ANNUAL REPORT 2014

ANNICA HOLDINGS LIMITED

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CHAIRMAN'S MESSAGE

Dear Shareholders

On behalf of the board of directors ("**Board**"), I present to you the Annual Report of Annica Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") for the financial year ended 31 December 2014 ("**FY2014**").

BUSINESS REVIEW

FY2014 has been a tough and challenging year.

The biomass projects segment's performance was disappointing against the backdrop of the sluggish economy in the South East Asian markets that the Group operates in. A number of customers were unable to obtain project financing which are pre-requisites for engineering and construction contracts undertaken by the Group. The contribution from the oil and gas equipment and engineering services segments was also poor in light of the oil price slump. These factors caused the delays of scheduled new projects and cost-overruns. On the investment front, the declines in the quoted market prices of equity securities held by the Group led to further trading losses and unrealised fair value losses.

The Group's core businesses require high internal working capital. The Board, together with the management team, has undertaken reviews of the Group's operating models to ensure that each subsidiary and business unit will be able to sustain the downturn in the industry and markets that they are operating in and also to enhance their competitiveness and market presence. The Board shall continue to balance risks and rewards associated with the Group's investment portfolio, taking into consideration fluctuating market conditions and mixed investor sentiments.

As you are aware, investigations by a regulatory authority in 2014, which are ongoing, have cast negative publicity on the Company. These pose limitations to the Group's growth and expansion plans. The business and day-to-day operations of the Group have continued as normal.

Currently, the Board is actively evaluating various strategies to improve the financial position and capital base of the Group. These measures may include fund raising, acquisitions of suitable businesses to strengthen the Group's existing business and earnings base as well as restructuring of existing businesses or assets within the Group.

OUTLOOK

The losses suffered by the Group in FY2014 have weakened the Group's financial position. The Board, after much consideration, has decided to embark on a fund raising exercise to be completed by the end of 2015 as a means to prepare the Group to face challenges and to embrace opportunities in the forthcoming years.

On 1 April 2015, the Company announced a one-for-one non-underwritten rights issue together with free warrants on a one-for-one basis. With the continuous support of our shareholders, the Company is expected to raise net proceeds of $3.7 million from the rights issue and additional proceeds arising from the exercise of all of the warrants is approximately $6.6 million. The funds raised will be mainly used as working capital for the Group's operations and for the purpose of acquisitions of suitable businesses and assets to augment the Group's core earnings.

The Board is committed to undertaking all efforts to guide the Group through this difficult time. While keeping shareholders' value in mind, the Board humbly looks forward to our shareholders' understanding. The Board will keep the shareholders informed on the Group's major developments.

CHAIRMAN'S MESSAGE

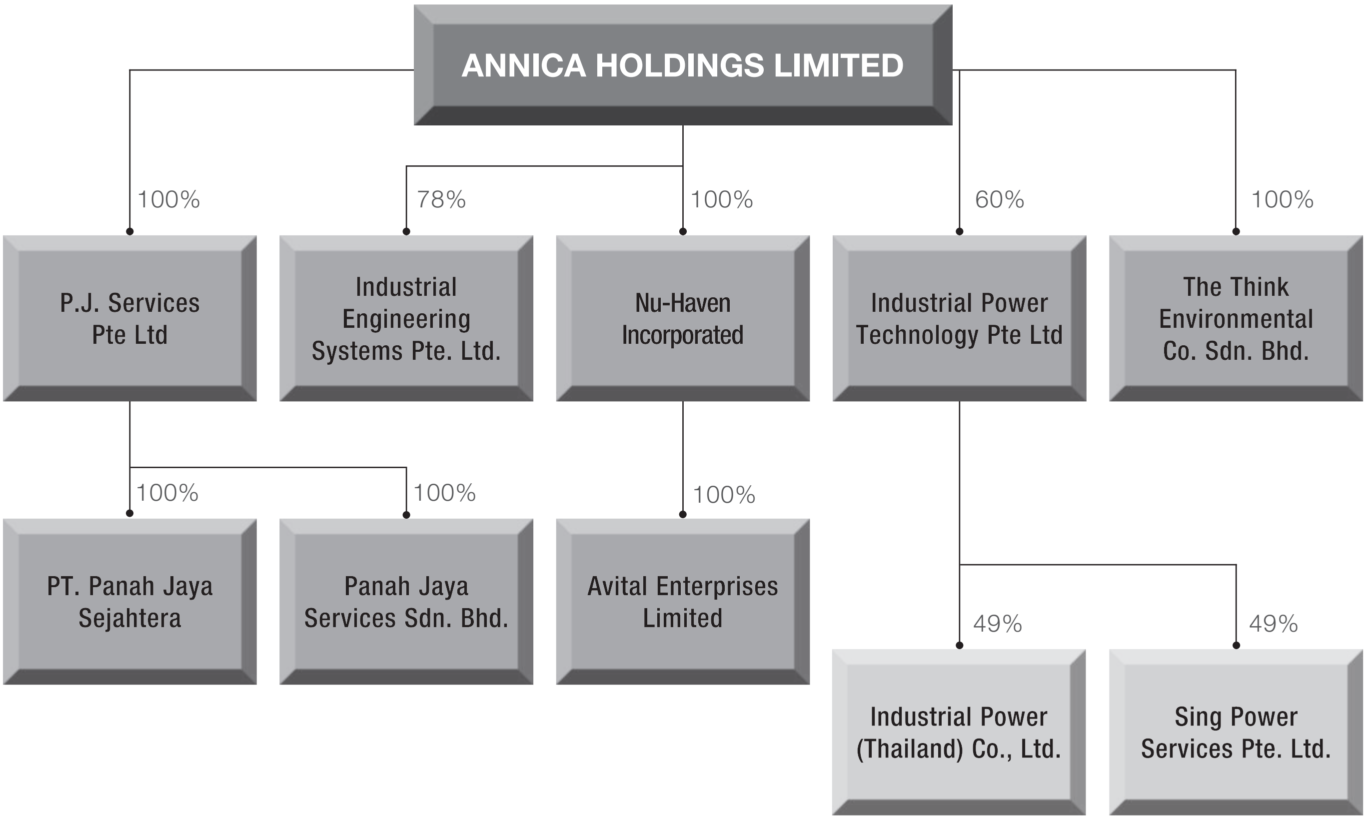
ACKNOWLEDGEMENTS AND APPRECIATION

On behalf of the Board, we take this opportunity to express our sincere gratitude to our shareholders for their patience and support, to our valued customers, suppliers, bankers and business associates for their continuous support and to our staff for their loyalty and dedication.

As Chairman of the Board, I would like to express my utmost appreciation to my fellow Directors for their invaluable contribution and continuous guidance.

Edwin Sugiarto
Chairman and Executive Director

CORPORATE STRUCTURE



Name	Country of incorporation and operations	Principal activities	Business Segment
ANNICA HOLDINGS LIMITED	Singapore	Investment holding	Investment holding
Subsidiaries:			
Industrial Engineering Systems Pte. Ltd.	Singapore	Designing of industrial plant engineering services systems and general wholesaler and trader	Engineering Services
P.J. Services Pte Ltd	Singapore	Trading in oilfield equipment and related products	Oil and equipment
Panah Jaya Services Sdn. Bhd.	Malaysia	Trading in oilfield parts and equipment	Oil and equipment
PT. Panah Jaya Sejahtera	Indonesia	Trading in oilfield equipment and related products	Oil and equipment
Industrial Power Technology Pte Ltd	Singapore	Engineering, procurement and construction contractor for biomass power plant	Biomass projects
The Think Environmental Co. Sdn. Bhd.	Malaysia	Specialist engineering, procurement and construction contractor for biomass power plant	Biomass projects
Nu-Haven Incorporated	British Virgin Islands	Investment holding	Investment holding
Avital Enterprises Limited	British Virgin Islands	Investment holding	Investment holding
Associated companies:			
Industrial Power (Thailand) Co., Ltd.	Thailand	Engineering, procurement and construction projects	Biomass projects
Sing Power Services Pte. Ltd.	Singapore	Dormant	–

OPERATING RESULTS

Revenue and Gross Profit

The Group reported revenue of $28.97 million in FY2014 with the biomass projects segment contributing 65% to the Group's revenue while the oil and gas equipment and engineering services segments made up 33% and 2%, respectively, of the revenue of the Group. The slow-down in the number of biomass contracts secured, customers' delay in procuring project financing and the depressed oil prices dampening the businesses in the oil and gas industry were the contributing factors to the decrease of 23% or $8.45 million in the Group's revenue from that of $37.42 million during the financial year ended 31 December 2013 ("**FY2013**"). Geographically, the Group continues to serve its customers in the Asia Pacific region through its operations in Singapore, Malaysia, Indonesia and Thailand. Gross profit was set back by $2.36 million from $5.12 million in FY2013 to $2.76 million in FY2014 due to the decrease in revenue and cost overruns from project delays. On an overall basis, gross margin was reduced to 9% in FY2014 from 14% in FY2013 as a result of the lower margin from the biomass projects segment whereas the oil and gas equipment and engineering services segments maintained their gross margin throughout FY2014.

Other income

Other income of $0.19 million in FY2014 comprised interest received and agency and commission income. There was a decrease of $0.27 million compared to $0.46 million in FY2013 due to lower commission received in FY2014 and a one-off gain on bargain purchase on acquisition of a subsidiary recorded in FY2013.

Selling and distribution expenses

In FY2014, the Group's selling and distribution expenses of $0.57 million were maintained at approximately 2% of the total revenue. This explained the decrease of $0.11 million from $0.68 million incurred in FY2013.

Administrative and general expenses

The Group's administrative and general expenses rose from $5.57 million in FY2013 to $5.65 million in FY2014, a marginal increase of $0.08 million arising from higher staff cost.

Other expenses

Other expenses decreased by $1.95 million from $13.21 million in FY2013 to $11.26 million in FY2014. Included in FY2014's other expenses were amortisation of and impairment loss on intangible assets associated with customers' contracts, unrealised fair value adjustments on and trading loss from investments in financial assets due to declines in quoted market prices of the equity securities held by the Group, foreign exchange loss and allowance made on slow-moving inventories and doubtful receivables. The management undertook a review of overdue debts and construction contracts alongside project delays and cost overruns and made allowance for doubtful debts based on prudent judgement.

Finance costs

Finance costs of $0.08 million in FY2014 were from interest expenses on bank borrowings, trust receipts and finance leases. The higher interest of $0.05 million compared to that of $0.03 million in FY2013 was from short-term bank facilities taken up during FY2014.

Share of loss of associated companies

The Group's share of loss of associated companies arose from losses incurred by an associate in FY2014.

Income tax credit

Income tax credit comprised mainly adjustment for overprovision of income tax of a subsidiary.

FINANCIAL REVIEW

Net loss for FY2014

The Group reported a net loss of $14.50 million for FY2014, an increase of $0.52 million from FY2013's loss of $13.98 million. The increase in net loss arose mainly from lower revenue, gross profit and other income partially offset by net decrease in operating and other expenses as discussed above, lower share of loss of associated companies and adjustment for overprovision of corporate income tax.

FINANCIAL POSITION

Current assets

Current assets of the Group totalled $15.10 million as at FY2014. The decrease of $9.60 million from $24.69 million as at FY2013 was primarily from the decrease in investments in financial assets, at fair value through profit or loss following disposal and unrealised fair value loss adjustments, lower trade and other receivables from collections and allowance made for doubtful receivables and decrease in inventories from stricter inventory management and write-down of slow-moving inventories. The Group's investments in financial assets, comprising listed equity securities, were stated at quoted market price as at the respective dates.

Non-current assets

The Group's non-current assets were $4.23 million as at FY2014 which included investments in available-for-sale financial assets and associated companies, long-term trade receivables and property, plant and equipment. Disposal of the financial assets and declines in the quoted market prices resulting in unrealised fair value loss adjustments made to the Group's investment portfolio, depreciation charge on property, plant and equipment and amortisation of and impairment loss on intangible assets associated with customers' contracts led to the net decrease of $8.17 million from the Group's non-current assets of $12.40 million as at FY2013. Leasehold properties of the Group include a two-storey leasehold factory in Singapore and two leasehold shop units in Malaysia. The properties are pledged as security for bank borrowings.

Current liabilities

The Group reported current liabilities of $9.90 million as at FY2014 which was a decrease of $2.65 million from $12.55 million as at FY2013 consequent to payments of trade payables and repayment of borrowings.

Non-current liabilities

As at FY2014, the Group's non-current liabilities was $0.32 million, which saw a decrease of $0.09 million from $0.41 million as at FY2013 due to repayment of borrowings.

Shareholders' equity

Capital and reserves attributable to equity holders of the Company was $10.00 million as at FY2014. This was a decrease of $12.57 million from $22.57 million as at FY2013 as a result of the net loss for FY2014 and decrease in fair value reserve on investments in available-for-sale financial assets.

CASH FLOW

The Group had cash and cash equivalents of $3.10 million as at FY2014, an increase of $1.20 million from $1.90 million as at FY2013. The increase was mainly due to fixed deposits previously pledged as securities for banking facilities being released to operating funds, proceeds from disposal of financial assets and advance from related parties, partially offset by repayment of borrowings and cash used in operations. The Group utilised $0.42 million in operating activities during FY2014 as a result of operating losses and repayment of trade payables, partially offset by collections from trade receivables and decrease in inventories.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Edwin Sugiarto
(Chairman and Executive Director)

Nicholas Jeyaraj s/o Narayanan
(Non-Independent and Non-Executive Director)

Augustine A/L T.K. James
(Lead Independent and Non-Executive Director)

Ong Su Aun Jeffrey
(Independent and Non-Executive Director)

N. Sivagurunathan V. Narayanasamy
(Independent and Non-Executive Director)

Goh Hin Calm
(Independent and Non-Executive Director)

COMPANY SECRETARY
Ong Sing Huat

AUDIT COMMITTEE
Augustine A/L T.K. James *(Chairman)*
Ong Su Aun Jeffrey
N. Sivagurunathan V. Narayanasamy
Goh Hin Calm

NOMINATING COMMITTEE
N. Sivagurunathan V. Narayanasamy *(Chairman)*
Augustine A/L T.K. James
Ong Su Aun Jeffrey
Goh Hin Calm

RENUMERATION COMMITTEE
Ong Su Aun Jeffrey *(Chairman)*
Augustine A/L T.K. James
N. Sivagurunathan V. Narayanasamy
Goh Hin Calm

REGISTERED OFFICE
9 Temasek Boulevard #41-01
Suntec Tower 2
Singapore 038989
Telephone number: 6336 0123
Fax number: 6332 1480

AUDITORS
RT LLP
1 Raffles Place #17-02
One Raffles Place
Singapore 048616
Partner in-charge: Tsang Siu For Thomas
(Appointed from financial year ended 31 December 2012)

SHARE REGISTRAR
B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758

SPONSOR
Stamford Corporate Services Pte. Ltd.
10 Collyer Quay #27-00
Ocean Financial Centre
Singapore 049315

SOLICITORS
Morgan Lewis Stamford LLC
10 Collyer Quay #27-00
Ocean Financial Centre
Singapore 049315

PRINCIPAL BANKERS
CIMB Bank Berhad
United Overseas Bank Limited

BOARD OF DIRECTORS

Edwin Sugiarto

Chairman and Executive Director

Edwin is the Chairman and Executive Director and was appointed to the Board on 24 June 2009. He is responsible for the overall management and operations, formulation of corporate strategies and future business and strategic direction of the Group. Edwin has more than 20 years of business and entrepreneurial experience in Asia.

