securities and the ability to close out market positions at a short notice. Where necessary, fund raising exercise will be considered through right issues and private placements. Further discussion on the Group's liquidity risk is disclosed in Note 2(b).

## NOTES TO THE FINANCIAL STATEMENTS

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**32 FINANCIAL RISK MANAGEMENT (Continued)****(c) Liquidity Risk (Continued)**

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the statement of financial position date based on contractual undiscounted payments.

|                          | Carrying<br>amounts<br>S\$ | Contractual<br>amounts<br>S\$ | < 1<br>year<br>S\$ | 1 – 5<br>years<br>S\$ | > 5 years<br>S\$ | Total<br>S\$      |
|--------------------------|----------------------------|-------------------------------|--------------------|-----------------------|------------------|-------------------|
| <b>Group</b>             |                            |                               |                    |                       |                  |                   |
| <b>2014</b>              |                            |                               |                    |                       |                  |                   |
| Trade and other payables | 7,151,017                  | 7,151,017                     | 7,151,017          | –                     | –                | 7,151,017         |
| Borrowings               | 28,324,695                 | 31,991,554                    | 31,850,947         | 140,607               | –                | 31,991,554        |
| Undrawn loan facilities  |                            |                               |                    |                       |                  |                   |
| commitments (Note 31(b)) | 10,636,565                 | 10,636,565                    | 10,636,565         | –                     | –                | 10,636,565        |
|                          | <u>46,112,277</u>          | <u>49,779,136</u>             | <u>49,638,529</u>  | <u>140,607</u>        | <u>–</u>         | <u>49,779,136</u> |
| <b>2013</b>              |                            |                               |                    |                       |                  |                   |
| Trade and other payables | 6,388,966                  | 6,388,966                     | 6,388,966          | –                     | –                | 6,388,966         |
| Borrowings               | 3,947,996                  | 6,285,335                     | 6,061,489          | 206,361               | 17,485           | 6,285,335         |
| Undrawn loan facilities  |                            |                               |                    |                       |                  |                   |
| commitments (Note 31(b)) | 21,146,750                 | 21,146,750                    | 21,146,750         | –                     | –                | 21,146,750        |
|                          | <u>31,483,712</u>          | <u>33,821,051</u>             | <u>33,597,205</u>  | <u>206,361</u>        | <u>17,485</u>    | <u>33,821,051</u> |
| <b>Company</b>           |                            |                               |                    |                       |                  |                   |
| <b>2014</b>              |                            |                               |                    |                       |                  |                   |
| Trade and other payables | 6,188,458                  | 6,188,458                     | 6,188,458          | –                     | –                | 6,188,458         |
| Borrowings               | 28,260,412                 | 31,923,651                    | 31,800,902         | 122,749               | –                | 31,923,651        |
| Undrawn loan facilities  |                            |                               |                    |                       |                  |                   |
| commitments (Note 31(b)) | 6,672,565                  | 6,672,565                     | 6,672,565          | –                     | –                | 6,672,565         |
|                          | <u>41,121,435</u>          | <u>44,784,674</u>             | <u>44,661,925</u>  | <u>122,749</u>        | <u>–</u>         | <u>44,784,674</u> |
| <b>2013</b>              |                            |                               |                    |                       |                  |                   |
| Trade and other payables | 6,013,514                  | 6,013,514                     | 6,013,514          | –                     | –                | 6,013,514         |
| Borrowings               | 3,840,839                  | 6,168,485                     | 6,010,648          | 140,352               | 17,485           | 6,168,485         |
| Undrawn loan facilities  |                            |                               |                    |                       |                  |                   |
| commitments (Note 31(b)) | 9,770,750                  | 9,770,750                     | 9,770,750          | –                     | –                | 9,770,750         |
|                          | <u>19,625,103</u>          | <u>21,952,749</u>             | <u>21,794,912</u>  | <u>140,352</u>        | <u>17,485</u>    | <u>21,952,749</u> |

## NOTES TO THE FINANCIAL STATEMENTS

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### 32 FINANCIAL RISK MANAGEMENT (Continued)

**(d) Fair Value of the Group's Financial Assets and Liabilities that are Measured at Fair Value on a Recurring Basis**

The Group categorizes fair value measurement using a fair values hierarchy that is dependent on the valuation inputs used as follows:

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

Other than the Group's investment properties disclosed in Note 19(b), the following table presents the Group's/Company's financial assets and financial liabilities measured at fair value as at the statement of financial position date by level of the fair value measurement hierarchy:

|                                                       | Level 1<br>S\$ | Level 2<br>S\$ | Level 3<br>S\$ | Total<br>S\$ |
|-------------------------------------------------------|----------------|----------------|----------------|--------------|
| <b>Group</b>                                          |                |                |                |              |
| <b>2014</b>                                           |                |                |                |              |
| Financial assets at fair value through profit or loss |                |                |                |              |
| – Trading securities                                  | 7,880,313      | –              | –              | 7,880,313    |
| Financial assets, available-for-sale                  |                |                |                |              |
| – Quoted equity investments                           | 8,495,550      | –              | –              | 8,495,550    |
| – Celsius Convertible Note                            | –              | –              | 161,202        | 161,202      |
| Derivative financial assets                           | –              | –              | 6,193          | 6,193        |
| <b>2013</b>                                           |                |                |                |              |
| Financial assets at fair value through profit or loss |                |                |                |              |
| – Trading securities                                  | 18,389,075     | –              | –              | 18,389,075   |
| Financial assets, available-for-sale                  |                |                |                |              |
| – Quoted equity investments                           | 21,863,564     | –              | –              | 21,863,564   |
| – Celsius Convertible Note                            | –              | –              | 2,708,543      | 2,708,543    |
| – Azarga Resources Convertible Note                   | –              | –              | 14,745,637     | 14,745,637   |
| Derivative financial assets                           | –              | –              | 532,570        | 532,570      |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

**32 FINANCIAL RISK MANAGEMENT (Continued)****(d) Fair Value of the Group's Financial Assets and Liabilities that are Measured at Fair Value on a Recurring Basis (Continued)**

|                                                       | Level 1<br>S\$ | Level 2<br>S\$ | Level 3<br>S\$ | Total<br>S\$ |
|-------------------------------------------------------|----------------|----------------|----------------|--------------|
| <b>Company</b>                                        |                |                |                |              |
| <b>2014</b>                                           |                |                |                |              |
| Financial assets at fair value through profit or loss |                |                |                |              |
| – Trading securities                                  | 161,250        | –              | –              | 161,250      |
| Financial assets, available-for-sale                  |                |                |                |              |
| – Quoted equities                                     | 7,304,739      | –              | –              | 7,304,739    |
| – Celsius Convertible Note                            | –              | –              | 161,202        | 161,202      |
| Derivative financial assets                           | –              | –              | 6,193          | 6,193        |
| <b>2013</b>                                           |                |                |                |              |
| Financial assets at fair value through profit or loss |                |                |                |              |
| – Trading securities                                  | 1,342,500      | –              | –              | 1,342,500    |
| Financial assets, available-for-sale                  |                |                |                |              |
| – Quoted equities                                     | 17,996,421     | –              | –              | 17,996,421   |
| – Celsius Convertible Note                            | –              | –              | 2,708,543      | 2,708,543    |
| Derivative financial assets                           | –              | –              | 110,207        | 110,207      |

The fair value of financial instruments traded in active markets (such as trading securities) is based on quoted market prices as at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price. If third party information, such as broker quotes or pricing services, is used to measure fair value, then the valuation team assess and review the evidence obtained from the third parties to support the conclusion that such valuation meet the requirements of FRS, including the level in fair value hierarchy the resulting fair value estimate should be classified. These financial instruments are included in Level 1.

As at the date of these financial statements, based on the prevailing quoted market prices, the Group's listed securities classified under financial assets, at fair value through profit or loss and quoted equity investments classified under financial assets, available-for-sale as at the statement of financial position date, are exposed to net fair value losses arising from changes in fair value amounting to approximately S\$5,123,000 and S\$1,049,000, respectively.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 32 FINANCIAL RISK MANAGEMENT (Continued)

**(d) Fair Value of the Group's Financial Assets and Liabilities that are Measured at Fair Value on a Recurring Basis (Continued)**

Other than as disclosed in Note 19(d), the following table shows the significant unobservable input used in Level 3:

| Description                                                                                   | Valuation technique  | Significant unobservable input                       |
|-----------------------------------------------------------------------------------------------|----------------------|------------------------------------------------------|
| Financial assets,<br>available-for-sale –<br>unquoted equity securities/<br>derivative assets | Discounted cash flow | Most advantageous<br>equivalent borrowing<br>rates * |

\* Any significant isolated increases/(decreases) in the input would result in a significant lower/(higher) fair value measurement.

**(e) Fair Value of the Group's Financial Assets and Liabilities that are not Measured at Fair Value on a Recurring Basis (but Fair Value Disclosure is Required)**

**(i) Non-derivative financial liabilities**

The carrying amounts of borrowings approximate its fair value as they bear interest at rates which approximate the current incremental borrowing rate for similar type of lending and borrowing arrangements.

**(ii) Other financial assets and liabilities**

The carrying amounts of financial assets and financial liabilities with a maturity of less than one year (including trade and other receivables, cash and bank balances, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

**(f) Valuation Policies and Procedures**

The Group has established control framework with respect to the measurement of fair values. This frame includes a valuation team that reports directly to the Chief Financial Officer, and has overall responsibility for all significant fair value measurements, including Level 3 fair values.

The valuation team regularly reviews significantly unobservable inputs and valuation adjustments. If third party confirmation, such as broker quotes or pricing services, is used to measure fair value, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

Significant valuation issues are reported to the Company's Audit Committee.

## NOTES TO THE FINANCIAL STATEMENTS

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### 33 RELATED PARTY TRANSACTIONS

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
  - (i) Has control or joint control over the Company;
  - (ii) Has significant influence over the Company; or
  - (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions apply:
  - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint venture of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a);
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

There are no other related party transactions other than as disclosed below during the current and previous financial years.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 33 RELATED PARTY TRANSACTIONS (Continued)

#### (a) Key management compensation

The remuneration of directors of the Company and directors of the Group's subsidiaries, who are the key management personnel of the Group, is as follows:

|                                       | Group          |                |
|---------------------------------------|----------------|----------------|
|                                       | 2014<br>S\$    | 2013<br>S\$    |
| Directors' fees                       | 173,488        | 101,546        |
| Short-term employee benefits          | 655,766        | 869,827        |
| Post-employment benefits              | 28,742         | 22,105         |
|                                       | <b>857,996</b> | <b>993,478</b> |
| <i>Comprised:</i>                     |                |                |
| Directors of the Company              | 500,542        | 612,802        |
| Directors of the Group's subsidiaries | 357,454        | 380,676        |
|                                       | <b>857,996</b> | <b>993,478</b> |

No share options were granted to the directors of the Company during the financial years ended 31 December 2014 and 2013.

#### (b) Others

- (i) During the financial year ended 31 December 2014, the Group acquired certain financial assets, at fair value through profit or loss amounting to S\$3,800,000. The acquisition was to be paid to a shareholder of the Company, receiving on behalf of the vendor. As at 31 December 2014, the balance of the acquisition outstanding amounting to S\$712,182 is accrued under the non-trade payable to a shareholder (see Note 23(b)).
- (ii) During the financial year ended 31 December 2013, the Company received advances from a shareholder amounted to S\$800,000, which the advances due by the Company were subsequently assigned to a director of the Company. The advances were utilised for the Group's investments. As at 31 December 2013, the advances had been fully repaid to the assigned director.

The Company also received advances from a director of the Company amounted to S\$9,000,000. The advances were utilised for the Group's investments. As at 31 December 2013, the balance of the advances outstanding amounted to S\$5,000,000 was assigned to a shareholder of the Company and accrued under the non-trade payable to a shareholder (see Note 23(b)).

## NOTES TO THE FINANCIAL STATEMENTS

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### 34 OPERATING SEGMENTS

Management has determined four reportable segments, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Company's Executive Directors review internal management reports on at least a quarterly basis. The Group's reportable segments are as follows:

- Investment holding – investment in transferable securities including but not limited to marketable shares, warrants and debentures etc.
- Sterilisation – providing contract sterilisation and polymerisation services to food packaging, medical devices, cosmetic raw materials and consumers products.
- Property – development of properties for sale, long-term holding of properties for rental and related income.
- Mineral and energy resources – exploration, exploitation, development and production of mineral and energy resources and investments in mineral and energy resources projects, entities and companies.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment (loss)/profit before income tax, as included in the internal reports that are reviewed by the Company's Executive Directors.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 34 OPERATING SEGMENTS (Continued)