Nicholas Jeyaraj s/o Narayanan

Non-Independent and Non-Executive Director

Appointed to the Board on 10 July 2008, Nicholas is the Non-Independent and Non-Executive Director. A partner at Nicholas & Tan Partnership LLP, Nicholas is a commercial litigation and arbitration specialist. He is an Advocate and Solicitor of the Supreme Court of Singapore, a Fellow of the Chartered Institute of Arbitrators and the Singapore Institute of Arbitrators as well as a Commissioner for Oaths. Nicholas graduated with a Bachelor of Law (Honours) degree from the University of Wolverhampton and is a Barrister-at-law of the Inner Temple. He also holds office as an independent and non-executive director of Eastern Holdings Limited, which is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

Augustine A/L T.K. James

Lead Independent and Non-Executive Director

Augustine was appointed to the Board on 30 April 2013 as the Independent and Non-Executive Director and Lead Independent Director. Augustine is a Chartered Accountant with the Malaysian Institute of Accountants and a Certified Public Accountant with the Malaysian Association of Certified Public Accountants. Armed with more than 30 years of experience in public accounting practice, he handles various High Court of Malaysia appointed receivership assignments. Augustine is currently managing the firm of James & Co in Malaysia and his professional practice covers auditing, accounting, secretarial, taxation and receivership services. Augustine is also an independent and non-executive director of Xian Leng Holdings Berhad listed on the Mainboard of Bursa Malaysia Securities Berhad.

Ong Su Aun Jeffrey

Independent and Non-Executive Director

Jeffrey was appointed to the Board on 9 July 2008 and is the Independent and Non-Executive Director. He is a partner at JLC Advisors LLP practising in a diverse spectrum of areas including dispute resolution, arbitration and crisis litigation and proceedings and advising on corporate restructuring matters. Graduated with a Bachelor of Law degree from the National University of Singapore, Jeffrey is an Advocate and Solicitor of the Supreme Court of Singapore and a Solicitor of the Supreme Court of England and Wales. Jeffrey also sits on the board of China Powerplus Limited which is listed on the Mainboard of the SGX-ST and CW Group Holdings Limited, a company listed on the Mainboard of the Stock Exchange of Hong Kong, as an independent and non-executive director.

N. Sivagurunathan V. Narayanasamy

Independent and Non-Executive Director

As the Independent and Non-Executive Director appointed to the Board on 30 April 2013, Siva is an Advocate and Solicitor of the High Court of Malaysia and he is the senior partner with Shamiah K.E. Ng & Siva, Advocate & Solicitors in Malaysia. Siva specialises in financial restructuring exercises. He holds a LLB (Honours) from the University of London, United Kingdom and a Bachelor of Arts (Honours) in Human Resource Management & Political Science from the National University of Malaysia.

Goh Hin Calm

Independent and Non-Executive Director

Hin Calm is the Independent and Non-Executive Director and was appointed to the Board on 22 July 2008. He has extensive experience in the areas of accounting and finance for over 35 years in Singapore, Saudi Arabia, Thailand, Indonesia and Papua New Guinea. Hin Calm is currently the senior finance and administration manager of Ipco International Limited, a company listed on the Mainboard of the SGX-ST.

KEY MANAGEMENT

Mohd Nor Azmi Nordin

Managing Director, P. J. Services Pte Ltd and subsidiaries ("P. J. Services Group")

Azmi holds a Bachelor of Science (Honours) degree in Civil Engineering & Management Studies from the University of Leeds, England and a Master of Business Administration from the University of Strathclyde Graduate Business School, Scotland. He has more than 30 years of working experience in the oil and gas industry, from project management to sales and marketing. As the Managing Director, Azmi oversees the operations of P. J. Services Group in the ASEAN region, specialises in oil and gas equipment for onshore and offshore production platforms, vessels and pipelines, as well as business development of new agencies for products and services.

Pek Seck Wei

General Manager, Industrial Engineering Systems Pte Ltd ("IES")

Seck Wei is a co-founder of IES and has vast experience in the oil and gas industry. He is the General Manager of IES responsible for the management and development of the business of sale of oilfield equipment and customized engineering solutions to oil and gas companies in Singapore and Malaysia. Seck Wei graduated with a Bachelor of Electrical Engineering (Honours) degree from the Nanyang Technological University.

Hoon Cheong Kong, Danny

Chief Executive Officer, Industrial Power Technology Pte Ltd ("Industrial Power")

Danny is the founder of Industrial Power and serves as its Chief Executive Officer. He is responsible for Industrial Power's overall operations and business activities. Danny is an industry veteran in the design, supply and installation of custom built boilers and as an engineering, procurement and construction contractor for biomass power generation projects and has accumulated extensive experiences in turn-key biomass power generation projects in South East Asia. Prior to that, he specialised in designing and building of timber drying kilns and has accumulated experiences in South East Asia, the People's Republic of China and Russia. Danny graduated with a Diploma in Mechanical Engineering from the Singapore Polytechnic.

CORPORATE GOVERNANCE REPORT

The Board of Directors ("**Board**") of Annica Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") is committed to maintaining a high standard of corporate governance within the Group to safeguard the interests of shareholders and to enhance corporate value and accountability.

This report describes the Group's corporate governance framework and practices that were in place during the financial year ended 31 December 2014 ("**FY2014**") with specific reference to the principles and guidelines of the Code of Corporate Governance 2012 (the "**Code**"), which forms part of the continuing obligations as described in the SGX-ST Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"). The Company has complied with the principles of the Code where appropriate. Where there are any material deviations from the Code, appropriate explanations are provided.

The Group continues to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure adherence to the principles and guidelines of the Code, as appropriate.

(A) BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: 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.

The primary function of the Board is to lead and control the Group's operations and affairs and to protect and enhance shareholders' value. Apart from its statutory responsibilities, the Board's role is to:

- establish and determine the Group's corporate strategies and set directions and goals; and monitor the performance of these objectives to enhance and build long-term sustainable value for shareholders;
- oversee the management, business and affairs of the Group with particular attention paid to growth and financial performance;
- establish a framework of prudent and effective controls which enable risks to be assessed and managed;
- review the Group's financial reports and management performance;
- consider sustainability reporting, where applicable, in the formulation of its strategies;
- approve annual budgets, business plans, major funding proposals, financial restructuring, share issuance, investment and divestment proposals; and
- ensure that the Company meets good corporate governance standards.

To facilitate effective management and support the Board in its duties, certain functions have been delegated to various committees, namely, the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively as "**Board Committees**"). The Board delegates the day-to-day management of the Group to the key management personnel of the respective businesses within the Group ("**Management**") to facilitate effective management.

The Board holds regular meetings to review, consider and approve strategic, operational and financial matters. Important matters concerning the Group are put before the Board for their decisions and approvals. Ad-hoc meetings are held when circumstances require and when the Board is required to address significant issues that may arise between scheduled meetings. The Company's Articles of Association ("**Articles**") provide for meetings to be conducted by way of a telephone conference and/or by means of similar communication equipment where all the directors of the Company (the "**Directors**" and individually the "**Director**") participating in the meetings are able to hear each other. Management is invited to attend the meetings to present information and/or render clarification when required. Where physical meetings are not possible, timely communication between the Directors and Board Committees can be achieved via electronic means and the circulation of written resolutions for approval by the Directors or Board Committees members.

Matters that are specifically reserved for the approval of the Board include, among others:

- approving the policies, strategies and financial objectives, and monitoring the performance of Management;
- overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- approving the nominations of persons to the Board and appointments of Management;
- approving annual budgets, major funding proposals, corporate or financial restructuring and investments and divestment proposals;
- assuming responsibility for corporate governance and compliance with the Companies Act, Chapter 50 (the "**Companies Act**") and the rules and requirements of regulatory bodies; and
- assuming responsibility for the satisfactory fulfillment of the corporate social responsibilities of the Group.

There were no new appointments to the Board during FY2014. When the existing Directors were appointed, the Board presented the Group's businesses and operations to give them an understanding of the Group's strategic direction as well as industry-specific knowledge so as to enable them to assimilate into their new roles. The Company Secretary also briefed the new Directors on their duties and responsibilities as a Director, the continuing listing obligations pursuant to the Catalist Rules and the Group's corporate governance practices.

The Board recognises the importance of appropriate orientation training and continuing education for its Directors. The Company encourages the Directors to update themselves on new rules and regulations which are relevant to the Group to keep pace with regulatory changes. When required, the Company will assist in arranging relevant courses and seminars for the Directors' training. Directors are also briefed by the external auditor on the developments in Singapore Financial Reporting Standards and the related changes that affect the Group.

CORPORATE GOVERNANCE REPORT

The attendance of the Directors at Board and Board Committees meetings held during FY2014 is tabulated below:

Attendance at Meetings

	Board	Board Committees		
Name of Director		**Audit Committee**	**Nominating Committee**	**Remuneration Committee**
Number of meetings held:	2	2	2	1
Number of meetings attended:				
Edwin Sugiarto	2	2*	2*	1*
Nicholas Jeyaraj s/o Narayanan	1	1*	1*	1*
Augustine A/L T.K. James	2	2	2	1
Ong Su Aun Jeffrey	1	1	1	–
N. Sivagurunathan V. Narayanasamy	1	1	1	1
Goh Hin Calm	2	2	2	1

* Attendance by invitation of the respective Board Committees

Board Composition and Guidance

Principle 2: ***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.***

The Board is made up of one (1) Executive Director, one (1) Non-Independent and Non-Executive Director and four (4) Independent and Non-Executive Directors. The appointment, dates of initial appointment and last re-election of each Director and their respective role in the Board Committees that they served during FY2014 are set out below:

Name of Director	Date of appointment	Date of last re-election	Audit Committee	Nominating Committee	Remuneration Committee
Edwin Sugiarto *Chairman and Executive Director*	24 June 2009	30 April 2013	–	–	–
Nicholas Jeyaraj s/o Narayanan *Non-Independent and Non-Executive Director*	10 July 2008	30 April 2014	–	–	–
Augustine A/L T.K. James *Lead Independent and Non-Executive Director*	30 April 2013	30 April 2014	Chairman	Member	Member
Ong Su Aun Jeffrey *Independent and Non-Executive Director*	9 July 2008	30 April 2014	Member	Member	Chairman
N. Sivagurunathan V. Narayanasamy *Independent and Non-Executive Director*	30 April 2013	30 April 2014	Member	Chairman	Member
Goh Hin Calm *Independent and Non-Executive Director*	22 July 2008	30 April 2012	Member	Member	Member

The Board comprises individuals from different backgrounds whose core competencies, qualifications, skills and experiences are extensive and complementary, in the areas of accounting, finance, business and management, as well as legal. The diversity of experience, competence and knowledge provides direction to, oversight and supervision of the Group.

The Board's composition, size, and balance and independence of each Independent and Non-Executive Director are reviewed by the NC. The Board comprises Directors who have the right core competencies and diversity of experiences to enable them, in their collective wisdom, to contribute effectively. Profiles of the Directors are found in the "Board of Directors" section of the Annual Report.

The Board is aware of Guideline 2.2 of the Code whereby Independent Directors should make up at least half of the Board where the Chairman of the Board is part of the management team. The Board is satisfied that the current Board composition has complied with the guideline.

The Directors consider the Board's present size and composition appropriate, taking into account the nature and scope of the Group's operations, the skills and knowledge of the Directors. The Board has sought and obtained written confirmations from each of the Independent and Non-Executive Directors that, apart from their office as Directors of the Company, none have any relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be perceived to interfere, with the exercise of their independent business judgment in the best interest of the Company.

During FY2014, the Company received professional services rendered by JLC Advisors LLP, of which Mr. Ong Su Aun Jeffrey, a Director of the Company, is an equity partner. The NC is of the view that the business relationship with JLC Advisors LLP will not interfere with the exercise of independent judgment by Mr. Ong Su Aun Jeffrey in his role as an Independent and Non-Executive Director as matters involving the Company are handled by the other directors/partners of JLC Advisors LLP. As such, the NC considers Mr. Ong Su Aun Jeffrey to be independent. During FY2014, the total fees paid to JLC Advisors LLP amounted to approximately $7,000.

Accordingly, the NC has determined that all the four (4) Independent and Non-Executive Directors are independent.

The Independent and Non-Executive Directors meet without the presence of Management when necessary and they are kept well-informed of the Group's business, prospective deals and potential development. The Non-Executive Directors participate in and constructively challenge and help develop proposals on strategy and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of such performance.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Mr. Edwin Sugiarto is the Chairman and Executive Director of the Company. The Chairman is responsible in ensuring that the Board meetings are held when necessary, assisting in the integrity and effectiveness of compliance with the Code.

As the Chairman of the Group, Mr. Edwin Sugiarto, in close consultation with all the Board members, is responsible for the long term business direction and strategy of the Group, the implementation of the Group's corporate plans and policies and executive decision-making. Mr. Edwin Sugiarto is also responsible for ensuring that Board meetings are held as and when necessary, scheduling and preparing agendas and exercising control over the information flow between the Board and Management. He is assisted by the Company Secretary at all Board meetings and on statutory matters. Where necessary, the external auditor of the Company and other external consultants are invited to attend Board meetings to assist him and the other Directors in their deliberations.

The Board is of the view that the three Board Committees and the current Board's composition are appropriate and effective for the fulfilment of the Board's roles and responsibilities and adequate safeguards are in place to prevent an uneven concentration of power and authority in a single individual. All major decisions relating to the operations and management of the Group are jointly and collectively made by the Board after taking into account the opinion of all the Directors. As such, there is a balance of power and authority and no single individual controls or dominates the decision-making process of the Group. The Board, taking into consideration the nature and scope of the Group's operations and the impact of the number of Directors for effectiveness in decision making, is of the view that the current board size of six (6) Directors, is appropriate.

The Board has also appointed Mr. Augustine T.K. James as the Lead Independent and Non-Executive Director to lead and coordinate the meetings of the Independent and Non-Executive Directors.

BOARD COMMITTEES

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the board.

The NC comprises four (4) Directors, all of whom are Independent and Non-Executive Directors. The role of the NC is to make recommendations to the Board on all Board appointments. The NC is scheduled to meet at least once a year.

The NC comprises the following Board members:

N. Sivagurunathan V. Narayanasamy	(Chairman)
Ong Su Aun Jeffrey	(Member)
Augustine A/L T.K. James	(Member)
Goh Hin Calm	(Member)

The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to the Board possess the particular experience, knowledge and business, finance and management skills necessary to the Group's businesses and each Director, through his contributions, brings to the Board an independent and balanced perspective to enable balanced and well-considered decisions to be made.

The NC ensures that there is a formal and transparent process for all appointments to the Board. Where a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new director with particular skills, the NC, in consultation with the Board, determines the selection criteria and selects candidates with the appropriate expertise and experience for the position before recommending any candidate to the Board.

The NC also has, at its disposal, executive search companies, personal contacts and recommendations in its search and nomination process for the right candidates.

The NC is responsible for:

- re-nominating the Directors having regard to the Director's contribution and performance;
- determining on an annual basis whether or not a Director is independent;
- deciding whether a Director, who has multiple board representations, is able to and has adequately carried out his duties as Director; and

- making recommendations to the Board on all Board appointments and re-appointments, including the composition of the Board and the balance between Executive and Non-Executive Directors appointed to the Board.

The NC, after discussion with the Directors, is satisfied that sufficient time and attention has been given by the Directors to the affairs of the Group, notwithstanding that some of the Directors have multiple board representations. When a Director has multiple board representations, the NC considers whether the Director is able to and has adequately carried out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. The NC is of the view that there is presently no need to implement internal guidelines on the maximum number of listed company board representations which any Director may hold. The NC will continue to review from time to time the board representations of each Director to ensure that the Directors continue to meet the demands of the Group to adequately discharge his/her duties as a Director of the Company. Profiles of the Directors and their directorships in other listed companies are found in the "Board of Directors" section of the Annual Report. In addition, information on shareholdings in the Company and its related corporations held by each Director is set out in the "Directors' Report" section of the Annual Report.

The independence of each Director is reviewed by the NC with reference to the guidelines set out in the Code. The NC has assessed the independence of the Directors annually and as and when circumstances require and also considers any other salient factors. The NC is satisfied that during FY2014, there are no relationships which would deem any of the independent Directors not to be independent.

All Directors other than the Executive Director shall submit themselves for re-nomination and re-election at regular intervals and at least once every three years.

For FY2014, the NC met to consider and deliberate on the re-appointment of Directors at the Company's Annual General Meeting ("**AGM**").