#### Information about reportable segments

|                                                                                   | Investment<br>holding<br>S\$ | Sterilisation<br>S\$ | Property<br>S\$  | Mineral<br>and energy<br>resources<br>S\$ | Total<br>S\$        |
|-----------------------------------------------------------------------------------|------------------------------|----------------------|------------------|-------------------------------------------|---------------------|
| <b>Group</b>                                                                      |                              |                      |                  |                                           |                     |
| <b>2014</b>                                                                       |                              |                      |                  |                                           |                     |
| <b>External revenues</b>                                                          | <u>–</u>                     | <u>3,398,656</u>     | <u>199,745</u>   | <u>–</u>                                  | <u>3,598,401</u>    |
| Other expenses and losses                                                         | (9,278,521)                  | (2,279,246)          | (340,504)        | (48,683,433)                              | (60,581,704)        |
| Interest income                                                                   | 337                          | 83,706               | –                | 1,665,454                                 | 1,749,497           |
| Finance costs*                                                                    | –                            | –                    | –                | (5,068,840)                               | (5,081,434)         |
| Share of loss of associate                                                        | –                            | –                    | –                | (1,462,485)                               | (1,462,485)         |
| Depreciation                                                                      | (60,915)                     | (276,054)            | (25,867)         | –                                         | (362,836)           |
| <b>Reportable segment loss<br/>before income tax</b>                              | <u>(9,339,099)</u>           | <u>(2,471,594)</u>   | <u>(366,371)</u> | <u>(53,549,304)</u>                       | <u>(65,738,962)</u> |
| <b>Other material non-cash items</b>                                              |                              |                      |                  |                                           |                     |
| – allowance for impairment loss<br>on other receivables                           | –                            | –                    | –                | (714,748)                                 | (714,748)           |
| – Impairment loss on financial<br>assets, available-for-sale                      | –                            | –                    | –                | (18,648,365)                              | (18,648,365)        |
| – Re-measurement loss on<br>acquisition of investment<br>in associate             | –                            | –                    | –                | (21,010,344)                              | (21,010,344)        |
| – Impairment loss on investment<br>in associate                                   | –                            | –                    | –                | (4,351,686)                               | (4,351,686)         |
| – fair value loss on financial<br>assets, at fair value through<br>profit or loss | <u>(4,648,522)</u>           | <u>–</u>             | <u>–</u>         | <u>–</u>                                  | <u>(4,648,522)</u>  |
| <b>Other material items</b>                                                       |                              |                      |                  |                                           |                     |
| Capital expenditure                                                               |                              |                      |                  |                                           |                     |
| – property and equipment                                                          | <u>20,051</u>                | <u>325,179</u>       | <u>–</u>         | <u>–</u>                                  | <u>345,230</u>      |
| <b>Segment assets</b>                                                             | <u>12,743,381</u>            | <u>6,209,039</u>     | <u>8,194,643</u> | <u>17,702,590</u>                         | <u>44,849,653</u>   |
| Unallocated assets – deferred tax<br>assets                                       |                              |                      |                  |                                           | <u>119,087</u>      |
| <b>Consolidated total assets</b>                                                  |                              |                      |                  |                                           | <u>44,968,740</u>   |
| <b>Segment liabilities</b>                                                        | <u>1,231,051</u>             | <u>601,058</u>       | <u>172,658</u>   | <u>33,762,761</u>                         | <u>35,767,528</u>   |
| Unallocated liabilities:                                                          |                              |                      |                  |                                           |                     |
| – borrowings*                                                                     |                              |                      |                  |                                           | 210,241             |
| – current income tax liabilities                                                  |                              |                      |                  |                                           | 265,493             |
| – deferred tax liabilities                                                        |                              |                      |                  |                                           | <u>27,700</u>       |
|                                                                                   |                              |                      |                  |                                           | <u>503,434</u>      |
| <b>Consolidated total liabilities</b>                                             |                              |                      |                  |                                           | <u>36,270,962</u>   |

\* The finance lease liabilities included in borrowings have not been disclosed by segment as this item is managed on a Group basis and are not provided to the Company's Executive Directors at the operating segment level.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

**34 OPERATING SEGMENTS (Continued)****Information about reportable segments (Continued)**

|                                                                                   | <b>Investment<br/>holding<br/>S\$</b> | <b>Sterilisation<br/>S\$</b> | <b>Property<br/>S\$</b> | <b>Mineral<br/>and energy<br/>resources<br/>S\$</b> | <b>Total<br/>S\$</b> |
|-----------------------------------------------------------------------------------|---------------------------------------|------------------------------|-------------------------|-----------------------------------------------------|----------------------|
| <b>2013</b>                                                                       |                                       |                              |                         |                                                     |                      |
| <b>External revenues</b>                                                          | <u>–</u>                              | <u>2,550,605</u>             | <u>1,053,654</u>        | <u>–</u>                                            | <u>3,604,259</u>     |
| Other expenses and losses                                                         | (68,139,923)                          | 1,240,322                    | (284,850)               | (13,782,674)                                        | (81,280,757)         |
| Interest income                                                                   | 82,783                                | 26,295                       | –                       | 542,260                                             | 651,338              |
| Finance costs                                                                     | –                                     | –                            | –                       | (156,811)                                           | (197,967)            |
| Depreciation                                                                      | (55,898)                              | (291,237)                    | (31,527)                | –                                                   | (378,662)            |
| <b>Reportable segment loss<br/>before income tax</b>                              | <u>(68,113,038)</u>                   | <u>975,380</u>               | <u>(316,377)</u>        | <u>(13,397,225)</u>                                 | <u>(81,206,048)</u>  |
| <b>Other material non-cash items</b>                                              |                                       |                              |                         |                                                     |                      |
| – write-back of allowance for<br>foreseeable losses                               | –                                     | –                            | 143,512                 | –                                                   | 143,512              |
| – allowance for impairment loss<br>on other receivables                           | –                                     | –                            | –                       | (2,837,500)                                         | (2,837,500)          |
| – allowance for impairment loss<br>of financial assets,<br>available-for-sale     | –                                     | –                            | –                       | (10,022,910)                                        | (10,022,910)         |
| – fair value loss on financial<br>assets, at fair value<br>through profit or loss | <u>(64,089,794)</u>                   | <u>–</u>                     | <u>–</u>                | <u>–</u>                                            | <u>(64,089,794)</u>  |
| <b>Other material items</b>                                                       |                                       |                              |                         |                                                     |                      |
| Capital expenditure                                                               |                                       |                              |                         |                                                     |                      |
| – property and equipment                                                          | <u>5,025</u>                          | <u>224,710</u>               | <u>–</u>                | <u>–</u>                                            | <u>229,735</u>       |
| <b>Segment assets</b>                                                             | <u>16,712,394</u>                     | <u>4,346,185</u>             | <u>9,680,476</u>        | <u>56,934,795</u>                                   | <u>87,673,850</u>    |
| Unallocated assets – deferred tax<br>assets                                       |                                       |                              |                         |                                                     | <u>86,560</u>        |
| <b>Consolidated total assets</b>                                                  |                                       |                              |                         |                                                     | <u>87,760,410</u>    |
| <b>Segment liabilities</b>                                                        | <u>2,981,758</u>                      | <u>427,981</u>               | <u>2,676,203</u>        | <u>4,360,017</u>                                    | <u>10,445,959</u>    |
| Unallocated liabilities:                                                          |                                       |                              |                         |                                                     |                      |
| – borrowings*                                                                     |                                       |                              |                         |                                                     | 282,396              |
| – current income tax liabilities                                                  |                                       |                              |                         |                                                     | 93,520               |
| – deferred tax liabilities                                                        |                                       |                              |                         |                                                     | <u>28,264</u>        |
|                                                                                   |                                       |                              |                         |                                                     | <u>404,180</u>       |
| <b>Consolidated total liabilities</b>                                             |                                       |                              |                         |                                                     | <u>10,850,139</u>    |

\* The finance lease liabilities included in borrowings have not been disclosed by segment as this item is managed on a Group basis and are not provided to the Company's Executive Directors at the operating segment level.

## NOTES TO THE FINANCIAL STATEMENTS

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### 34 OPERATING SEGMENTS (Continued)

#### Geographical segments

The Group's four business segments operate in four main geographical areas – Singapore (country of domicile), Malaysia, Indonesia, the United States of America and Others.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets or the underlying investments held.