As provided by the Articles, at each AGM of the Company, one-third of the Board shall retire and if desired, the retiring Directors may offer themselves for re-election.

Mr. Nicholas Jeyaraj s/o Narayanan, a Non-Independent and Non-Executive Director of the Company, was re-elected at the AGM on 30 April 2014 and is due for retirement by rotation pursuant to Article 104 of the Articles of the Company. Mr. Augustine A/L T.K. James, the Lead Independent and Non-Executive Director, was also re-elected at the AGM on 30 April 2014 and is due for retirement by rotation under the same Article 104. Both Mr. Nicholas Jeyaraj s/o Narayanan and Mr. Augustine A/L T.K. James, being eligible, have offered themselves for re-election at the forthcoming AGM.

Mr. Goh Hin Calm, an Independent and Non-Executive Director of the Company, was appointed at the AGM on 30 April 2012 and is due for retirement by rotation pursuant to Article 104 of the Company's Articles. Mr. Goh Hin Calm, being eligible, has given notice to the Company of his intention of not seeking re-election. Notwithstanding the intention of Mr. Goh Hin Calm not to seek re-election, the NC is satisfied that there would be sufficient number of Independent Directors to satisfy the guidelines set out in the Code.

Board Performance

Principle 5: There should be a formal annual 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 is also responsible for deciding how the Board's performance may be evaluated, proposing objective performance criteria for the Board's approval and implementing corporate governance measures to achieve good stewardship of the Company.

CORPORATE GOVERNANCE REPORT

In assessing the performance of the Directors, the NC evaluates each Director based on the following review parameters, including:

- attendance at Board and Board Committees meetings;
- participation at meetings;
- ability to carry out his/her duties;
- involvement in management;
- availability for consultation and advice, when required;
- independence of the Director; and
- appropriate skill, experience and expertise.

In addition to the above, the NC also evaluates the performance and effectiveness of the Board as a whole, taking into account the Board's balance and mix.

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

The criteria for assessing the Board and Board Committees' performance include composition and size, processes, accountability, standard of conduct and performance of its principal functions and fiduciary duties, and guidance provided to and communication with Management. The criteria for assessing Director's contribution include, inter alia, the level of contribution to Board meetings, commitment of time, and overall effectiveness. As part of the evaluation process, each Director completes an appraisal form which is then collated by the Company Secretary who will submit to the Chairman of the NC in the form of a summary report. The summary report will be discussed during the NC meeting with a view to implement recommendations to further enhance the effectiveness of the Board.

The NC, having reviewed the overall performance of the Board and the Board Committees in terms of its roles and responsibilities and the conduct of its affairs as a whole, and each Director's performance, is of the view that the performance of the Board and each Director has been satisfactory.

The Board considers an Independent Director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent judgment of the Group's affairs. Each of the Directors has confirmed to the Board that they do not have any relationship with the Company or its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment to further the best interests of the Company.

The NC is responsible for the nomination of retiring Directors for re-election. In recommending a candidate for re-appointment to the Board, the NC considers, amongst other things, his/her contributions to the Board (including attendance and participation at meetings, time and effort accorded to the Group's business and affairs) and his/her independence.

Accordingly, Mr. Nicholas Jeyaraj s/o Narayanan and Mr. Augustine A/L T.K. James will retire by rotation pursuant to Article 104 of the Company's Articles. The NC, having considered their contributions to the effectiveness of the Board, has recommended the nominations of Mr. Nicholas Jeyaraj s/o Narayanan and Mr. Augustine A/L T.K. James for re-election at the forthcoming AGM.

Access to Information

Principle 6: 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.

All the Directors have unrestricted access to the Group's records and information and all Board and Board Committees minutes, and receive management accounts so as to enable them to carry out their duties. Directors may also liaise with Management to seek additional information if required.

Board papers and meeting agendas are sent to all Directors before meetings so that the Directors may have better understanding of the issues beforehand, thus allowing more time at such meetings for questions that the Directors may have.

Should Directors, whether as a group or individually, require independent professional advice, specialised knowledge or expert opinions before decisions can be made by the Board, the Company, upon direction by the Board, shall appoint a professional advisor to render advice. The cost shall be borne by the Company.

The Directors also have independent access to the Company Secretary, who provides the Board with regular updates on the requirements and ensures that Board procedures as well as applicable rules and regulations are followed. The Company Secretary is present at all formal Board and Board Committees meetings to respond to the queries of any Director. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The Company's RC was set up to determine the remuneration of Directors and Management of the Group. The RC comprises three (3) Independent and Non-Executive Directors.

The responsibilities of the RC are as follows:

- recommend to the Board on matters relating to remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind, of the Directors and Management;
- review and recommend to the Board the terms of the service agreements of the Directors;
- determine the appropriateness of the remuneration of the Directors; and
- consider the disclosure requirements for Directors and Management's remuneration.

The RC comprises the following Board members who are entirely Independent Directors:

Ong Su Aun Jeffrey	(Chairman)
Augustine A/L T.K. James	(Member)
N. Sivagurunathan V. Narayanasamy	(Member)
Goh Hin Calm	(Member)

The RC meets at least once a year. In its deliberations, the RC takes into consideration the industry practices and norms for remuneration packages. The RC has full authority to obtain independent professional advice on matters relating to remunerations as and when the need arises at the Company's expense.

The RC recommends to the Board, in consultation with the Company's Chairman, a framework of remuneration for the Board and Management, any long-term incentive schemes and determines specific remuneration packages for each Executive Director and Management. No Director is involved in deciding his or her own remuneration.

Each member of the RC abstains from making any recommendation on or voting on any resolutions in respect of his/her own remuneration package, except for providing information and documents specifically requested by the RC to assist it in its deliberations.

The remuneration package of the Executive Director is based on a service contract. Each Non-Executive Director receives Directors' fees annually, the amount of which is recommended by the Board and subject to shareholders' approval at each AGM of the Company.

Level and Mix of Remuneration

Principle 8: 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 remuneration policy of the Group is to provide compensation packages at market rates that reward successful performance and attract, retain and motivate the Directors and Management.

The Group's remuneration policy comprises fixed and variable components. The fixed component is in the form of fixed monthly salary whereas the variable component is linked to individual performance and overall performance of the Group. Currently, the Company does not have any long-term incentive schemes.

In setting remuneration packages, the RC ensures that Directors and Management are adequately but not excessively remunerated as compared to the industry and in comparable companies. The Executive Director and Management's annual fixed salary is benchmarked at the market median with the variable compensation component being performance driven. All Non-Executive Directors receive Directors' fees which are recommended by the Board based on each Director's responsibilities and are subject to approval by shareholders at each AGM of the Company. The Executive Director is not paid a Director's fee. Except as disclosed, the Non-Executive Directors do not receive any remuneration from the Company.

Disclosure on Remuneration

Principle 9: ***Each company should provide clear disclosure of its remuneration policies, 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.***

In recommending the level and mix of remuneration, the RC seeks to establish a framework for attending, retaining and motivating employees. The Group subscribes to linking remuneration paid to Directors and Management to the Group and individual's performance based on annual appraisal. The level and structure of remuneration of Directors and Management are aligned with the long-term interest and risk policies of the Group.

A breakdown showing the level and mix of remuneration of each Director for FY2014 is as follows:

	Salary %	Bonus %	Director's fees %	Allowance and benefits in kind %	Total %
Remuneration Band and Name of Director					
$499,999 to $1,000,000 and above					
None	Nil	Nil	Nil	Nil	Nil
$250,000 to $499,999					
None	Nil	Nil	Nil	Nil	Nil
Below $250,000					
Edwin Sugiarto	93	7	Nil	Nil	100
Nicholas Jeyaraj s/o Narayanan	Nil	Nil	100	Nil	100
Augustine A/L T.K. James	Nil	Nil	100	Nil	100
Ong Sun Aun Jeffrey	Nil	Nil	100	Nil	100
N. Sivagurunathan V. Narayanasamy	Nil	Nil	100	Nil	100
Goh Hin Calm	Nil	Nil	100	Nil	100

CORPORATE GOVERNANCE REPORT

The Company has three key management executives who form the Management. A breakdown showing the level and mix of remuneration of each of the Management (who are not Directors of the Company) for FY2014 is as follows:

	Salary %	Bonus %	Allowances and benefits in kind %	Total %
Remuneration Band and Name of Management				
$499,999 to $1,000,000 and above				
None	Nil	Nil	Nil	Nil
$250,000 to $499,999				
Hoon Cheong Kong, Danny *(Chief Executive Officer, Industrial Power Technology Pte Ltd)*	96	4	Nil	100
Below $250,000				
Mohd Nor Azmi Nordin *(Managing Director, P.J. Services Pte Ltd and subsidiaries)*	82	18	Nil	100
Peck Seck Wai *(General Manager, Industrial Engineering Systems Pte. Ltd.)*	100	Nil	Nil	100

In aggregate, the total remuneration paid to Management during FY2014 was approximately $721,000. Other than the above, the Group does not have key employees who are not Directors and/or Management.

There are no termination, retirement and any post-employment benefits that would accrue or be due to any Director or Management upon their termination, dismissal or retirement from the Group.

For FY2014, the RC has recommended that each of the current Independent and Non-Executive Directors be paid the sum of $18,000 as Director's fees, which will be tabled at the AGM for approval by the shareholders. If approved, payment would be made after the AGM. The sum was arrived at after taking into consideration the contributions, responsibilities and efforts of the current Non-Executive Directors.

In view of confidentiality, the Board is of the opinion that it is not in the best interests of the Company to disclose the exact remuneration of the Directors and Management due to the sensitive nature of this information and to prevent solicitation of Management by the Company's competitors.

The Board advocates a performance-based remuneration system for Executive Directors and Management that is flexible and responsive to the market, which includes a base salary and other fixed allowances, as well as variable performance bonuses which is based on the performance of the Group and the individual's contribution and skills such as leadership, business acumen, relationship with customers and people management skills.

There is no employee in the Group who is an immediate family member of a Director and whose remuneration exceeded $50,000 during FY2014.

There is no material contract or loan by the Group involving the interest of any Director or controlling shareholder, either still subsisting at the end of the financial year, or if not then subsisting, entered into since the end of the financial year ended 31 December 2013, being the immediate preceding financial year.

The Company's employee's share option scheme which was approved by the shareholders in 2001 had expired. Currently, the Company does not have any share-based compensation scheme in place.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is accountable to the shareholders while Management is accountable to the Board. The Board aims to provide a balanced and understandable assessment of the Group's financial performance, and recognises the need to communicate with shareholders on all matters affecting the Group's performance, position and prospects. The Company provides information pertaining to the operations, performance and financial position of the Group to all shareholders through announcements posted via the SGXNET and the Company's Annual Report.

Management will provide the Board with detailed management accounts of the Group's performance, position and prospects on a quarterly basis. Management also presents to the Board the half-year and full-year accounts and the AC reports to the Board on the results for review and approval by the Board. The Board approves the results after review and authorises the release of the results announcements to the SGX-ST and the public via the SGXNET.

Risk Management and Internal Controls

Principle 11: 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.

The Board acknowledges that it is responsible for maintaining a sound system of internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, and can provide only reasonable and not absolute assurance against material misstatement or loss. Furthermore, the Board also acknowledges that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, losses, fraud or other irregularities.

The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives.

The controls in place include:

- regular submissions, on a quarterly basis, by Management of updated financial information of operating business units, and if necessary, follow-up meetings with Management on any irregular or extraordinary expenses;

- regular submissions, either on a monthly or quarterly basis, by Management of operating milestones of the respective business units and, if necessary, follow-up meetings with Management on any milestones not achieved; and

- half-yearly meetings with the external auditor to review the financial statements of the operating businesses of the Group.

The AC is given full access to Management and receives its full cooperation. The AC has full discretion to invite any Director or Management to attend its meetings. It has full access to the Group's records, resources and personnel to enable it to discharge its functions properly.

The AC meets with the external auditor without the presence of Management at least once a year in order to have free and unfiltered access to information it may require and may raise any query or clarify any issues with the external auditor on matters relating to the internal controls.

The external auditor updates the AC on the changes in accounting standards which may have a direct impact on financial statements during AC meetings.

The Board, with the concurrence of the AC, is satisfied with the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, based on (i) work performed by the external auditor; (ii) various controls implemented by Management; and (iii) confirmation from Mr. Edwin Sugiarto, Chairman and Executive Director, that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and that the internal control policies and procedures established and maintained by the Group are adequate and effective.

Audit Committee

Principle 12: The board should establish an audit committee with written terms of reference which clearly set out its authority and duties.

The AC performs its functions in accordance with Section 201B(5) of the Companies Act and the requirements of the Catalist Rules.

The AC comprises entirely Independent Directors as follows:

Augustine A/L T.K. James	(Chairman)
Ong Su Aun Jeffrey	(Member)
N. Sivagurunathan V. Narayanasamy	(Member)
Goh Hin Calm	(Member)

The AC assists the Board to maintain a high standard of corporate governance, particularly by providing an independent review of the effectiveness of the financial reporting, the management of financial and control risks, and monitoring the internal control systems.

The responsibilities of the AC are as follows:

- review the audit plans of the external auditor and ensure the adequacy of the Group's system of accounting controls and the co-operation given by Management to the external auditor;

- review the financial statements of the Group before their submission to the Board and before their announcement;

- review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programs and any reports received from regulators;

- review the cost effectiveness and the independence and objectivity of the external auditor;
- review the nature and extent of non-audit services provided by the external auditor;
- review the assistance given by the Group's officers to the external auditor;
- nominate external auditor for re-appointment;
- review the Company's compliance with such functions and duties as may be required under the relevant statutes or the SGX-ST Listing Manual, and by such amendments made thereto from time to time;
- review interested person transactions in accordance with the requirements of the Catalist Rules; and
- review the adequacy of the Group's internal controls.

The AC has power to conduct or authorise investigations into any matters within the AC's scope of responsibility. The AC has been given full access to and full co-operation with Management and has reasonable resources to enable it to discharge its functions properly.

The Board is of the view that all members of the AC possess the requisite accounting or related financial management expertise and experience and are therefore appropriately qualified to discharge their responsibilities as members of the AC.

The AC meets up with the external auditor separately at least once a year without the presence of Management, in order to have free and unfiltered access to information that it may require. Changes to accounting standards and accounting issues, if any, which have a direct impact on the financial statements are reported to the AC, and highlighted by the external auditor in their meetings with the AC.

The AC reviews the scope and work performed by the external auditor. The AC has also undertaken a review of all non-audit services rendered by the external auditor and is satisfied that these non-audit services would not affect the independence and objectivity of the external auditor. The aggregate amount of audit fees and non-audit fees paid and/or payable to the auditors, RT LLP, for FY2014 amounted to approximately $134,000 and $7,000, respectively.

The AC recommends to the Board the re-appointment of RT LLP as the external auditor of the Company at the forthcoming AGM.

The Company has complied with Rules 712, 715 and 716 of the Catalist Rules in relation to the appointment of external auditor for the Company and its subsidiaries.

Whistle-blowing Policy

The Group has implemented a whistle-blowing policy. The policy aims to provide an avenue for employees to raise concerns about misconducts in the Group and at the same time assure them that they will be protected from reprisals or victimisation for whistle-blowing in good faith. Cases that are significant are objectively investigated by the AC and appropriate remedial measures are taken where warranted to correct weaknesses in the existing internal control system so as to prevent a recurrence.

Internal Audit

Principle 13: ***The company should establish an internal audit function that is adequately resourced and independent of the activities it audits.***

The Board recognises that it is responsible for maintaining a system of internal controls to safeguard shareholders' interests and the Group's businesses and assets. Together with Management, the Board identifies and evaluates significant risks applicable to the Group's business as well as establish and design an appropriate internal control system and the Management is tasked to operate and implement the internal control procedures. These risks are assessed on a regular basis.