#### Geographical information

|                          | External<br>revenues<br>S\$ | Non-current<br>assets *<br>S\$ |
|--------------------------|-----------------------------|--------------------------------|
| <b>2014</b>              |                             |                                |
| Singapore                | –                           | 13,396,086                     |
| Malaysia                 | 199,745                     | 2,382,346                      |
| Indonesia                | 3,398,656                   | 2,320,705                      |
| United States of America | –                           | –                              |
| Others**                 | –                           | 7,607,081                      |
|                          | <b>3,598,401</b>            | <b>25,706,218</b>              |
| <b>2013</b>              |                             |                                |
| Singapore                | –                           | 28,124,045                     |
| Malaysia                 | 43,661                      | 1,762,577                      |
| Indonesia                | 2,550,605                   | 2,229,082                      |
| United States of America | 1,009,993                   | –                              |
| Others**                 | –                           | 25,131,048                     |
|                          | <b>3,604,259</b>            | <b>57,246,752</b>              |

\* Non-current assets exclude deferred tax assets.

\*\* Non-current assets disclosed under Others represent mainly investments in Australia listed companies

#### Information about major customers

Included in revenue arising from sterilisation services of S\$3.40 million (2013: S\$2.55 million) are revenues of approximately S\$1.6 million (2013: S\$0.99 million) which arose from sales to the Group's eight (2013: five) largest customers.

## NOTES TO THE FINANCIAL STATEMENTS

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### 35 NON-CASH TRANSACTIONS BY THE GROUP

#### (a) 2014

- (i) For the addition of financial assets, available-for-sale totalling S\$13,146,375 as disclosed in Note 20, S\$1,163,400 was acquired by the issuance of 26,380,953 ordinary shares in the capital of the Company (see Note 28(a)(i)). The remaining amount of S\$11,982,975 was shown in the consolidated statement of cash flows under the line "Purchase of financial assets, available-for-sale".
- (ii) For the investment in associate amounted to S\$33,645,614 as disclosed in Note 18, the investment was acquired by the exchange of certain financial assets, available-for-sale amounting to the same as disclosed in Note 18.

#### (b) 2013

- (i) For the addition of financial assets, available-for-sale totalling S\$61,372,378 (including the derivative financial assets amounting to S\$532,570) as disclosed in Note 20, S\$10,001,250 was acquired by the transfer of certain Group's financial assets, at fair value through profit or loss amounting to the same. The remaining amount of S\$51,371,128 was shown in the consolidated statement of cash flows under the line "Purchase of financial assets, available-for-sale".

### 36 LITIGATIONS

#### (a) Prospect Resources Limited ("PSC")

On 11 July 2013, the Company together with Mr Alexander Molyneux and Pacific Advisers Pte Ltd (collectively, the "Consortium"), through a company to be incorporated, have entered into a conditional subscription agreement with Prospect Resources Limited ("PSC"), a company incorporated in Australia and listed on the Australian Stock Exchange, to subscribe for 325,000,000 new shares of PSC, constituting approximately 87.23% of the existing issued share capital of PSC, at a subscription price of A\$0.012.

On 31 October 2013, the Consortium issued a notice (the "Termination Notice") to PSC to terminate the conditional subscription agreement with immediate effect as certain conditions have not been satisfied by PSC or waived by the Consortium. On 2 December 2013, the Company noted that PSC had announced on 29 November 2013 that it had commenced court proceedings (the "Proceedings") in the Supreme Court of New South Wales (the "Court") against, amongst others, the Company.

## NOTES TO THE FINANCIAL STATEMENTS

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31 DECEMBER 2014

### **36 LITIGATIONS (Continued)**

#### **(a) Prospect Resources Limited (“PSC”) (Continued)**

PSC claims by way of specific performance of, or damages for breach of the subscription agreement (i) S\$3,900,000 allegedly payable under the subscription agreement; (ii) S\$500,000, which PSC was allegedly required to repay to another entity because of the alleged breach of the subscription agreement; and (iii) the alleged cost of and associated with convening a shareholders meeting.

Subsequently on 13 December 2013, the Company announced that it had been served with the court papers in relation to the Proceedings and is seeking legal advice on the same.

As announced by the Company on 15 August 2014, the Court has dismissed PSC’s claim and ordered that PSC pay the Consortium’s costs, amounting to approximately S\$430,005 (not recognised in the financial statements).

Subsequently, PSC appealed the case to the Higher Court (the “Appeal”). The Appeal is currently on-going and the Company maintains that the Termination Notice is valid and intends to vigorously defend its position in the Appeal. Accordingly, no provision has been made in the financial statements for any potential liability that may arise from the Appeal.

#### **(b) The Edge Singapore and The Edge Malaysia**

On 1 September 2014, the Company announced that, referring to the two articles titled “*Hunting for the truth*” (the “Article”) in the editions of The Edge Singapore and The Edge Malaysia respectively for the week of 1 to 7 September 2014.

The Article alleges that Mr Soh Chee Wen’s “employment pass in Singapore is sponsored by the Company. The Company wishes to clarify that this statement is false. The Company is not and has not been the sponsor for any employment pass for Mr Soh Chee Wen.

The Company has written to The Edge Singapore and The Edge Malaysia requesting that they publish a corrigendum to this effect in the respective next editions of The Edge Singapore and The Edge Malaysia.

On 29 September 2014, the Company announced that it has commenced proceedings in Singapore against The Edge Publishing Pte Ltd and Mr Benjamin Paul, who are respectively the publisher and editor of The Edge Singapore, in relation to a claim in libel by the Company against the publisher and the editor of The Edge Singapore for the publication of the Singapore Article (the “Singapore Legal Proceedings”).

In the Singapore Legal Proceedings, the Company is seeking, *inter alia*, damages and an injunction to restrain The Edge Publishing Pte Ltd and Mr Benjamin Paul from publishing or causing to be published the same or similar words defamatory of the Company in any manner whatsoever. The Company reserves all its rights on the matter.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 36 LITIGATIONS (Continued)

#### (b) The Edge Singapore and The Edge Malaysia (Continued)

Subsequently on 17 October 2014, the Company announced that it has commenced defamation proceedings in Malaysia against The Edge Communications Sdn Bhd and Mr Azam Aris, respectively the publisher and senior managing editor of The Edge Malaysia, for publication of the Malaysia Article (the “Malaysia Legal Proceedings”).

In the Malaysia Legal Proceedings, the Company is seeking, *inter alia*, damages, an injunction to restrain The Edge Communications Sdn Bhd and Mr Azam Aris from publishing or causing to be published the same or similar words defamatory of the Company in any manner whatsoever and a written retraction and apology to be published in The Edge Malaysia. The Company reserves all its rights in the matter.

At this early stage of the proceedings, the estimated legal costs to be incurred by the Company in relation to this legal proceedings ranges from S\$250,000 to S\$450,000, excluding costs to be incurred for court appeals, of which S\$166,283 has been incurred with a balance of S\$11,038 accrued included under other payables as at 31 December 2014.

### 37 OTHER MATTERS

On 2 April 2014, the Company announced that G1 Investments Pte Ltd, a wholly owned subsidiary of the Company, has received a notice dated 2 April 2014 from the Commercial Affairs Department of the Singapore Police Force (the “CAD”) requiring the subsidiary’s assistance with the CAD’s investigations into an offence under the Securities and Futures Act, Chapter 289 (the “SFA”). The CAD has requested for access to the following for the period from 1 January 2011 to date:

- (i) All records pertaining to securities trading;
- (ii) All records in relation to accounts held with financial institutions;
- (iii) All corporate electronic data, information technology equipment and data storage devices belonging to Mr. Neo Kim Hock, the former Executive Chairman of the Board and Mr. James Hong Gee Ho (“Mr. Hong”), the former Executive Director of the Company; and
- (iv) Any other relevant documents.

Further, the Company has been informed that Mr. Hong has been requested to assist the CAD in its investigations into a possible infringement under the SFA. Mr. Hong had indicated that he will fully cooperate with the CAD in its investigations.

## NOTES TO THE FINANCIAL STATEMENTS

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31 DECEMBER 2014

### **37 OTHER MATTERS (Continued)**

Further to the announcement on 2 April 2014, the Company announced that the Company and G1 Investments Pte. Ltd. have each received a notice dated 29 April 2014 from the CAD requiring their respective assistance with the CAD's investigations into an offence under the SFA. The CAD has requested the Company for access to the following:

- (i) All accounting records for the period from 1 January 2011 to 31 March 2014;
- (ii) All minutes of meetings and resolutions for the period from 1 January 2011 to 31 March 2014;
- (iii) All documents relating to the following announcements made by the Company:
  - proposed investment and takeover bid for all the fully paid ordinary shares of Cokal Limited;
  - proposed acquisition of Hudson Minerals Holdings Pte. Ltd.;
  - proposed acquisition of Powerlite Ventures Limited;
  - proposed investment in Resource Generation Limited;
  - results warning for the second quarter ended 30 June 2013 announced on SGX-ST on 19 July 2013; and
- (iv) Any other relevant documents.

The CAD has also requested G1 Investments Pte. Ltd. for access to all accounting records, minutes of meetings and resolutions, and any other relevant documents of G1 Investments Pte. Ltd. and Waddells International Limited (a wholly owned subsidiary of G1 Investments Pte. Ltd. – which was disposed of as disclosed in Note 17(e)) for the period from 1 January 2011 to 31 March 2014.

The directors of the Company are of the opinion that the business and operations of the Group are not affected by the above investigations and the Company will continue to monitor the progress of the investigations.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 38 SUBSEQUENT EVENTS

#### (a) Withdrawal of Takeover Bid of Merlin Diamonds Limited

On 16 February 2014, the Company entered into a subscription application letter with Merlin Diamonds Limited ("MED"), a company incorporated in Australia and listed on the Australian Stock Exchange, pursuant to which the Company has agreed to subscribe for 26,000,000 new ordinary shares in the capital of MED at the subscription price of A\$0.75 each for a total subscription price of A\$1,950,000, of which the Company had paid the consideration in advance (the "Consideration Advance").

Subsequently, MED had allotted 16,000,000 new ordinary shares to the Company for a cash consideration of A\$1,200,000 with an outstanding 10,000,000 ordinary shares to be allotted to the Company. Consequently, the balance of the Consideration Advance amounting to A\$750,000 has been recognised under other receivables as at the financial year end (see Note 13(c)).

On 28 February 2014, the Company entered into a bid implementation deed (the Implementation Deed") with MED, pursuant to which the Company has agreed to make an off-market takeover bid (the "Takeover Bid") to acquire all the MED Shares which are not already held by the Company. The consideration to be offered under the Takeover Bid (the "Takeover Consideration") is to be satisfied by way of an allotment and issue of 5.7 new fully paid ordinary shares in the capital of the Company ("Shares") for every 2 MED Shares, up to a maximum of approximately 1,021,597,879 new Shares (the "Consideration Shares"), subject to any fractional entitlements being rounding up to the nearest whole Consideration Share.

As announced on 27 November 2014, MED terminated the Implementation Deed. Further, the Company noted that MED has on 27 November 2014 announced an issue of 44 million new ordinary shares and 22 million new options ("Additional MED Securities"), and on 29 December 2014 announced an issue of an additional 78,584,615 new ordinary shares ("Further New MED Shares"). In light of the issues by MED of the Additional MED Securities and the Further New MED Shares and the termination by MED of the Implementation Deed, the Company has relied on the trigger of the defeating condition of the Takeover Bid to allow the Takeover Bid to lapse. In addition, on 5 January 2015, the Company made an application to ASIC to obtain ASIC's consent to enable the Company to withdraw the Takeover Bid.

As announced on 16 January 2015, the ASIC has consented the Company to withdraw the Takeover Bid. Accordingly, no acceptances of the Offer has been processed by the Company and no Blumont Shares were issued to any Merlin shareholders in connection with the Takeover Bid.

## NOTES TO THE FINANCIAL STATEMENTS

---

31 DECEMBER 2014

### **38 SUBSEQUENT EVENTS (Continued)**

#### **(b) Takeover Bid for Genesis Resources Limited**

On 24 January 2014, the Company entered into a bid implementation deed (the "Implementation Deed") with Genesis Resources Limited ("GES"), a company incorporated in Australia and listed on the Australian Stock Exchange, pursuant to which the Company has agreed to make an off-market takeover bid (the "Takeover Bid") to acquire all the fully paid ordinary shares in the capital of GES ("GES Shares"), subject to the fulfillment of certain conditions. The consideration to be offered under the Takeover Bid is to be satisfied by way of an allotment of 9.5 new ordinary shares in the capital of the Company (the "Blumont Shares") for every two (2) GES Shares, up to a maximum of approximately 509,549,791 new Shares (the "Consideration Shares") (the "Offer"), subject to any fractional entitlements being rounding up to the nearest whole Consideration Shares.

The Takeover Bid is conditional on the approval of Blumont shareholders for the Offer and the proposed allotment and issue of the Blumont Shares to be issued to GES shareholders. As announced on 12 March 2015, Blumont shareholders have given the approval at an extraordinary general meeting of Blumont shareholders. The Company has subsequently announced that it has waived all of the conditions of the Offer. Therefore, the Offer is now unconditional.

As announced on 23 March 2015, the Company has received valid acceptances under the Offer in respect of 33,002,561 GES Shares, representing approximately 12.96% of the total issued share capital of GES.

Based on the acceptances received, approximately 156,752,165 Consideration Shares will be issued to GES shareholders, subject to any fractional entitlements being rounding up to the nearest whole Consideration Shares.

As announced on 31 March 2015, the Company has issued 156,762,167 Consideration Shares to GES shareholders.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 38 SUBSEQUENT EVENTS (Continued)

#### (c) Celsius Coal Limited – Acquisition of Shares and Termination of Investment Agreements

As announced on 6 March 2015, the Company has entered into a deed dated 6 March 2015 (the “Termination Deed”) with Celsius to terminate the following agreements (collectively, the “Investment Agreements”):

- (i) The Convertible Note Deed dated 6 February 2013 (as amended pursuant to a deed of variation dated 16 May 2014) (the “Convertible Note Deed”), pursuant to which the Company has advanced to Celsius an aggregate principal sum of A\$3.5 million and US\$0.3 million (see Note 20); and
- (ii) The Subscription Agreement dated 6 February 2013 (as amended from time to time), pursuant to which the Company has subscribed for 227,272,727 ordinary shares in the capital of Celsius, representing approximately 8.68% of the total issued share capital of Celsius (see Note 20).

The Company and Celsius intend to terminate the Investment Agreements and to release each other from all claims and obligations under the Investment Agreements, subject to the terms and conditions set out in the Termination Deed.