Through the reports from Management and external auditor on any material non-compliance and internal control weaknesses, the AC oversees and monitors the implementation of any improvements thereto and reviews the adequacy and effectiveness of the internal control system. As and when the need arises, the AC will propose the engagement of an internal audit firm to carry out the internal audit function. The AC approves the appointment, plan and fees of the internal audit firm and the internal auditors, who report primarily to the AC, have unfettered access to the Group's documents, records, properties and personnel, including access to the AC as and when needed in order to carry out their work.

For FY2014, the AC reviewed with the external auditor his/her findings on the existence and adequacy of material accounting controls procedures as part of their audit. The AC is of the view that the work carried out by the external auditor for FY2014 is adequate.

(C) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

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.***

All shareholders are treated fairly and equitably to facilitate their ownership rights. In line with the continuing disclosure obligations of the Company pursuant to the Catalist Rules and the Companies Act, Chapter 50 of Singapore, the Board's policy is that all shareholders should be regularly informed in a comprehensive manner and on a timely basis of all material developments that impact the Group.

The Company believes in regular and prompt communication with shareholders and in providing clear and fair disclosure of information on major developments and financial performance which could have a material impact on the share price of the Company.

Shareholders are informed of general meetings through notices contained in the annual reports or circulars sent to all shareholders. These notices are also published in the newspapers and posted onto the SGXNET. Shareholders are encouraged to participate at general meetings. Resolutions are, where practicable, passed through a process of voting and shareholders are entitled to vote in accordance with the established voting rules and procedures. The Articles of the Company allow each shareholder to appoint up to two proxies at general meetings.

Communication with Shareholders

Principle 15: ***Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.***

The Company is mindful of the obligation to provide regular, effective and fair communication with shareholders and is committed to provide shareholders with material information in a timely and transparent manner.

The Company believes that prompt disclosure of relevant information and a high standard of disclosure are keys to raising the level of corporate governance. The Company's policy is that all shareholders are equally informed of all major developments and, as soon as practicable, the Company will disclose these publicly to all shareholders.

Shareholders are provided with an assessment of the Company's performance, position and prospects through annual reports (which are issued within the mandatory period and all shareholders of the Company receive the annual report and the notice of general meetings), and half-yearly and full-year results announcements and other ad-hoc announcements via the SGXNET. The Company does not practice selective disclosure.

No dividend is declared for FY2014 due to the Group's performance. The form, frequency and amount of dividends will depend on the Group's current and projected performance, the Company's cash position and any other factors as the Board may deem fit.

Conduct of Shareholder Meetings

Principle 16: ***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.***

The Company believes in encouraging shareholder participation at general meetings and views such general meetings as the principal forum for dialogue with shareholders. Shareholders are encouraged to attend the Company's general meetings to stay informed of the Group's strategies and directions, to clarify issues and share their views. The Articles of the Company allow shareholders to appoint not more than two proxies to attend and vote on his/her behalf at general meetings.

At general meetings, resolutions are set out as single item resolution on each substantially separate issue. In the event that there are resolutions which are interdependent and linked, the Company will provide clear explanation together with any material implication.

The Chairmen of the AC, NC and RC and the Company's external auditor are present at the Company's AGM to answer shareholders' questions relating to the work of these Board Committees. The Company's external auditor is also invited to attend the annual general meetings and will assist the Directors in addressing queries relating to the conduct of the audit and the preparation and content of the independent auditor's report.

To promote greater transparency, the Company will, where practicable, put all resolutions to vote by poll at general meetings. An announcement of the detailed voting results of the number of votes cast for and against each resolution and the respective percentages will be made on the same day.

CORPORATE GOVERNANCE REPORT

OTHER CORPORATE GOVERNANCE MATTERS

Dealing in the Company's Securities

In compliance with the Catalist Rules on Dealing in Securities, the Group has put in place an internal code on the restrictions or prohibitions on dealings in the Company's shares and the implications on insider trading.

The internal code prohibits Directors and Management and their connected persons from dealing in the Company's shares during the period commencing one month before the announcement of the Company's full-year and half-year results and ending on the date of announcement of the relevant results; and at any time while in possession of material unpublished price-sensitive information.

In addition, Directors and Management and their connected persons are reminded to observe insider trading laws at all times and they are also directed to refrain from dealing in listed securities of the Company on short-term considerations.

Directors are required to report securities dealings to the Company Secretary who will assist in making the necessary announcements.

Risk Management

As the Company does not have a risk management committee, the Board and AC assume the responsibility of the risk management function. The Board and AC regularly review the Group's businesses and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. Management implements all significant policies and procedures and highlights all significant matters to the Board and the AC.

Interested Person Transactions

All interested person transactions are subject to review by the Board and the AC.

The Group has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

The Company has not obtained a general mandate from shareholders in respect of any interested person transactions. During FY2014, there were neither interested person transactions nor interested person transactions with aggregate value of which exceeded the stipulated thresholds as set out in Chapter 9 of the Catalist Rules.

Corporate Social Responsibility

The Board believes that effective corporate responsibility can deliver benefits to the Group's business and, in turn, to the shareholders, by enhancing reputation and business trust, risk management performance, relationships with regulators, staff motivation and attraction of talent, customer preference and loyalty, the goodwill of local communities and long-term shareholders' value.

Every employee of the Group is expected to maintain the highest standards of propriety, integrity and conduct in all their business relationships and the Group is held to the same standard in its compliance with all applicable legal and regulatory requirements.

Material Contracts

There were no material contracts of the Group, 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 financial year ended 31 December 2013, being the immediate preceding financial year.

Proposed renounceable non-underwritten rights cum warrants issue

The Company announced on 1 April 2015 via the SGXNET that it is proposing to undertake a renounceable non-underwritten rights cum warrants issue (the "**Rights cum Warrants Issue**") on the basis of one rights share (the "**Rights Share**") for every one existing ordinary share in the capital of the Company at an issue price of $0.003 for each Rights Share. Further, every Rights Share subscribed is attached with a free detachable warrant (the "**Warrant**"), with each Warrant carrying the right to subscribe for one new ordinary share in the capital of the Company (the "**Warrant Share**") at the exercise price of $0.005 for each Warrant Share. The Warrants may be exercised at any time over a period of 36 months from its date of issuance. The Rights cum Warrants Issue is subject to shareholders' approval. The Rights cum Warrants Issue is expected to raise net proceeds of approximately $3.7 million from the issuance of the Rights Shares and additional proceeds arising from the exercise of all of the Warrants is approximately $6.6 million.

Utilisation of Rights Issue Proceeds completed in FY2013

During FY2013, the Company completed a renounceable non-underwritten rights issue of 656,139,662 new ordinary shares in the capital of the Company, the terms and conditions of which were contained in the Company's offer information statement dated 19 December 2012 and the change in the use of proceeds as announced by the Company on 12 June 2013. As of the date of this report, the utilisation of the net proceeds of $9.5 million is as follows:

Purpose	Amount $'million	Percentage of net proceeds
Funding the operations of the Company's subsidiaries[(1)]	5.5	58%
Investment in mutual fund[(2)]	1.5	16%
	7.0	74%
General working capital of the Company[(3)]	1.0	10%
Cash consideration of the acquisition of the acquisition of leasehold property	1.5	16%
Total	9.5	100%

Note:

(1) Funds used for the operations of the Company's subsidiaries were for payments to suppliers and operating expenses including staff salaries.
(2) The carrying value of the investment in mutual fund was $37,500 as at FY2014.
(3) Funds used for general working capital of the Company were operating expenses including staff salaries and legal and professional fees.

Non-Sponsor Fees

In compliance with Rule 1204(21) of the Catalist Rules there was no non-sponsor fees paid to the Company's Sponsor, Stamford Corporate Services Pte Ltd, during FY2014.

DIRECTORS' REPORT

For the financial year ended 31 December 2014

The directors present their report to the members together with the audited consolidated financial statements of the Annica Holdings Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2014 and the 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. Edwin Sugiarto
Mr. Nicholas Jeyaraj s/o Narayanan
Mr. Goh Hin Calm
Mr. Ong Su Aun Jeffrey
Mr. Augustine A/L T.K. James
Mr. N. Sivagurunathan V. Narayanasamy

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is 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.

3 DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Cap.50., none of the directors holding office at the end of the financial year, had any interest in the shares or debentures of the Company or its related corporations except as follows:

	Number of ordinary shares					
	Direct			Deemed		
Name of directors and companies in which interests are held	**At beginning of year**	**At end of year**	**At 21 January 2015**	**At beginning of year**	**At end of year**	**At 21 January 2015**
The Company						
Mr. Edwin Sugiarto	108,269,800	108,269,800	108,269,800	–	–	–

4 DIRECTORS' CONTRACTUAL BENEFITS

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

5 OPTIONS GRANTED

During the financial year, there were no options granted to any person to take up unissued shares in the Company.

6 OPTIONS EXERCISED

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

7 OPTIONS OUTSTANDING

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

8 AUDIT COMMITTEE

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. The functions performed are detailed in the Corporate Governance Statement set out in the Annual Report of the Company.

9 INDEPENDENT AUDITOR

The independent auditor, RT LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Edwin Sugiarto
Director

Nicholas Jeyaraj s/o Narayanan
Director

Singapore, 13 April 2015

STATEMENT BY DIRECTORS

For the financial year ended 31 December 2014

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

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

On behalf of the directors

Edwin Sugiarto
Director

Nicholas Jeyaraj s/o Narayanan
Director

Singapore, 13 April 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ANNICA HOLDINGS LIMITED
For the financial year ended 31 December 2014

Report on the Financial Statements

We have audited the accompanying financial statements of Annica Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2014, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap. 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, that transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

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

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

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

Basis for Qualified Opinion
Included in the trade and other receivables shown in Note 6 to the financial statements is a net amount of $2,863,000 due from a subsidiary's customer. Subsequent to the financial year end, the subsidiary received a notice of termination letter from the same customer. As disclosed in more details in Note 34A to the financial statements, the matters relating to the notice of termination letter are still at its preliminary stage and that if arbitration proceedings are to take place, it is likely that it would be about 12 to 24 months from commencement before an award is given.

As such, we are unable to obtain sufficient appropriate audit evidence to ascertain the recoverability of the carrying amount of net trade receivables of $2,863,000 based on the current circumstance as mentioned above. We are unable to determine whether any further provision to this amount is necessary.

(Continued)

Report on the Financial Statements (Continued)

Qualified Opinion
In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraphs, the consolidated financial statements of the Group and the statement of financial position 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 financial year ended on that date.

Emphasis of matter

A. Matter with Commercial Affairs Department

We draw your attention to Note 33 to the financial statements which describes the uncertainty in relation to the outcome of the Commercial Affairs Department's ("**CAD**") investigations.

As announced by the Company on 4 April 2014 and 29 April 2014, the Company and certain of its subsidiaries were served with notices to provide certain documents to the CAD in relation to its investigations into an offence under the Securities and Futures Act (Cap. 289). The Company's Chairman and Executive Director was interviewed by CAD officers in relation to its investigations and an Independent and Non-Executive Director of the Company is assisting the CAD with its investigations.

On 20 January 2015, the CAD confirmed to us that its investigations are on-going. As informed to us by the directors, the CAD has not provided the Company with any further details or updates of its investigations.

In view of the above, there exists an uncertainty, whether the on-going investigations, the outcome of which is unknown, may have an impact on the Group's on-going business operations. However, the on-going investigations have cast a negative outlook on the Company from the perspective of the financial institutions which are highly risk averse and pose limitations to the Group's growth and expansion plans.

Our opinion is not qualified in respect of this matter.

B. Receipt of a notice of termination of a contract by a subsidiary

We draw your attention to Note 34A to the financial statements which describes the uncertainty in relation to the outcome of FTJ Claims, the Termination Notice and liquidated damages invoices issued by FTJ against one of the subsidiaries of the Company.

Our opinion is not qualified in respect of this matter.

(Continued)

Emphasis of matter (Continued)

C. Going concern assumption

We draw your attention to Note 2.1(c) to the financial statements which describes that the financial statements of the Group are prepared on a going concern basis which assumes continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

The Group has recorded a net loss of $15,031,000 and has net operating cash outflows of $417,000 during the financial year ended 31 December 2014; and as of that date the Group's accumulated losses amounted to $42,587,000. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern.

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 auditor, have been properly kept in accordance with the provisions of the Act.

RT LLP
Public Accountants and
Chartered Accountants

Singapore, 13 April 2015

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

		Group		Company	
		2014	**2013**	**2014**	**2013**
	Note	**$'000**	**$'000**	**$'000**	**$'000**
ASSETS					
Current assets:					
Cash and cash balances	4	3,100	2,050	1	70
Fixed deposits	5	291	1,784	–	1,500
Trade and other receivables	6	10,647	17,587	2,800	5,865
Inventories	8	829	1,861	–	–
Financial assets, at fair value through profit or loss	9	227	1,411	227	1,411
		15,094	24,693	3,028	8,846
Non-current assets:					
Investments in subsidiaries	10	–	–	2,805	10,839
Investments in associated companies	11	44	49	–	–
Available-for-sale financial assets	12	639	2,365	231	1,225
Property, plant and equipment	13	3,412	3,671	2,607	2,769
Trade receivables	6	112	130	–	–
Intangible assets	15	24	6,187	–	–
		4,231	12,402	5,643	14,833
Total assets		**19,325**	**37,095**	**8,671**	**23,679**
LIABILITIES					
Current liabilities:					
Trade and other payables	16	9,782	11,682	721	1,819
Borrowings	17	89	645	38	38
Current income tax liabilities		31	229	–	–
		9,902	12,556	759	1,857
Non-current liabilities:					
Borrowings	17	314	406	86	124
Deferred income tax liabilities	14	7	–	–	–
		321	406	86	124
Total liabilities		**10,223**	**12,962**	**845**	**1,981**
Net assets		**9,102**	**24,133**	**7,826**	**21,698**
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	18	54,224	54,224	54,224	54,224
Accumulated losses		(42,587)	(30,550)	(46,396)	(32,526)
Other reserves	19	(1,642)	(1,103)	–	–
		9,995	22,571	7,826	21,698
Non-controlling interests		(893)	1,562	–	–
Total equity		**9,102**	**24,133**	**7,826**	**21,698**

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

	Note	Group 2014 $'000	Group 2013 $'000
Revenue	20	28,971	37,421
Cost of sales		(26,213)	(32,305)
Gross profit		2,758	5,116
Other income	21	193	461
Selling and distribution expenses		(568)	(676)
Administrative and general expenses		(5,654)	(5,575)
Other expenses	22	(11,265)	(13,213)
Finance costs	23	(78)	(25)
Share of loss of associated companies	11	(5)	(117)
Loss before income tax	24	(14,619)	(14,029)
Income tax credit	25	127	53
Net loss profit for the financial year		(14,492)	(13,976)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		28	(193)
Fair value loss on available-for-sale financial assets	19	(266)	(3,238)
Reclassification adjustment on disposal of available-for-sale financial assets	19	(301)	(137)
Other comprehensive loss, net of tax		(539)	(3,568)
Total comprehensive loss for the year		(15,031)	(17,544)
Net loss attributable to:			
Equity holders of the Company		(12,037)	(13,747)
Non-controlling interests		(2,455)	(229)
		(14,492)	(13,976)
Total comprehensive loss attributable to:			
Equity holders of the Company		(12,576)	(17,315)
Non-controlling interests		(2,455)	(229)
		(15,031)	(17,544)
Loss per share attributable to equity holders of the Company			
– Basic and diluted (in cents)	26	(0.92)	(1.07)

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

	Attributable to equity holders of the Company							
	Share capital $'000	Capital reserve $'000	Translation reserve $'000	Fair value reserve $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Group								
Balance as at 1 January 2014	54,224	(1,389)	(281)	567	(30,550)	22,571	1,562	24,133
Total comprehensive income/(loss) for the financial year:								
Net loss for the financial year	–	–	–	–	(12,037)	(12,037)	(2,455)	(14,492)
Other comprehensive income for the financial year	–	–	28	(567)	–	(539)	–	(539)
Balance as at 31 December 2014	54,224	(1,389)	(253)	–	(42,587)	9,995	(893)	9,102
Balance as at 1 January 2013	44,659	(1,389)	(88)	3,942	(16,803)	30,321	1,618	31,939
Shares issued during the financial year	9,842	–	–	–	–	9,842	–	9,842
Share issue expenses	(277)	–	–	–	–	(277)	–	(277)
Capital contribution by non-controlling interests	–	–	–	–	–	–	173	173
Total comprehensive loss for the financial year:								
Net loss for the financial year	–	–	–	–	(13,747)	(13,747)	(229)	(13,976)
Other comprehensive income for the financial year	–	–	(193)	(3,375)	–	(3,568)	–	(3,568)
Balance as at 31 December 2013	54,224	(1,389)	(281)	567	(30,550)	22,571	1,562	24,133

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2014

	Group	
	2014	2013
	$'000	$'000
Cash flows from operating activities:		
Loss after income tax	(14,492)	(13,976)
Adjustments for:		
Income tax credit	(127)	(53)
Depreciation of property, plant and equipment	324	332
Interest expense	78	25
Interest income	(18)	(23)
Loss on disposal of financial assets at fair value through profit or loss	407	2,486
Fair value loss on financial assets at fair value through profit or loss	116	4,585
Impairment loss on available-for-sale financial assets	557	1,224
Gain on disposal of property, plant and equipment	–	(17)
Loss/(gain) on disposal of available-for-sale financial assets	46	(41)
Amortisation of intangible assets	1,929	2,345
Impairment loss on intangible assets	4,259	–
Impairment loss on goodwill arising from acquisition of a subsidiary	–	2,500
Share of loss of associated companies	5	117
Gain on bargain purchase on acquisition of a subsidiary	–	(95)
Gain on discounting of long-term trade receivables	(9)	(38)
Allowance for doubtful debts – other receivables	122	–
	(6,803)	**(629)**
Changes in working capital:		
Financial assets, at fair value through profit or loss	659	(811)
Trade and other receivables and other current assets	6,906	(6,294)
Inventories	1,032	(528)
Trade and other payables	(2,142)	(165)
Cash used in operations	(348)	(8,427)
Income tax paid	(69)	(17)
Net cash used in operating activities	**(417)**	**(8,444)**
Cash flows from investing activities:		
Net cash inflow from acquisition of a subsidiary (note 10)	–	13
Receipt of interest	15	23
Purchases of available-for-sale financial assets	(18)	(148)
Proceeds from disposal of available-for-sale financial assets	574	90
Investment in associated companies	–	(49)
Purchases of property, plant and equipment	(71)	(2,023)
Proceeds from disposal of property, plant and equipment	–	38
Purchases of intangible assets	(25)	–
Net cash generated from/(used in) investing activities	**475**	**(2,056)**

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2014

	Group	
	2014	2013
	$'000	$'000
Cash flows from financing activities:		
Proceeds from issuance of shares	–	9,842
Share issue expenses	–	(277)
Capital contribution from non-controlling interests	–	173
Advance to a related party	(24)	–
Advance from/(repayment to) related parties	255	(20)
Repayment of borrowings	(500)	(126)
Release of/(increase in) fixed deposit pledged as security for banking facilities, net	1,493	(1,301)
Interest paid	(78)	(25)
Net cash generated from financing activities	**1,146**	**8,266**
Net increase/(decrease) in cash and cash equivalents	1,204	(2,234)
Cash and cash equivalents at beginning of the financial year	1,903	4,183
Effects of foreign currency translation on cash and cash equivalents	(7)	(46)
Cash and cash equivalents at end of the financial year	**3,100**	**1,903**

OTHER MAJOR NON-CASH TRANSACTIONS:

The Group had no major non-cash transactions during the financial year ended 31 December 2014.

During the financial year ended 31 December 2013, the Group:

(i) acquired a motor vehicle with an aggregate cost of $290,000 of which $200,000 was acquired by means of a finance lease agreement. Cash payment of approximately $90,000 was made to acquire the motor vehicle;

(ii) acquired a leasehold property in Singapore for a consideration of $2,570,000, satisfied by cash payment of $1,566,000 and non-cash consideration of $1,004,000;

(iii) acquired two leasehold properties in Malaysia for a consideration of $211,000 of which cash payment of $78,000 was made and $133,000 was financed by bank borrowings; and

(iv) increased its investment in an associated company by capitalising $86,000 owing by the associated company to the Group.

The accompanying notes form an integral part of these financial statements

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

1 GENERAL INFORMATION

The Company (Registration No. 198304025N) is incorporated and domiciled in Singapore. The address of its registered office is at 9 Temasek Boulevard, #41-01 Suntec Tower Two, Singapore 038989.

The Company is listed on the Catalist board of the Singapore Exchange Securities Trading Limited.

The principal activities of the Company are those of investment holding. The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

The consolidated financial statements of the Group for the financial year ended 31 December 2014 and the statement of financial position of the Company as at that date were authorised for issue in accordance with a resolution of the Directors on the date of the Statement by Directors.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

(a) Basic of accounting

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

The financial statements are presented in Singapore Dollars and all values are rounded to the nearest thousand ($'000) except where indicated otherwise.

(b) Interpretations and amendments to published standards effective in 2014

On 1 January 2014, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

(c) Going concern assumption

The financial statements of the Group are prepared on a going concern basis which assumes continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

The Group reported a net loss of $15,031,000 and has net operating cash outflows of $417,000 during the financial year ended 31 December 2014 and as of that date, the Group's accumulated losses amounted to $42,587,000. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern. Nevertheless, the directors are of the view that it is appropriate for the financial statements of the Group and of the Company to be prepared on a going concern basis as:

(i) As at 31 December 2014, the Group has net current assets of approximately $5,102,000 including cash and cash equivalent of $3,100,000. The review of the cash flow forecasts of the Group and of the Company for the financial year ending 31 December 2015 showed that the Group and the Company has adequate resources and will be able to generate sufficient cash flows from its operations in the next twelve months to meet their financial obligations as and when they fall due;

(ii) To strengthen the financial position and capital base of the Group, the Company announced via the SGXNET on 1 April 2015 that it is proposing a renounceable non-underwritten rights cum warrants issue (the "**Rights cum Warrants Issue**") which is subject to shareholders' approval. The Company is expected to raise net proceeds of approximately $3,700,000 from the Rights cum Warrants Issue which is scheduled to be received by the Company in the second half of the financial year ending 31 December 2015 (please refer to Note 34B to the financial statements for further details on the Rights cum Warrants Issue); and

(iii) Other measures may include fund raising, acquisitions of suitable businesses to strengthen the Group's existing business and earnings base as well as restructuring (including but not limited to acquisitions and disposals) of existing businesses or assets within the Group.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is presented, net of rebates and discounts, sales related taxes and after eliminating sales within the Group.

The Group assesses its role as an agent or principal for each transaction and in an agency arrangements on amounts collected on behalf of the principal are excluded from revenue. The Group recognises revenue when the amount of revenue and related costs can be reliably measured, it is probable that collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Sale of goods

Revenue from sale of goods is recognised when the Group entity has delivered the products to locations specified by its customers and the customers have accepted the products and the collectability of the related receivable is reasonably assured.

(b) Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other operating income.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Construction revenue

Please refer to the paragraph "Construction contracts" for the accounting policy for revenue from construction contracts.

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

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 on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Group accounting (Cont'd)

(a) Subsidiaries (Cont'd)

(i) Consolidation (Cont'd)

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and statements of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisition of businesses

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement.

Acquisition-related costs are expensed as incurred.

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

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

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.

(iii) Disposals of subsidiaries or businesses

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries and associated companies" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Group accounting (Cont'd)

(a) Subsidiaries (Cont'd)

(iv) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in a separate reserve within equity attributable to the equity holders of the Company.

(b) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make or has made payments on behalf of the associated company. If the associated companies subsequently report profits, the Group resumes recognising its share of those profits only after its share of the profits equal to the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Group accounting (Cont'd)

(b) Associated companies (Cont'd)

(iii) Disposals

Investments in associated companies are derecognised when the Group loses significant influence. Any retained equity interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost and its fair value is recognised in profit or loss. Gains and losses arising from partial disposals or dilutions in investments in associated companies in which significant influence is retained are recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries and associated companies" for the accounting policy on investments in associated companies in the separate financial statements of the Company.

2.4 Property, plant and equipment

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is recognised as part of the cost of property, plant and equipment if such obligation is incurred either when the item is acquired or as a consequence of using the asset during a particular year for purposes other than to produce inventories during that year.

(b) Depreciation

Depreciation of property, plant and equipment is calculated using the straight-line method, to allocate their depreciable amounts over their estimated useful lives as follows:

Leasehold properties	–	over the remaining terms of the lease
Fixtures and fittings	–	3 to 10 years
Plant and equipment	–	3 to 5 years
Motor vehicles	–	4 to 10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated property, plant and equipment still in use are retained in the financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Property, plant and equipment (Cont'd)

(c) Subsequent expenditure

Subsequent expenditure relating to property, 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.

(d) Disposal

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

2.5 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries on or after 1 January 2010 represents 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 net identifiable assets acquired.

Goodwill on acquisitions of subsidiaries prior to 1 January 2010 represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2010. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

(b) Customer's projects

The customer's projects were acquired in business combinations and it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset is recognised in proportion to the stage of completion of the individual customer's contract.

(c) Website development costs

Website development costs are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of three years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Construction contracts

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

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

Construction contracts are stated at the lower of cost plus attributable profit less anticipated losses and progress billings, and net realisable value. Cost comprises material costs, direct labour, borrowing costs and relevant overheads. Provision for total anticipated losses on construction contracts is recognised in the financial information when the loss is foreseeable.

Provision for liquidated damages for late completion of projects are made where there is a contractual obligation and written notice is received from customers, and where in management's opinion an extension of time is unlikely to be granted.

At the balance sheet date, the aggregated costs incurred with the addition of recognised profit (less recognised loss) on each contract is compared against the progress billings. Where such costs exceed the progress billings amount, the balance is presented as due from customers on construction contracts within 'trade and other receivables'. Where the progress billings amount exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within 'trade and other payables'.

Progress billings which are not paid by customers and retentions are classified as 'trade and other receivables', whereas advances received are classified as 'trade and other payables'.

2.7 Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Impairment of non-financial assets

(a) Intangible assets – Goodwill on acquisitions

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as expense and is not reversed in subsequent period.

(b) Intangible assets (other than goodwill)
Property, plant and equipment
Investments in subsidiaries and associated companies

Intangible assets (other than goodwill), property, plant and equipment and investments in subsidiaries and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

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

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Financial assets

(a) Classification

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 assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets, at fair value through profit or loss

The Group categorises its financial assets at fair value through profit or loss as held for trading. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short-term. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the end of the reporting period.

(ii) 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 12 months after the end of the reporting period which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" and "cash and cash equivalents" on the statements of financial position.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the end of the reporting period.

(b) Recognition and derecognition

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the sale proceeds and its carrying amount is recognised in profit or loss. Any amount in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) 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 expenses.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Financial assets (Cont'd)

(d) 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.

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

(e) Impairment

The Group assesses at the end of the each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

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.

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 impairment allowance account is reduced through the profit or loss in subsequent year 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 years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Financial assets (Cont'd)

(e) Impairment (Cont'd)

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.9 (e) (i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was recognised in other comprehensive income 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.

2.10 Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost using the effective interest method.

2.11 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

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

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

2.12 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange traded and over-the-counter securities) are based on quoted market prices at the end of the reporting period. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analyses, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Leases

The Group leases certain plant and equipment from third parties.

(a) 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 on the statements of financial position as property, plant 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 a basis that reflects a constant periodic rate of interest on the finance lease liability.

(b) Operating leases

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

When the operating lease is terminated before the lease year expires, any payment made by the Group as penalty is recognised as an expense when termination takes place.

2.14 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of inventories includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

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

2.15 Income taxes

Current income tax for current and prior years is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Income taxes (Cont'd)

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(a) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and

(b) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are reviewed at end of the each reporting period and adjusted to reflect the current best estimates. If it is no longer likely than not that an outflow of resources will be required to settle the obligation, the provisions will be reversed.

2.17 Employee compensation

(a) 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. The Group's contributions are recognised as employee compensation expense when they are due, unless they can be capitalised as an asset.

(b) Short-term compensated absences

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the Company's functional and presentation currency for the consolidated financial statements.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss. Those currency translation differences are recognised 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 measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) 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:

(i) Assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in the translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date. For acquisitions prior to 1 January 2005, the exchange rates at the dates of acquisition are used.

2.19 Segment reporting

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, net of bank overdrafts. Bank overdrafts are presented as current borrowings on the statement of financial position.

2.21 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.

2.22 Dividends to Company's shareholders

Dividends to Company's shareholders are recognised when the dividends are approved for payment.

2.23 Contingencies

A contingent liability is:

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

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

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

- (ii) the amount of the obligation cannot be measured with sufficient reliability. A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

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

<u>Impairment of goodwill arising on consolidation</u>

The Group performs an annual review of the carrying value of goodwill, against the recoverable amount of the cash-generating unit ("CGU") to which the goodwill is allocated. The recoverable amount of CGU is determined based on the present value of estimated future cash flows expected to arise from the respective CGU. Management exercises judgement in estimating the future cash flows, growth rates and discount rates used in computing the recoverable amount of the CGU.

During the financial year ended 31 December 2013, an impairment charge of $2,500,000 arose in the Industrial Engineering Systems Pte. Ltd ("**IES**"), CGU which reduced the carrying amount of goodwill allocated to IES CGU to Nil.

The Group's goodwill had been fully impaired since 31 December 2013.

<u>Impairment of intangible assets – customers' contracts</u>

Intangible assets – customers' contracts are tested for impairment annually or whenever there is any objective evidence or indication that these assets may be impaired. An impairment charge is provided based on the management's assessment of the contracts that are expected not to generate sufficient revenue for the Group during the financial year ended 31 December 2014. Accordingly, an impairment of $4,259,000 (2013: Nil) had been provided for as at 31 December 2014. The carrying amount of the intangible assets acquired customers' contracts as at 31 December 2014 is Nil (2013: $6,187,000).

<u>Impairment of subsidiaries</u>

The Group reviews the investment in subsidiaries at the end of each reporting period to determine whether there is any indication of impairment. An impairment exists when the carrying value of an asset or cash generating units exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use. Based on management's assessment, there are no indication of impairment as at end of the reporting period.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONT'D)

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

Construction contracts

The Group uses stage of completion often referred to percentage-of-completion method to account for its contract revenue. The stage of completion is measured by reference to the surveys of work performed to date. Contract costs are usually recognised as an expense in profit or loss in the accounting periods in which the work to which they relate is performed.

Significant assumptions are required to estimate the surveys of work performed that will affect the stage of completion and the contract revenue respectively. In making these estimates, management has relied on past experience, knowledge of the directors and the work of specialists.

No provision for foreseeable loss was made for the projects as at 31 December 2014.

The carrying amount of assets and liabilities arising from construction contracts at the end of each reporting period are disclose in Note 6 to the financial statements.

(b) Critical judgements in applying the entity's accounting policies

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

Impairment of trade and other receivables

Management reviews its trade and other receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired.

In determining this, management makes judgement 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 effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded in profit or loss. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONT'D)

(b) Critical judgements in applying the entity's accounting policies (Cont'd)

Impairment of trade and other receivables (Cont'd)

Trade and other receivables that are impaired amounting to $1,727,000 (2013: $452,000) had been provided for. The carrying amount of trade and other receivables as at 31 December 2014 was $9,384,000 (2013: $15,932,000).

Impairment of available-for-sale financial assets

The Group follows the guidance of FRS 39 in determining whether impairment of available-for-sale investments is other than temporary, which requires significant judgement. The Group evaluates, among others, the duration and extent to which the present value of estimated future cash flows discounted at the current market rate of return is less than its carrying amount; and the financial health and near-term business outlook of the investee, including factors such as industry and sector performance, changes in technology and operational and financial cash flow. As at 31 December 2014, the Group and the Company recognised an impairment loss of approximately $557,000 (2013: $1,224,000) and $779,000 (2013: $3,640,000), respectively, against equity securities in Singapore whose trade prices had declined significantly below cost.