In accordance with the Termination Deed, Celsius will allot and issue 177,151,526 new ordinary shares in the capital of Celsius (the “Celsius Shares”) to the Company on or before 12 March 2015, upon conversion of the convertible notes issued under and accrued interest under, the Convertible Note Deed.

As announced on 9 March 2015, the Company has been issued with a total of 177,151,526 Celsius shares. As a result, the Company has an aggregate interest in 404,424,253 Celsius shares representing approximately 14.47% of the total issued share capital of Celsius.

In accordance with the terms of the Termination Deed, with effect from 9 March 2015, the Investment Agreements have been terminated and the Company and Celsius shall have no further obligations under the Investment Agreements.

## NOTES TO THE FINANCIAL STATEMENTS

---

31 DECEMBER 2014

### **38 SUBSEQUENT EVENTS (Continued)**

#### **(d) Placement of 100,000,000 Ordinary Shares**

As announced on 20 January 2015, the Company entered into a placement agreement with Mr Vigneswaran T Subramaniam (the “Subscriber”), pursuant to which the Subscriber has agreed to subscribe for, and the Company has agreed to allot and issue to the Subscriber, one hundred million (100,000,000) new ordinary shares in the capital of the Company (the “Placement Shares”) at S\$0.01705 for each Placement Share (the “Placement”).

As announced on 5 February 2015, the Placement has been completed raising net proceeds of approximately S\$1.7 million. The net proceeds will be utilised to start the Group’s development of land (see Note 15) and working capital for the Group.

#### **(e) Agreement on Extension of Maturity Date of Wintercrest Loan Facility**

As announced on 13 March 2015, Wintercrest has agreed to extend the maturity date of the Wintercrest Loan Facility (see Note 24(b)) a further 12 months from 15 March 2015 to 15 March 2016. All amounts due under the Wintercrest Loan Facility will be payable on or before 15 March 2016, and in accordance with the repayment schedule set out in the supplemental agreement dated 13 March 2015 (the “Second Supplemental Agreement”). It has been agreed that the Company shall repay at least 50% of the drawdown Wintercrest Loan Facility (and accrued interest and fees) within 6 months from 13 March 2015, and at least another 25% of the drawdown Wintercrest Loan Facility (and accrued interest and fees) within 9 months from 13 March 2015.

As consideration for the further extension of the maturity date of the Wintercrest Loan Facility, the Company has undertaken to, amongst others:

- (i) Do all things necessary to dispose of certain of the Company’s financial assets, including seeking approval of its shareholders if required;
- (ii) Grant a first ranking fixed and floating charge in favour of Wintercrest in respect of certain financial assets, available-for-sales, in addition to the existing securities charged to Wintercrest as discussed in note 24(b); and
- (iii) Apply all net proceeds it receives from any sale or disposal of the securities charged to Wintercrest towards reducing the Wintercrest financing loans.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

### 38 SUBSEQUENT EVENTS (Continued)

#### (f) Proposed Renounceable Non-Underwritten Rights Cum Warrants Issue

As announced on 18 March 2015 and 31 March 2015, the Company is proposing a renounceable non-underwritten rights issue of up to 2,866,149,999 new ordinary shares ("Rights Shares") in the share capital of the Company at an issue price of S\$0.01 ("Issue Price") for each Rights Share, and up to 2,866,149,999 free detachable warrants ("Warrant"), with each Warrant carrying the right to subscribe for one (1) new ordinary shares in the capital of the Company ("Warrant Share") at an exercise price of S\$0.012 ("Exercise Price") for each Warrant Share, on the basis of one (1) Rights Share for every one (1) existing ordinary share in the share capital of the Company, and one (1) free detachable Warrant for every one (1) Rights Share subscribed. The proposed renounceable non-underwritten rights cum warrants issue shall hereinafter be referred to as the "Rights cum Warrants Issue".

If all the Rights Shares are fully subscribed, the estimated net proceeds from the Rights cum Warrants Issue will amount to approximately S\$28.7 million. The Company intends to use the majority of the next proceeds from the Rights cum Warrants Issue to make partial repayment to the Wintercrest Loan Facility (see Note 24(b)).

The Rights cum Warrants Issue is subject to the approval of the shareholders of the Company at an extraordinary general meeting to be convened by the Company.

### 39 AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Blumont Group Ltd. on 8 April 2015.

## SHAREHOLDING STATISTICS

AS AT 1 APRIL 2015

|                                |   |                    |
|--------------------------------|---|--------------------|
| Issued & fully paid up capital | : | S\$104,351,015     |
| Number of shares               | : | 2,866,149,999      |
| Class of shares                | : | Ordinary shares    |
| Voting rights                  | : | One vote per share |
| Treasury shares                | : | Nil                |
| Unissued shares                | : | Nil                |

### DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

| Size of Shareholdings | Number of Shareholders | Percentage of Shareholders (%) | Number of Shares Held | Percentage of Shares Held (%) |
|-----------------------|------------------------|--------------------------------|-----------------------|-------------------------------|
| 1 – 99                | 74                     | 0.97                           | 553                   | 0.00                          |
| 100 – 1000            | 556                    | 7.28                           | 543,431               | 0.02                          |
| 1,001 – 10,000        | 1,493                  | 19.54                          | 9,875,857             | 0.34                          |
| 10,001 – 1,000,000    | 5,300                  | 69.36                          | 780,622,464           | 27.24                         |
| 1,000,001 and above   | 218                    | 2.85                           | 2,075,107,694         | 72.40                         |
| Total                 | <b>7,641</b>           | <b>100.00</b>                  | <b>2,866,149,999</b>  | <b>100.00</b>                 |

### SUBSTANTIAL SHAREHOLDERS

As shown in the Register of Substantial Shareholders

| Name of Shareholders             | Number of Shares |                            | Percentage (%) |
|----------------------------------|------------------|----------------------------|----------------|
|                                  | Direct Interest  | Indirect Interest          |                |
| Goh Seh Kiat                     | 301,428,208      | 589,000 <sup>(1)</sup>     | 10.54          |
| IPCO International Limited       | 190,230,802      | 61,350,000 <sup>(2)</sup>  | 8.78           |
| Clear Water Developments Sdn Bhd | –                | 180,000,000 <sup>(1)</sup> | 6.28           |
| Neo Kim Hock                     | 125,548          | 183,164,819 <sup>(1)</sup> | 6.40           |

Notes:

(1) Shareholdings held in various nominees.