Impairment of inventories

The allowance for inventory obsolescence is based on estimates from historical trends and expected utilisation of inventories. The actual amount of inventory write-offs could be higher or lower than the allowance made. Inventories that are impaired amounted to $279,000 (2013: Nil) had been provided for. The carrying amount of inventories as at 31 December 2014 was $829,000 (2013: $1,861,000).

4 CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and on hand	3,100	2,050	1	70

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

	Group	
	2014	**2013**
	$'000	**$'000**
Cash and bank balances (as above)	3,100	2,050
Less: Bank Overdraft (Note 17)	–	(147)
Cash and cash equivalents per consolidated statement of cash flow	3,100	1,903

5 FIXED DEPOSITS

The fixed deposits are pledged to banks as securities for banking facilities (Note 17). The fixed deposits have maturity periods ranging from 1 to 6 months (2013: 1 to 5 months) from the end of the financial period with interest rates ranging from 0.01% to 3.05% (2013: 0.01% to 3.05%) per annum.

6 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Current:				
Trade receivables:				
Non-related parties	7,648	11,432	–	–
Less: allowance for impairment	(1,727)	(452)	–	–
	5,921	10,980	–	–
Other receivables:				
– Subsidiaries				
– Management fee receivable	–	–	875	585
– Non-related parties	623	799	5	59
	623	799	880	644
Loan to a third party	315	617	–	–
Allowance for impairment	(277)	–	–	
	38	617	–	–
Related parties	24	–	–	–
Due from customers on construction contracts	2,666	3,406	–	–
Other current assets (Note 7)	1,375	1,785	1,920	5,221
	10,647	17,587	2,800	5,865
Non-current:				
Trade receivables:				
Non-related party	112	130	–	–
	10,759	17,717	2,800	5,865

Included in the trade and other receivables is an amount owing from a customer, FTJ Bio Power Sdn. Bhd. ("**FTJ**"), incorporated in Malaysia, to one of the Company's subsidiaries, Industrial Power Technology Pte Ltd ("**Industrial Power**"), of $2,863,000 (2013: $7,683,000). The amount comprises trade receivables of $471,000 (2013: $4,194,000) and billable retention work-in-progress of $3,554,000 (2013: $3,489,000) less provision for allowance for doubtful debt of $1,162,000 (2013: Nil).

As disclosed in Note 34A to the financial statements, the matters relating to the notice of termination letter received from FTJ by Industrial Power are still at its preliminary stage and that if arbitration proceedings are to take place, it is likely that it would be about 12 to 24 months from commencement before an award is given.

6 TRADE AND OTHER RECEIVABLES (CONT'D)

Gross amount due from/to on construction contracts:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Construction work-in-progress				
At beginning of financial year	1,947	1,904	–	–
Contract costs incurred	17,500	24,066	–	–
Contract expenses recognised in profit or loss	(17,400)	(24,023)	–	–
At end of financial year	2,047	1,947	–	–
Aggregate costs incurred	65,776	47,299	–	–
Add: Attributable profits	6,683	6,363	–	–
	74,506	55,609	–	–
Less: Progress billings	(72,459)	(53,661)	–	–
	2,047	1,948	–	–
Presented as:				
Due from customers on construction contracts	131	3,406	–	–
Equipment for upcoming project	2,535	–	–	–
Due to customers on construction contracts (Note 16)	(619)	(1,458)	–	–
	2,047	1,948	–	–
Advance received on construction contracts (Note 16)	2,180	2,246	–	–

Included in the amount due from customers on construction contracts is an amount of $2,535,000 (2013: Nil) representing the cost of equipment ordered for a subsidiary's construction project that has stalled unexpectedly. The customer was unable to secure project financing as required under the construction contract between the subsidiary and the customer. The equipment is earmarked to be used for the subsidiary's future projects.

The movement in the allowance for impairment of current trade receivables is as follows:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
At beginning of financial year	452	449	–	–
Translation differences	(3)	3	–	–
Charge during the financial year	1,278	–	–	–
At end of financial year	1,727	452	–	–

6 TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Other receivables

Included in other receivables of the Group is withholding tax paid by a subsidiary to Inland Revenue Board of Malaysia ("**IRB**") amounting to $574,000 (2013: $548,000). The withholding tax arose in relation to the construction service for a plant located in Malaysia which will only be finalised by IRB at end of this project; and is subject to compliance with the tax regulations and agreement with the Section 107A Income Tax Act 1967.

Loan to a third party

Loan to a third party by a subsidiary was unsecured, interest-free and repayable on demand.

Fair value of non-current trade receivable

The discounted value of non-current trade receivable amounting to $112,000 (2013: $130,000) is computed based on cash flows discounted at market borrowing rate of 5.5% (2013: 5.5%).

Loan to a related party

Loan to a related party by a subsidiary was unsecured, interest at 6% per annum and repayable on demand.

7 OTHER CURRENT ASSETS

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Other current assets:				
Advances to subsidiaries (Note 30)	–	–	4,758	5,213
Less: Allowance for impairment	–	–	(3,728)	–
	–	–	1,030	5,213
Advances to associated companies	1,905	667	–	–
Less: Allowance for impairment	(1,905)	–	–	–
	–	667	–	–
Advance to an individual shareholder of an associated company	122	–	–	–
Less: Allowance for impairment	(122)	–	–	–
	–	–	–	–
Other receivables and deposits	1,338	982	886	–
Prepayments	37	136	4	8
	1,375	1,785	1,920	5,221

7 OTHER CURRENT ASSETS (CONT'D)

The movement in the allowance for impairment of advances to subsidiaries is as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
At beginning of financial year	–	–	–	–
Charge during the financial year	–	–	3,728	–
At end of financial year	–	–	3,728	–

The movement in the allowance for impairment of advances to associated companies is as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
At beginning of financial year	–	–	–	–
Charge during the financial year	1,905	–	–	–
At end of financial year	1,905	–	–	–

The movement in the allowance for impairment of advance to an individual shareholder of an associated company is as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
At beginning of financial year	–	–	–	–
Charge during the financial year	122	–	–	–
At end of financial year	122	–	–	–

Advances to subsidiaries

Advances to subsidiaries are unsecured, repayable on demand and interest-free except for an amount of $1,250,000 (2013: $1,200,000) which bears interest of 6% (2013: 6%) per annum.

Advances to associated companies and an individual shareholder of an associated company

Advances to associated companies and an individual shareholder of an associated company are unsecured, repayable on demand and interest free.

Deposits

Included in deposits are (i) $390,000 (2013: $790,000) which are placed with insurance companies for guarantee provided to banks in relation to the banking facilities granted to a subsidiary, Industrial Power Technology Pte Ltd ("Industrial Power"); (ii) $Nil (2013: $155,000) paid to an insurance company for the performance guarantee issued by Industrial Power to a project owner and; (iii) $886,000 (2013: Nil) held in trust by a third party payment service agent for the Company which has been fully deposited into Company's bank account subsequent to the financial year end.

8 INVENTORIES

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Finished goods	529	911	–	–
Goods in transit	300	950	–	–
	829	1,861	–	–

The cost of inventories recognised as an expense and included in "cost of sales" amounted to $26,213,000 (2013: $32,305,000).

In 2014, inventories recognised as an expense in other expenses which included inventories write down of $279,000.

9 FINANCIAL ASSETS, AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Held for trading:				
– Quoted equity securities in Singapore Exchange	189	1,211	189	1,211
Designated at fair value on initial recognition:				
– Unlisted securities Singapore redeemable participating shares	38	200	38	200
	227	1,411	227	1,411

During the financial year, the Group recognised:

(a) a net fair value gain on the quoted equity securities in profit or loss of $46,000 (2013: net fair value loss of $3,285,000) against the trade prices as at 31 December 2014 (2013: 31 December 2013); and

(b) a net fair value loss on the unquoted securities directly in profit or loss of $162,000 (2013: $1,300,000) against the trade prices as at 31 December 2014 (2013: 31 December 2013).

10 INVESTMENTS IN SUBSIDIARIES

	Company	
	2014	2013
	$'000	$'000
Unquoted equity shares, at cost		
At beginning of financial year	21,034	20,418
Acquisitions during the financial year	–	616
At end of financial year	21,034	21,034
Less: Impairment loss	(18,229)	(10,195)
	2,805	10,839

10 INVESTMENTS IN SUBSIDIARIES (CONT'D)

The movement in the allowance for impairment loss is as follows:

	Company	
	2014	2013
	$'000	$'000
At beginning of financial year	10,195	5,180
Charge during the financial year	8,034	5,015
At end of financial year	18,229	10,195

During the financial year, the management performed an impairment test for the Company's investments in subsidiaries. An impairment loss of $8,034,000 (2013: $5,015,000) was recognised to write down the investments in subsidiaries to their recoverable amounts.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. The group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next three years and extrapolates cash flows for the following three years based on an estimated growth rate of 5%.

The rate used to discount the forecast cash flows from the group is 10%.

As at 31 December 2014, any reasonably possible change to the key assumptions applied not likely to cause the recoverable amounts to be below the carrying amounts of the CGU.

(a) Details of the subsidiaries are as at 31 December 2014 and 2013 are as follows:

Name of subsidiary	Principal activities	Country of incorporation and operations	Effective equity interest held by Group 2014 %	2013 %
Industrial Engineering Systems Pte. Ltd.[1]	Designing of industrial plant engineering services systems and general wholesaler and trader	Singapore	78	78
P.J. Services Pte Ltd[1]	Trading in oilfield equipment and related products	Singapore	100	100
Nu-Haven Incorporated[2]	Investment holding	British Virgin Islands	100	100
Industrial Power Technology Pte Ltd[1]	Engineering, procurement and construction contractor for biomass power plant	Singapore	60	60
The Think Environmental Co. Sdn. Bhd.[3]	Specialist engineering, procurement and construction contractor for biomass power plant	Malaysia	100	100

10 INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) Details of the subsidiaries are as at 31 December 2014 and 2013 are as follows (Cont'd):

Name of subsidiary	Principal activities	Country of incorporation and operations	Effective equity interest held by Group 2014 %	2013 %
Held by P.J. Services Pte Ltd:				
Panah Jaya Services Sdn. Bhd.(4)	Trading of oilfield parts and equipment	Malaysia	100	100
PT. Panah Jaya Sejahtera(5) (6)	Trading in oilfield equipment and related products	Indonesia	100	100
Held by Nu-Haven Incorporated:				
Avital Enterprises Limited(2)	Investment holding	British Virgin Islands	100	100

(1) Audited by RT LLP Singapore
(2) Audited by Leong Ho & Associates, Malaysia
(3) Audited by Baker Tilly AC, Malaysia
(4) Audited by Lee Chin Ann & Co, Malaysia
(5) Audited by Doli, Bambang, Sulistiyanto & Dadang, Ali, Indonesia
(6) To facilitate the operation of this business unit, the Group, through P.J. Services Pte ltd, holds the subsidiary through nominees, thus, maintaining its beneficial interests and therefore has absolute and de facto control over the subsidiaries.

In accordance with Rule 716 of the Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Company.

(b) Interest in a subsidiary with material non-controlling interest

Name of Subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Profit/(Loss) allocated to NCI during the reporting period $'000	Accumulated NCI at the end of reporting period $'000	Dividends paid to NCI $'000
31 December 2014:					
Industrial Power Technology Pte Ltd ("**IPT**")	Singapore	40%	(2,265)	2,460	–
Industrial Engineering Systems Pte Ltd ("**IES**")	Singapore	22%	(190)	360	–
31 December 2013:					
Industrial Power Technology Pte Ltd ("**IPT**")	Singapore	40%	(195)	195	–
Industrial Engineering Systems Pte Ltd ("**IES**")	Singapore	22%	(34)	170	–

10 INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) Summarised financial information of a subsidiary with material non-controlling interests

Set out below are the summarised financial information for a subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

There were no transactions with non-controlling interests for the financial years ended 31 December 2014 and 2013 apart from those disclosed in Notes 29.

Summarised statement of financial position

	IPT		IES	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Assets	8,229	14,820	2,756	4,580
Liabilities	(12,272)	(13,323)	(186)	(1,159)
Total current net assets/(liabilities)	(4,043)	1,497	2,570	3,421
Non-current				
Assets	458	503	112	130
Liabilities	(118)	(158)	–	–
Total non-current net assets	340	345	112	130
Net assets/(liabilities)	(3,703)	1,842	2,682	3,551

Summarised statement of profit or loss and other comprehensive income

	IPT		IES	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Revenue	18,888	26,375	648	1,271
Loss before income tax	(5,545)	(605)	(869)	(137)
Income tax expense	–	–	–	(18)
Loss after tax – continuing operations	(5,545)	(605)	(869)	(155)
Other comprehensive income	–	–	–	–
Total comprehensive loss	(5,545)	(605)	(869)	(155)

10 INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) Summarised financial information of a subsidiary with material non-controlling interests (Cont'd)

Summarised statement of cash flows

	IPT		IES	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Cash flows from operating activities				
Cash generated from/(used in) operations	1,604	(5,504)	(187)	236
Interest paid	(75)	(21)	7	9
Net cash generated from/(used in) operating activities	1,529	(5,525)	(180)	245
Net cash (used in)/generated from investing activities	(63)	(851)	1,052	2
Net cash (used in)/generated from financing activities	(1,060)	4,248	(481)	(493)
Net increase/(decrease) in cash and cash equivalents	406	(2,128)	391	(246)
Cash and cash equivalents at beginning of financial year	485	2,613	427	673
Cash and cash equivalents at end of financial year	891	485	818	427

There were no acquisition or disposal of subsidiary during the financial year ended 31 December 2014.

During the financial year ended 31 December 2013:

(a) the Company completed its acquisition of the 100% interest, comprising 100,000 ordinary fully paid shares, in the issued and paid-up share capital of The Think Environmental Co. Sdn. Bhd. ("**TTEC**"), a company incorporated in Malaysia, for a nominal consideration of $1. Gain on bargain purchase on acquisition of TTEC of $95,000 is recognised in the profit or loss.

10 INVESTMENTS IN SUBSIDIARIES (CONT'D)

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	$'000
Trade and other receivables	138
Other current assets	17
Cash and cash equivalents	13
Plant and equipment	11
	179
Trade and other payables	84
	84
Net assets acquired	95
Gain on bargain purchase on acquisition	(95)
Total consideration	–#

Net cash inflow arising on acquisition:

	$'000
Total cash consideration for 100% equity interest acquired	–#
Cash and cash equivalent acquired	13
Net cash inflow arising on acquisition	13

Nominal amount of $1

(b) Industrial Engineering Services Pte Ltd increased its issued and paid-up capital from $211,112 to $1,000,000 by the issuance of additional 788,888 new ordinary shares at the subscription price of $1 each. The Company subscribed for additional 616,210 ordinary shares for a consideration of $616,210 and the Company's 78% equity interest in Industrial Engineering Services Pte Ltd remains unchanged.

11 INVESTMENTS IN ASSOCIATED COMPANIES

	Group	
	2014	2013
	$'000	$'000
Unquoted equity shares, at cost		
At beginning of financial year	49	62
Additions during the financial year	–	135
Written off during the financial year	–	(31)
Share of losses	(5)	(117)
At end of financial year	44	49

11 INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

Details of the associated companies are as follows:

Name of associated company	Principal activities	Country of incorporation and operations	Effective equity interest held by Group 2014 %	2013 %
Held by Industrial PowerTechnology Pte Ltd:				
Industrial Power (Thailand) Co., Ltd.(1)	Engineering, procurement and construction projects	Thailand	49	49
Sing Power Services Pte. Ltd.(2)	Have not commenced operations	Singapore	49	49

(1) Audited by Briskal Co., Limited, Thailand
(2) Audited by RT LLP Singapore

In accordance with Rule 716 if the Singapore Exchange Securities Trading Limited Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its associated companies would not compromise the standard and effectiveness of the audit of the company.

There were no acquisition or disposal of investments in associated companies during the financial year ended 31 December 2014.

During the financial year ended 31 December 2013:

a. an associated company, Industrial Power Technology (Thailand) Co., Ltd had been liquidated;

b. an associated company, Industrial Power (Thailand) Co., Ltd called up the remaining unpaid share capital owned by the Group for an amount of $86,000, satisfied by way of capitalising the amount due by Industrial Power (Thailand) Co., Ltd owing to Industrial Power Technology Pte Ltd; and

c. the Group incorporated and subscribed for 49% equity interest, representing 49,000 ordinary shares, in Sing Power Services Pte Ltd, a company incorporated in Singapore, for a consideration of $49,000

11 INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

The summarised financial information of associated companies, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	Group	
	2014	2013
	$'000	$'000
Total assets	2,267	1,725
Total liabilities	(4,953)	(1,911)
Revenue	3,079	1,294
Net loss after income tax	(2,424)	(491)

The Group has not recognised its share of losses of an associated company amounting to $1,070,000 (2013: $123,000) because the Group's cumulative share of losses exceeds its interest in that entity and the Group has no obligation in respect of those losses. The cumulative unrecognised losses with respect to this entity amounting to $1,317,000 (2013: $88,000) at the end of the reporting period.

During the financial year ended 31 December 2014, the Group recognised its share of equity in another associated company, Sing Power Services Pte. Ltd. amounting to $5,000 (2013: Nil).

12 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Quoted equity securities in Singapore Exchange, at fair value	639	2,365	231	1,225
Unquoted equity securities	4,800	4,800	–	–
Less: impairment loss	(4,800)	(4,800)	–	–
	–	–	–	–
	639	2,365	231	1,225

Quoted equity securities

During the financial year, the Group recognised:

(a) a fair value loss on quoted equity securities which was directly recognised in other comprehensive income of approximately $266,000 (2013: $3,238,000) against the trade prices as at 31 December 2014 (2013: 31 December 2013)

(b) impairment loss of $557,000 (2013: $1,224,000) for quoted equity securities as there was more than 50% decline in the fair value of these investments based on the trade prices as at 31 December 2014 (2013: 31 December 2013) below their costs.

12 AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONT'D)

Unquoted equity securities

The unquoted equity securities are stated at cost and have been fully impaired since 31 December 2012. Details of the unlisted equity securities are as follows:

Name of unlisted equity security	Country of incorporation	Effective equity interest held by Group		Cost	
		2014	2013	2014	2013
		%	%	$'000	$'000
China Data System Investments Pte Ltd	Singapore	19	19	4,800	4,800

13 PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties $'000	Fixtures and fittings $'000	Plant and equipment $'000	Motor vehicles $'000	Total $'000
Group					
Cost:					
As at 1 January 2013	–	482	522	616	1,620
Translation differences	–	(2)	(8)	–	(10)
Additions	2,859	70	141	280	3,350
Disposals	–	–	–	(61)	(61)
Due to subsidiary acquired	–	–	4	12	16
As at 31 December 2013	2,859	550	659	847	4,915
Translation differences	(5)	(1)	–	–	(6)
Additions	5	7	59	–	71
As at 31 December 2014	2,859	556	718	847	4,980
Accumulated depreciation:					
As at 1 January 2013	–	344	434	177	955
Translation differences	–	(1)	(7)	–	(8)
Additions	49	116	41	126	332
Disposals	–	–	–	(40)	(40)
Due to subsidiary acquired	–	–	2	3	5
As at 31 December 2013	49	459	470	266	1,244
Translation differences	–	1	(1)	–	(0)
Additions	98	46	59	121	324
As at 31 December 2014	147	506	528	387	1,568
Carrying amount:					
As at 31 December 2014	2,712	50	190	460	3,412
As at 31 December 2013	2,810	91	189	581	3,671

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold property $'000	Fixtures and fittings $'000	Motor vehicles $'000	Total $'000
Company				
Cost:				
As at 1 January 2012	–	62	169	231
Additions	2,570	–	280	2,850
Disposal	–	–	(61)	(61)
As at 31 December 2013 and 31 December 2014	2,570	62	388	3,020
Accumulated depreciation:				
As at 1 January 2013	–	50	115	165
Additions	45	7	73	125
Disposals	–	–	(39)	(39)
As at 31 December 2013	45	57	149	251
Additions	91	5	66	162
Disposals	–	–	–	–
As at 31 December 2014	136	62	215	413
Carrying amount:				
As at 31 December 2014	2,434	–	173	2,607
As at 31 December 2013	2,525	5	239	2,769

Leasehold properties of the Group, include:

(i) a two-storey leasehold factory at 38 Kallang Place, Singapore occupying a land area of 1,034 square metres at cost of $2,570,000. The lease is for 60 years from 20 June 1981; and

(ii) two leasehold shop units at Kelana Centre Point, Malaysia at cost of $289,000. The lease is for 99 years from 1995.

The leasehold properties of the Group and the Company with carrying amounts of $2,712,000 (2013: $2,810,000) and $2,434,000 (2013: $2,525,000) respectively, are provided as security for the Group's borrowings (Note 17).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The carrying amount of plant and equipment and motor vehicles of the Group and of the Company purchased and secured under hire purchase contracts (Note 17) is as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Plant and equipment	7	10	–	–
Motor vehicles	455	562	173	229
	462	572	173	229

The carrying amount of the Group's leasehold property includes an amount of $278,000 (2013: $285,000) seemed in respect of asset held under term loan.

14 DEFERRED INCOME TAX ASSETS/(LIABILITIES)

	Group	
	2014	**2013**
	$'000	**$'000**
At beginning of financial year	–	12
Transfer to statement of comprehensive income	(7)	(12)
At end of financial year	(7)	–

Deferred income tax liabilities provided for as at the end of the reporting period are related to the following:

	Group	
	2014	**2013**
	$'000	**$'000**
Accelerated tax depreciation	(7)	(7)
Other timing differences	–	7
	(7)	–

15 INTANGIBLE ASSETS

	Website development costs $'000	Provisional goodwill $'000	Goodwill arising on consolidation $'000	Customers' Contracts $'000	Total $'000
Group					
Cost:					
As at 1 January 2013	–	8,532	4,968	–	13,500
Reclassification	–	(8,532)	–	8,532	–
As at 31 December 2013	–	–	4,968	8,532	13,500
Additions	25	–	–	–	25
As at 31 December 2014	25	–	4,968	8,532	13,525
Accumulated amortisation and impairment:					
As at 1 January 2013	–	–	2,468	–	2,468
Amortisation	–	–	–	2,345	2,345
Impairment loss	–	–	2,500	–	2,500
As at 31 December 2013	–	–	4,968	2,345	7,313
Amortisation	1	–	–	1,928	1,929
Impairment loss	–	–	–	4,259	4,259
As at 31 December 2014	1	–	4,968	8,532	13,501
Net carrying amount:					
As at 31 December 2014	24	–	–	–	24
As at 31 December 2013	–	–	–	6,187	6,187

Impairment tests for goodwill arising on consolidation

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit ("CGU") that is expected to benefit from that business combination. The Group's goodwill arising on consolidation had been fully impaired as at 31 December 2013.

During the financial year end 31 December 2013, an impairment charge of $2,500,000 was recognised within "other expenses" in the consolidated statement of comprehensive income for the financial year ended 31 December 2013 to write down goodwill associated with the acquisition of Industrial Engineering Pte Ltd ("IES") in 2009 to its recoverable amount. The impairment charge is due to the competitive pressure felt on the selling prices of customised oilfield equipment in the market as a result of the global economy crunch. The recoverable amount was determined based on a value-in-use calculation using cash flow projections from financial budgets approved by the management covering a five-year period. The pre-tax discount rate applied to the cash flow projection and the forecasted growth rate used to extrapolate cash flow projections within the five years are 14% and 3% and declining to 2%, respectively.

15 INTANGIBLE ASSETS (CONT'D)

Impairment tests for customers' contracts

The Group tests customers' contracts annually for impairment, or more frequently whenever there is any objective evidence or indication that these assets may be impaired. During the financial year ended 31 December 2014, an impairment charge of $4,259,000 (2013: Nil) was recognised within "other expenses" in the consolidated statement of comprehensive income to write down customers' contracts to Nil as at 31 December 2014. The impairment charge arose based on the management's assessment of the contracts that are expected not to generate sufficient revenue for the Group.

The amortization of customers' contracts and website development costs of $1,928,000 (2013: $2,345,000) and $1,000 (2013: Nil), respectively, which totalled $1,929,000 were included in other expense in profit or loss.

16 TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade payables:				
Non-related parties	5,649	6,208	–	–
Due to customers on construction contracts (Note 6)	619	1,458	–	–
Advance received on construction contracts (Note 6)	2,180	2,246	–	–
Other payables:				
Subsidiaries	–	–	530	1,587
Advance received on customers	219	229	–	–
Related parties (Note 29)	379	124	–	–
Other accrual for operating expenses	736	1,417	191	232
	9,782	11,682	721	1,819

Amount due to a subsidiary is unsecured, bears interests ranging from 8.75% (2013: 7.75% to 10%) and repayable on demand.

17 BORROWINGS

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current:				
Trust receipts	–	400	–	–
Bank overdraft	–	147	–	–
Term loan	6	5	–	–
Finance lease liability	83	93	38	38
	89	645	38	38
Non-current:				
Term loan	110	119	–	–
Finance lease liability	204	287	86	124
	314	406	86	124
Total	403	1,051	124	162

Term loan:

The term loan bears interest of 5.1% (2013: 5.1%) per annum and is secured on one of the Group's leasehold properties in Malaysia and a personal guarantee of a director of one of the subsidiaries.

Finance lease liability:

The Group leases plant and equipment and motor vehicles from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the respective lease term.

	Minimum lease payments		Present value of payments	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Group:				
Amounts payable under finance lease:				
Less than one year	94	104	83	93
Between 2 to 5 years	218	312	204	287
	312	416	287	380
Less: Future finance charges	(25)	(36)	–	–
Present value of finance lease liabilities	287	380	287	380
Company:				
Amounts payable under finance lease:				
Less than one year	42	42	38	38
Between 2 to 5 years	94	135	86	124
	136	177	124	162
Less: Future finance charges	(12)	(15)	–	–
Present value of finance lease liabilities	124	162	124	162

The effective rates of interest for finance lease range from 1.88% and 7.45% (2013: 1.88% and 7.45%) per annum.

17 BORROWINGS (CONT'D)

Trust receipts and bank overdraft:

The Group has no trust receipts and bank overdraft as at 31 December 2014. During the financial year ended 31 December 2013, trust receipts of the Group are secured by way of a pledge of fixed deposits (Note 5) amounting to approximately $51,000 and a corporate guarantee of $1,000,000 jointly issued by the Company and a related party. Trust receipts incurred interest rates ranging from 2.32% to 5.75% per annum during the financial year ended 31 December 2013.

Bank overdraft of a subsidiary was secured by way of a pledge of fixed deposits (Note 5) amounting to approximately $1,500,000 by the Company and accordingly, the fixed deposit has been released to the Company during the financial year ended 31 December 2014.

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the end of the reporting period are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Group:				
Amounts payable under borrowings:				
Less than one year	89	645	38	38
Between 2 to 5 years	231	315	86	124
More than 5 years	83	91	–	–
	403	1,051	124	162

Fair value of non-current borrowings:

The fair value of the Group's non-current borrowings amounting to $286,000 (2013: $384,000) is determined from the cash flow analysis, discounted at 5.0% to 5.2% (2013: 5.0% to 5.2%) which is the market borrowing rate of an equivalent instrument at the end of the reporting period and which the directors expect to be available to the Group.

18 SHARE CAPITAL

	Group and Company	
	Number of shares	**Issued share capital**
	'000	**$'000**
As at 1 January 2013	656,140	44,659
Issue of shares	656,140	9,842
Share issue expenses	–	(277)
As at 31 December 2013 and 31 December 2014	1,312,280	54,224

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

18 SHARE CAPITAL (CONT'D)

The Company did not issue shares during the financial year ended 31 December 2014.

On 15 January 2013, the Company completed a renounceable non-underwritten rights issue of 656,139,662 new ordinary shares ("**Rights Issue Exercise**") in the capital of the Company (each a "**Rights Share**", collectively the "**Rights Shares**") at an issue price of $0.015 for each Right Share (the "**Issue Price**"), on the basis of one (1) Rights Share for every one (1) existing ordinary share in the capital of the Company (the "**Shares**"). The Rights Shares were fully subscribed and listed and quoted for trading on 16 January 2013. Following the allotment and issuance of the Rights Shares, the total number of issued shares of the Company increased from 656,139,662 shares to 1,312,279,324 shares. The Issue Price of $0.015 for each Right Share represents a discount of approximately 40% to the closing market price of $0.025 per Share on 27 September 2012, being the last market day on which the Shares were traded prior to the date of the announcement of the Rights Issue Exercise on 28 September 2012.

The newly issued shares rank pari passu in all respects with the previously issued shares.

19 OTHER RESERVES

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Composition:				
Capital reserve	(1,389)	(1,389)	–	–
Translation reserve	(253)	(281)	–	–
Fair value reserve	–	567	–	–
	(1,642)	(1,103)	–	–

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Movements:				
Capital reserve				
At beginning and end of financial year	(1,389)	(1,389)	–	–
Translation reserve				
At beginning of financial year	(281)	(88)	–	–
Net currency translation differences of financial statements of foreign subsidiaries	28	(193)	–	–
At end of financial year	253	(281)	–	–
Fair value reserve				
At beginning of financial year	567	3,942	–	–
Available-for-sale financial assets				
– Fair value (loss)/gains	(266)	(3,238)	–	–
– Reclassification adjustment on disposal	(301)	(137)	–	–
At end of financial year	–	567	–	–

19 OTHER RESERVES (CONT'D)

The capital reserve represents an excess of the cost of the acquisition over the proportionate amount of the carrying amount of the net assets of the acquired non-controlling 40% interest in P.J. Services Pte Ltd amounting to approximately $1,389,000 during the financial year ended 31 December 2011.

Other reserves are non-distributable.

The investments revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold, the portion of the reserve that relates to that financial asset, and is effectively realised, is recognised in profit or loss. Where a revalued financial asset is impaired, the portion of the reserve that relates to that financial asset is recognised in profit or loss.

Exchange differences relating to the translation from the functional currencies of the group's foreign subsidiaries into Singapore dollars are brought to account by recognising those exchange differences in other comprehensive income and accumulating them in a separate component of equity under the header of foreign currency translation reserves.