(2) IPCO International Limited is deemed interested in the Shares held by Sun Spirit Group Limited and its other subsidiaries by virtue of Section 4 of Securities and Futures Act (Cap. 289) of Singapore

### PUBLIC FLOAT

Based on information available to the Company as at 1 April 2015, approximately 67.94% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

## SHAREHOLDING STATISTICS

AS AT 1 APRIL 2015

### TOP TWENTY SHAREHOLDERS

|    | Name of Shareholders          | Number of<br>Shares  | Percentage of<br>Shareholdings<br>(%) |
|----|-------------------------------|----------------------|---------------------------------------|
| 1  | GOH SEH KIAT                  | 301,428,208          | 10.52                                 |
| 2  | CITIBANK NOMS S'PORE PTE LTD  | 196,663,908          | 6.86                                  |
| 3  | IPCO INTERNATIONAL LIMITED    | 190,230,802          | 6.64                                  |
| 4  | DBS NOMINEES PTE LTD          | 78,968,100           | 2.76                                  |
| 5  | ABN AMRO CLEARING BANK N.V.   | 77,281,200           | 2.70                                  |
| 6  | OCBC SECURITIES PRIVATE LTD   | 73,829,199           | 2.58                                  |
| 7  | PHILLIP SECURITIES PTE LTD    | 71,452,604           | 2.49                                  |
| 8  | EDWIN SUGIARTO                | 71,250,000           | 2.49                                  |
| 9  | CIMB SEC (S'PORE) PTE LTD     | 67,907,199           | 2.37                                  |
| 10 | CHINA CENTURY OVERSEAS LTD    | 66,491,878           | 2.32                                  |
| 11 | MAYBANK KIM ENG SECS PTE LTD  | 51,088,868           | 1.78                                  |
| 12 | RAFFLES NOMINEES (PTE) LTD    | 49,527,043           | 1.73                                  |
| 13 | LIM & TAN SECURITIES PTE LTD  | 37,557,000           | 1.31                                  |
| 14 | UNITED OVERSEAS BANK NOMINEES | 34,001,502           | 1.19                                  |
| 15 | UOB KAY HIAN PTE LTD          | 33,487,750           | 1.17                                  |
| 16 | DBS VICKERS SECS (S) PTE LTD  | 23,943,000           | 0.84                                  |
| 17 | YEO SENG BUCK                 | 23,300,000           | 0.81                                  |
| 18 | SOO NAM YUEN                  | 22,943,000           | 0.80                                  |
| 19 | KOH WEE MENG                  | 20,000,000           | 0.70                                  |
| 20 | LIM CHONG CHENG               | 19,348,000           | 0.68                                  |
|    |                               | <b>1,510,699,261</b> | <b>52.71</b>                          |

## NOTICE OF ANNUAL GENERAL MEETING

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**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Company will be held at Level 2 Room Nautica III, Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887 on Wednesday, 29 April 2015 at 9:30 a.m. for the purpose of transacting the following businesses:

### **AS ORDINARY BUSINESSES:**

- |    |                                                                                                                                                                                                             |                     |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| 1. | To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2014 together with the Directors' Report and Auditor's Report thereon.                        | <b>Resolution 1</b> |
| 2. | To approve the payment of Directors' fees of S\$90,000 for the financial year ending 31 December 2015, to be paid quarterly in arrears. (FY2014: S\$80,000).                                                | <b>Resolution 2</b> |
| 3. | To re-elect Mr Ng Kim Huatt, the director retiring by rotation pursuant to Article 110 of the Company's Articles of Association.<br><i>[See Explanatory Note (i)]</i>                                       | <b>Resolution 3</b> |
| 4. | To re-elect Mr Calvin Lim Huan Kim, the director retiring by rotation pursuant to Article 110 of the Company's Articles of Association.<br><i>[See Explanatory Note (ii)]</i>                               | <b>Resolution 4</b> |
| 5. | To re-elect Mr Tan Gim Kang, Arran, who is eligible for re-election pursuant to Article 120 of the Company's Articles of Association, as a director of the Company.<br><i>[See Explanatory Note (iii)]</i>  | <b>Resolution 5</b> |
| 6. | To re-elect Mr Farhash Wafa Salvador, who is eligible for re-election pursuant to Article 120 of the Company's Articles of Association, as a director of the Company.<br><i>[See Explanatory Note (iv)]</i> | <b>Resolution 6</b> |
| 7. | To re-elect Mr Aris Muhammad Rizal, who is eligible for re-election pursuant to Article 120 of the Company's Articles of Association, as a director of the Company.<br><i>[See Explanatory Note (v)]</i>    | <b>Resolution 7</b> |
| 8. | To re-appoint Messrs Moore Stephens LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.                                                                                | <b>Resolution 8</b> |

## NOTICE OF ANNUAL GENERAL MEETING

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### AS SPECIAL BUSINESS

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

#### 9. Authority to allot and issue shares

#### Resolution 9

“That pursuant to Section 161 of the Companies Act, Chapter 50, and the Listing Rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given for the Directors of the Company (the “**Directors**”) at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

- (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;
- (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, “**Instruments**”) including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares; and
- (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues,

and (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance to any Instrument made or granted by the Directors while the authority was in force, provided always that:

- (a) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments, made or granted pursuant to this resolution) does not exceed fifty per centum (50%) of the Company’s total number of issued shares excluding treasury shares, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro-rata basis to shareholders of the Company does not exceed twenty per centum (20%) of the total number of issued shares excluding treasury shares, and for the purpose of this resolution, the total number of issued shares excluding treasury shares shall be the Company’s total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for:

## NOTICE OF ANNUAL GENERAL MEETING

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- (i) new shares arising from the conversion or exercise of convertible securities; or
  - (ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed; and
  - (iii) any subsequent bonus issue, consolidation or subdivision of the Company's shares; and
- (b) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting is required by law to be held, whichever is earlier."

*[See Explanatory Note (vi)]*

**10. Authority to issue shares under the Blumont Employee Share Option Scheme 2013 and the Blumont Performance Share Plan Resolution 10**

"THAT authority be and is hereby given to the Directors of the Company to offer and grant options in accordance with the Blumont Employee Share Option Scheme 2013 (the "**Blumont ESOS 2013**") and/or to grant awards in accordance with the Blumont Performance Share Plan (the "**Blumont PSP**") and allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Blumont ESOS 2013 and/or the vesting of awards under the Blumont PSP, provided always that the aggregate number of additional shares to be allotted and issued pursuant to the Blumont ESOS 2013 and the Blumont PSP shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time."

*[See Explanatory Note (vii)]*

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

BY ORDER OF THE BOARD

Ng Kim Huatt  
Executive Director

14 April 2015  
Singapore

## NOTICE OF ANNUAL GENERAL MEETING

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### Explanatory Notes:

- (i) Key information on Mr Ng Kim Huatt and his shareholdings in the Company can be found in the Board of Directors section of the Annual Report 2014. Apart from the above disclosure, there are no relationships (including immediate family relationships) between Mr Ng Kim Huatt and the other Directors or the Company or its shareholders.
- (ii) Mr Calvin Lim Huan Kim will, upon re-election as a Director, remain as the Chairman of the Audit and Remuneration Committees and a member of the Nominating Committee. Mr Calvin Lim Huan Kim is considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. Key information on Mr Calvin Lim Huan Kim and his shareholdings in the Company can be found in the Board of Directors section of the Annual Report 2014. Apart from the above disclosure, there are no relationships (including immediate family relationships) between Mr Calvin Lim Huan Kim and the other Directors or the Company or its shareholders.
- (iii) Mr Tan Gim Kang, Arran will, upon re-election as a Director, remain as the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. Mr Tan Gim Kang, Arran is considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. Key information on Mr Tan Gim Kang, Arran and his shareholdings in the Company can be found in the Board of Directors section of the Annual Report 2014. Apart from the above disclosure, there are no relationships (including immediate family relationships) between Mr Tan Gim Kang, Arran and the other Directors or the Company or its shareholders.
- (iv) Mr Farhash Wafa Salvador will, upon re-election as a Director, remain as a member of the Audit, Nominating and Remuneration Committees. Mr Farhash Wafa Salvador is considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. Key information on Mr Farhash Wafa Salvador and his shareholdings in the Company can be found in the Board of Directors section of the Annual Report 2014. Apart from the above disclosure, there are no relationships (including immediate family relationships) between Mr Farhash Wafa Salvador and the other Directors or the Company or its shareholders.
- (v) Mr Aris Muhammad Rizal will, upon re-election as a Director, remain as a member of the Audit, Nominating and Remuneration Committees. Mr Aris Muhammad Rizal is considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. Key information on Mr Aris Muhammad Rizal and his shareholdings in the Company can be found in the Board of Directors section of the Annual Report 2014. Apart from the above disclosure, there are no relationships (including immediate family relationships) between Mr Aris Muhammad Rizal and the other Directors or the Company or its shareholders.
- (vi) Ordinary Resolution 9 proposed in item no. 9 is to empower the Directors, from the date of the passing of Ordinary Resolution 9 to the date of the next Annual General Meeting, to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding in total 50% of the issued shares (excluding treasury shares) in the capital of the Company, with a sub-limit of 20% of the issued shares (excluding treasury shares) for issues other than on a pro rata basis to shareholders.

## NOTICE OF ANNUAL GENERAL MEETING

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- (vii) Ordinary Resolution 10 proposed in item no. 10 above, if passed, will empower the Directors to allot and issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time pursuant to the exercise of the options under the Blumont ESOS 2013 and vesting of the share awards under Blumont PSP.

### Notes:

1. A member of the Company entitled to attend and vote at the general meeting of the Company is entitled to appoint not more than two proxies, to attend and vote on his/her behalf. A proxy need not be a member of the Company.
2. Where a member appoints two proxies, he shall specify the proportion of his shares (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100 per cent. of the shareholding and any second named proxy as an alternate to the first named.
3. Where a member of the Company is represented by one or more proxies, only the first named proxy specified in the relevant instrument of proxy shall be deemed to be authorised to vote on a show of hands and the second named proxy shall not be so entitled to vote unless the first named proxy is not present or fails to cast a vote.
4. A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore and its Articles of Association to attend and vote for and on behalf of such corporation.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under seal, or under the hand of an official or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.
6. Where an instrument appointing a proxy is signed on behalf of the appointor by the attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 298 Tiong Bahru Road, #11-03 Central Plaza, Singapore 168730, not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

# BLUMONT GROUP LTD.

(Company Registration No.: 199302554G)  
(Incorporated in the Republic of Singapore)

## PROXY FORM

ANNUAL GENERAL MEETING

### IMPORTANT:

1. For investors who have used their CPF monies to buy shares in Blumont Group Ltd., the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent 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 OBSERVERS have to submit their requests through their respective agent banks within the time frame specified so that their agent banks may register with the Company Secretary of Blumont Group Ltd. If they also wish to vote, they must submit their voting instructions to their agent banks within the time frame specified to enable them to vote on their behalf.

\*I/We \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport No.)

of \_\_\_\_\_ (Address)

being \*a member/members of **BLUMONT GROUP LTD.** (the “**Company**”), hereby appoint:

| Name | Address | NRIC/<br>Passport Number | Proportion of Shareholdings (%) |   |
|------|---------|--------------------------|---------------------------------|---|
|      |         |                          | No. of Shares                   | % |
|      |         |                          |                                 |   |

and/or (delete as appropriate)

| Name | Address | NRIC/<br>Passport Number | Proportion of Shareholdings (%) |   |
|------|---------|--------------------------|---------------------------------|---|
|      |         |                          | No. of Shares                   | % |
|      |         |                          |                                 |   |

or failing \*him/them, the Chairman of the Annual General Meeting (“**AGM**”) as \*my/our proxy/proxies to vote for \*me/us on \*my/our behalf and, if necessary, to demand a poll, at the AGM to be held at Level 2 Room Nautica III, Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887 on 29 April 2015 at 9.30 a.m. and at any adjournment thereof. \*I/We direct \*my/our proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specified direction as to voting is given, the \*proxy/proxies may vote or abstain from voting at \*his/their discretion, as \*he/they may on any other matter arising at the AGM.

| No. | Ordinary Resolutions                                                                                                                                         | For# | Against# |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------|------|----------|
| 1.  | Adoption of the Audited Financial Statements for the financial year ended 31 December 2014 together with the Directors' Report and Auditor's Report thereon. |      |          |
| 2.  | Approval of payment of Directors' fees of S\$90,000 for the financial year ending 31 December 2015, to be paid quarterly in arrears.                         |      |          |
| 3.  | Re-election of Mr Ng Kim Huatt as director.                                                                                                                  |      |          |
| 4.  | Re-election of Mr Calvin Lim Huan Kim as director.                                                                                                           |      |          |
| 5.  | Re-election of Mr Tan Gim Kang, Arran as director.                                                                                                           |      |          |
| 6.  | Re-election of Mr Farhash Wafa Salvador as director.                                                                                                         |      |          |
| 7.  | Re-election of Mr Aris Muhammad Rizal as director.                                                                                                           |      |          |
| 8.  | Re-appointment of Messrs Moore Stephens LLP as Auditors and to authorise the Directors to fix their remuneration.                                            |      |          |
| 9.  | Authority to allot and issue shares.                                                                                                                         |      |          |
| 10. | Authority to issue shares under the Blumont Employee Share Option Scheme 2013 and the Blumont Performance Share Plan.                                        |      |          |

\* Delete accordingly.

# If you wish to exercise all your votes “For” or “Against”, please tick (✓) within the box provided. Otherwise please indicate the number of votes “For” or “Against” for each resolution within the box provided.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2015

| Total Number of Shares in | No. of Shares |
|---------------------------|---------------|
| (a) CDP Register          |               |
| (b) Register of Members   |               |

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

**IMPORTANT:** Please read notes overleaf

**Notes:**

1. Please insert the total number of shares held by you. If you 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 of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register as well as 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 general meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. A member appointing more than one proxy shall specify the percentage of shares to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100 per cent. of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 298 Tiong Bahru Road, #11-03 Central Plaza, Singapore 168730 not less than 48 hours before the time appointed for the AGM.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter of power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which, the instrument may be treated as invalid.
6. 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 AGM, in accordance with its Articles of Association and section 179 of the Companies Act, Chapter 50 of Singapore.
7. 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 members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
8. Agent banks acting on the request of CPF investors who wish to attend the AGM as observers are required to submit in writing, a list with details of the investors' names, NRIC/Passport numbers, addresses and numbers of shares held. The list, signed by an authorised signatory of the agent bank, should reach the Company Secretary, at the registered office of the Company not later than 48 hours before the time appointed for holding the AGM.

AFFIX  
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HERE

The Company Secretary  
**BLUMONT GROUP LTD.**  
298 Tiong Bahru Road  
#11-03 Central Plaza  
Singapore 168730

BLUMONT  
— 博诺有限公司 —

**BLUMONT GROUP LTD.**

Company Registration No. 199302554G

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