20 REVENUE

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Sales of goods	10,083	11,687	–	–
Construction revenue	18,888	25,734	–	–
	28,971	37,421	–	–

21 OTHER INCOME

	Group	
	2014	2013
	$'000	$'000
Interest income from bank and deposits	18	23
Others	166	247
Gain on disposal of available-for-sale financial assets	–	41
Gain on disposal of property, plant and equipment	–	17
Gain on bargain purchase on acquisition of a subsidiary	–	95
Gain on discounting of long term trade receivables	9	38
	193	461

22 OTHER EXPENSES

	Group	
	2014	2013
	$'000	$'000
Amortisation of intangible assets	1,929	2,345
Foreign currency exchange loss	90	73
Loss on disposal of financial assets, at fair value through profit or loss, net	407	2,486
Impairment loss on investments in available-for-sale financial assets (Note 12)	557	1,224
Fair value loss on financial assets, at fair value through profit or loss	116	4,585
Loss on disposal of available-for-sale financial assets	46	–
Impairment loss on goodwill arising on consolidation (Note 15)	–	2,500
Impairment loss on intangible assets	4,259	–
Allowance for doubtful debts – other receivables	122	–
Allowance for inventory obsolescence	279	–
Allowance for doubtful non-trade debts	2,182	–
Allowance for doubtful trade debts	1,278	–
	11,265	13,213

23 FINANCE COSTS

	Group	
	2014	2013
	$'000	$'000
Interest on finance lease liabilities	10	12
Interest on term loan	60	4
Interest on bank overdraft and trust receipts	8	9
	78	25

24 LOSS BEFORE INCOME TAX

Loss before income tax is determined after charging the following:

	Group	
	2014	2013
	$'000	$'000
Depreciation expense on property, plant and equipment	324	332
Directors' remuneration		
– Company	246	231
– Subsidiaries	721	550
Directors' fees		
– Company	90	90
– Subsidiaries	3	27
Fees on audit services paid/payable to:		
– Auditor of the Company	134	129
– Other auditors	18	17
Fees on non-audit services paid/payable to:		
– Auditor of the Company	7	9
– Other auditors	–	1

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

25 INCOME TAX (CREDIT)/EXPENSES

	Group	
	2014	2013
	$'000	$'000
Tax expense attributable to (loss)/profit is made up of:		
Current income tax		
– Singapore	–	–
– Foreign	–	75
Deferred income tax (Note 14)		
– Singapore	–	17
– Foreign	7	(5)
	7	87
(Over)/under provision in previous financial year:		
– Singapore	–	–
– Foreign	(134)	(140)
	(134)	(140)
Total	(127)	(53)

The tax on (loss)/profit before income tax differs from the amount that would arise using the Singapore standard rate of income tax as explained below:

	Group	
	2014	2013
	$'000	$'000
Tax benefit calculated at tax rate of 17%	(2,485)	(2,385)
Effects of:		
Different tax rates in other countries	54	13
Non allowable items, net	1,626	2,726
Non taxable items, net	–	(479)
Deferred tax assets not recognised	847	234
Overprovision in prior years	(134)	(140)
Unutilised capital allowances	–	–
Utilisation of tax loss	(36)	–
Other	1	(22)
Tax credit	(127)	(53)

As at 31 December 2014, the Group unabsorbed tax losses of $28,861,652 (2013: $23,224,083) and unutilised capital allowance is $385,043 (2013: $382,454) which are available to offset against future taxable income. No deferred tax asset has been recognised in the statement of financial position in respect of unabsorbed tax losses due to the unpredictability of future profit streams.

26 LOSS PER SHARE

The basic and diluted loss per share is calculated by dividing the total net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2014	**2013**
Net loss attributable to equity holders of the Company ($'000)	(12,037)	(13,747)
Weighted average number of shares ('000)	1,312,280	1,285,314
Basic and diluted loss per share (in cents)	(0.92)	(1.07)

The basic and diluted loss per share are the same as the Group did not have any potentially dilutive instruments for the respective financial years.

27 SEGMENT INFORMATION

Analysis by Geographical Segments

	Singapore $'000	Malaysia $'000	Indonesia $'000	Elimination $'000	Total $'000
For the financial year ended 31 December 2014					
Geographical segments by location of assets					
Revenue:					
External sales	26,400	2,594	1,533	(1,556)	28,971
Inter-segment sales	(1,538)	(18)	–	1,556	–
Total revenue	24,862	2,576	1,533	–	28,971
Results:					
Segment results	(21,682)	(52)	(91)	7,271	(14,554)
Share of loss of associated companies	(5)	–	–	–	(5)
Interest income	193	3	1	(179)	18
Interest expense	(251)	(6)	–	179	(78)
Loss before income tax	(21,745)	(55)	(90)	7,271	(14,619)
Income tax	–	(5)	132	–	127
Net loss for the financial year	(21,745)	(60)	42	7,271	(14,492)
Other information:					
Capital expenditure	59	12	–	–	71
Depreciation	304	20	–	–	324
Amortisation of intangible assets					1,929
Impairment loss on intangible assets					4,259
Impairment loss on available-for-sale financial assets					557
					7,069

27 SEGMENT INFORMATION (CONT'D)

Analysis by Geographical Segments (Cont'd)

	Singapore $'000	Malaysia $'000	Indonesia $'000	Elimination $'000	Total $'000
Assets:					
Segment assets	23,446	1,507	1,306	(7,225)	19,034
Fixed deposits	210	81	–	–	291
Consolidated total assets					19,325
Liabilities:					
Segment liabilities	16,489	213	806	(7,726)	9,782
Borrowings	287	116	–	–	403
Current income tax liabilities	64	(34)	1	–	31
Deferred tax liabilities	–	7	–	–	7
Consolidated total liabilities					10,223

	Singapore $'000	Malaysia $'000	Indonesia $'000	Thailand $'000	Vietnam $'000	Brunei and Myanmar $'000	Peoples' Republic of China $'000	Others $'000	Total $'000
Geographical segments by customer base									
Revenue	876	3,856	1,843	21,299	97	479	–	521	28,971

27 SEGMENT INFORMATION (CONT'D)

Analysis by Geographical Segments (Cont'd)

	Singapore $'000	Malaysia $'000	Indonesia $'000	Elimination $'000	Total $'000
For the financial year ended 31 December 2013					
Geographical segments by location of assets					
Revenue:					
External sales	33,316	5,684	806	(2,385)	37,421
Inter-segment sales	(640)	(1,160)	(585)	2,385	–
Total revenue	32,676	4,524	221	–	37,421
Results:					
Segment results	(14,849)	(863)	(653)	2,455	(13,910)
Share of loss of associated companies	(117)	–	–	–	(117)
Interest income	81	–	–	(58)	23
Interest expense	(83)	–	–	58	(25)
Loss before income tax	(14,968)	(863)	(653)	2,455	(14,029)
Income tax	(18)	(69)	140	–	53
Net loss for the financial year	(14,986)	(932)	(513)	2,455	(13,976)
Other information:					
Capital expenditure	2,984	365	1	–	3,350
Depreciation	311	21	–	–	332
Amortisation of intangible assets					2,345
Impairment loss on available-for-sale financial assets					1,224
Impairment loss on goodwill arising on acquisition of a subsidiary					2,500
					6,401
Assets:					
Segment assets	50,330	2,302	969	(18,290)	35,311
Fixed deposits	1,704	80	–	–	1,784
Consolidated total assets					37,095
Liabilities:					
Segment liabilities	18,974	882	393	(8,567)	11,682
Borrowings	912	139	–	–	1,051
Current income tax liabilities	64	35	130	–	229
Consolidated total liabilities					12,962

27 SEGMENT INFORMATION (CONT'D)

Analysis by Geographical Segments (Cont'd)

	Singapore $'000	Malaysia $'000	Indonesia $'000	Thailand $'000	Vietnam $'000	Brunei and Myanmar $'000	Peoples' Republic of China $'000	Others $'000	Total $'000
Geographical segments by customer base									
Revenue	3,057	22,038	856	10,996	324	51	29	70	37,421

Analysis by Business Segments

The Group operates in four product segments – engineering services, oil and gas equipment, biomass projects, and investments and others.

The following table shows the revenue, the carrying amounts of segment assets and additions to property, plant and equipment, analysed by business segments:

	Revenue		Segment assets		Capital additions	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Engineering services	648	1,271	2,868	3,123	–	–
Oil and gas equipment	9,435	10,416	3,622	4,232	28	365
Biomass projects	18,888	25,734	8,694	15,426	43	135
Investments and others	–	–	4,141	14,314	–	2,850
	28,971	37,421	19,325	37,095	71	3,350

28 COMMITMENTS

OPERATING LEASE COMMITMENTS

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Minimum lease payments under operating leases included in the statement of comprehensive income:				
– Rental of office premises	134	142	18	18
– Photocopying machine	–	10	–	3
	134	152	18	21

At the end of the reporting period, the commitments in respect of non-cancellable operating leases with terms from 1 to 2 years (2013: 1 to 2 years) for the rental of office premises and photocopying machines from non-related parties were as follows:

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Within one year	96	13	–	–
In the second to fifth year inclusive	17	10	–	–

29 SIGNIFICANT RELATED PARTY TRANSACTIONS

Some of the Group's and Company's transactions and arrangements are between entities of the Group and with related parties, the effects of which, on basis determined between the parties, are reflected in these consolidated financial statements. The balances with these parties are unsecured, interest-free and repayable on demand unless stated otherwise.

In addition to the information disclosed elsewhere in the financial statements, the following related party transactions took place between the Group and related parties during the financial year on terms agreed by the parties concerned:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
(a) Key management personnel				
– Remuneration	952	911	246	231
– Employer's contribution to defined contribution plans including Central Provident Fund	15	22	–	1
(b) Fees paid to a firm of which a director of the Company is an equity partner[1]	7	–	–	–
(c) Fees paid to a firm of which an ex-director of the Company is a director but not a member[2]	–	20	–	–
(d) Purchase of plant and equipment from other related party	–	99	–	–
(e) Advance from:				
– Corporate shareholders of a subsidiary	350	50	–	–
– A director of a subsidiary	29	–	–	–
(f) Associate company:				
– Advance to	1,425	941	–	–
– Payment on behalf of	1,074	–	–	–
– Payment on behalf by	233	98	–	–
– Purchases from	1,028	–	–	–

(1) JLC Advisors LLP as its solicitors. Mr Ong Su Aun Jeffrey is an equity partner of JLC Advisors LLP. The Audit Committee (with the exception of Mr Ong Su Aun Jeffrey) has reviewed the fees charged by JLC Advisors LLP of $7,000 (2013: Nil) and is of the view that the fees charged for rendering legal advice to the Company are within market rates and comparable to fees charged by other law firms for similar work.

(2) Robert Wang & Woo LLP as its solicitors, in 2013. Mr Tan Soo Khoon Raymond, who has retired on 30 April 2013, was a director of Robert Wang & Woo LLC but he had no equity interests in Robert Wang & Woo LLP. During the financial year ended 31 December 2013, the Audit Committee had reviewed the fees charged by Robert Wang & Woo LLC of $20,000 incurred in 2013 and is of the view that the fees charged for acting for the Company are within market rates and comparable to fees charged by other law firms for similar work. There was no such service rendered to the Company during the financial year ended 31 December 2014.

Other related party is a Company which is controlled or significantly influenced by the Group's key management personnel.

30 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks such as market risk, credit risk and liquidity risk. The Group's overall business strategies, tolerance of risk and general risk management philosophy are determined by directors in accordance with prevailing economic and operating conditions.

(a) Market risk

(i) Currency risk

The Group operates in Asia with dominant operations in Singapore. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies") such as the Singapore Dollar (SGD), Malaysian Ringgit (MYR), United States Dollar (USD), Indonesia Rupiah (IDR) and Euro (EUR).

Currency risk arises when transactions are denominated in foreign currencies. To manage the currency risk, individual Group entities manage as far as possible by natural hedges of matching assets and liabilities.

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations.

The Group's currency exposure based on the information provided to key management is as follows:

	SGD $'000	USD $'000	MYR $'000	IDR $'000	EUR $'000	Others $'000	Total $'000
Group							
As at 31 December 2014							
Financial assets							
Cash and cash equivalents, fixed deposits, available-for-sale financial assets and fair value through profit or loss	2,399	1,335	330	8	127	58	4,257
Trade and other receivables and other current assets (except prepayments)	4,833	2,309	3,428	1	16	135	10,722
	7,232	3,644	3,758	9	143	193	14,979
Financial liabilities							
Trade and other payables and borrowings	(4,233)	(2,737)	(1,755)	(143)	(272)	(1,045)	(10,185)
Net financial assets	2,999	907	2,003	(134)	(129)	(852)	4,794
Less: Net financial assets denominated in the respective entities' functional currencies	(2,999)	–	–	–	–	–	(2,999)
Net currency exposure	–	907	2,003	(134)	(129)	(852)	1,795

30 FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

The Group's currency exposure based on the information provided to key management is as follows:

	SGD $'000	USD $'000	MYR $'000	IDR $'000	EUR $'000	Others $'000	Total $'000
Group							
As at 31 December 2013							
Financial assets							
Cash and cash equivalents, fixed deposits, available-for-sale financial assets and fair value through profit or loss	5,833	860	528	8	109	272	7,610
Trade and other receivables and other current assets (except prepayments)	1,186	1,696	9,943	–	559	791	14,175
	7,019	2,556	10,471	8	668	1,063	21,785
Financial liabilities							
Trade and other payables and borrowings	(3,551)	(1,829)	(1,799)	–	(684)	(1,166)	(9,029)
Net financial assets	3,468	727	8,672	8	(16)	(103)	12,756
Less: Net financial assets denominated in the respective entities' functional currencies	(3,468)	–	–	–	–	–	(3,468)
Net currency exposure	–	727	8,672	8	(16)	(103)	9,288

Company

As at 31 December 2014 and 2013, there is no currency risk exposure for the financial assets and liabilities as they are all denominated in the Company's functional currency.

30 FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

Sensitivity analysis

If the USD, MYR, IDR and EUR vary against the SGD by 5% (2013:5%) respectively, with all other variables including tax rate being held constant, the effect on the total profit will be as follows:

	Group Increase/(decrease)	
	2014	**2013**
	$'000	**$'000**
USD against SGD		
– Strengthen	45	36
– Weaken	(45)	(36)
MYR against SGD		
– Strengthen	100	434
– Weaken	(100)	(434)
IDR against SGD		
– Strengthen	(7)	1
– Weaken	7	(1)
EUR against SGD		
– Strengthen	(6)	(1)
– Weaken	6	1

(ii) Price risk

The Group is exposed to equity securities price risk arising from the investments held by the Group which are classified as either available-for-sale or at fair value through profit or loss on the statement of financial position as at 31 December 2014. These securities are listed in Singapore Exchange. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

30 FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (Cont'd)

(ii) Price risk (Cont'd)

Sensitivity analysis

If prices for equity securities listed in Singapore Exchange change by 10% (2013: 10%) with all other variables including tax rate being held constant, the effects on the net profit/(loss) and other comprehensive income for the financial year would have been:

	Group Increase/(decrease)			
	2014 Loss after tax $'000	**2014 Other comprehensive loss $'000**	**2013 Loss after tax $'000**	**2013 Other comprehensive loss $'000**
Group				
Listed on Singapore Exchange				
– Increased by 10%	(19)	(26)	(121)	(237)
– Decreased by 10%	19	26	121	237
Company				
Listed on Singapore Exchange				
– Increased by 10%	(19)	(23)	(121)	(123)
– Decreased by 10%	19	23	121	123

(iii) Interest rate risk

The Group is exposed to interest rate risk relating primarily to interest-earning financial assets and interest-bearing financial liabilities. The details of interest rates are disclosed in the relevant notes to the financial statements. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest income could be affected by an adverse movement in interest rates.

The Group obtains additional financing through finance lease arrangement. The Group's policy is to obtain the most favourable interest rates available. As at the end of the reporting period, there is no significant interest rate risk as the Group has no significant interest-bearing assets and liabilities.

30 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due. The exposure to credit risk is monitored on an on-going basis. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

At the end of the reporting period, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position.

The trade and other receivables and other current assets of the Group and Company comprise of 4 debtors (2013: 3 debtors) and 3 debtors (2013: 1 debtor) respectively that individually represented 5 – 10% of trade and other receivables and other current assets.

Financial assets that are neither past due or impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with or entered into with reputable financial institutions.

Financial assets that are either past due or impaired

The Group's trade and other receivables amounting to approximately $6,718,000 (2013: $12,526,000) are past due at the end of the reporting period but not impaired. Trade and other receivables that are impaired amounting to approximately $1,727,000 (2013: $452,000) had been provided for. An analysis of the age of trade and other receivables past due as at the end of the reporting period but not impaired is as follows:

	Group		**Company**	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Not past due	3,412	5,174	880	644
Past due 1–30 days	1,155	1,951	–	–
Past due 31–60 days	28	1,655	–	–
Past due 61–90 days	81	2,146	–	–
More than 90 days	2,042	1,600	–	–
	6,718	12,526	880	644

30 FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet 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 and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The Group's financial liabilities based on the remaining year at the end of the reporting period to the contractual maturity date based on contractual undiscounted cash flows are as follows:

	Group	
	2014	**2013**
	$'000	**$'000**
Less than one year:		
Trade and other payables	6,983	7,978
Borrowings	100	110
	7,083	8,088
Between 2 to 5 years:		
Borrowings	251	338
More than 5 years:		
Borrowings	117	92
	7,451	8,518

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, issue new shares and obtain new borrowings.

The capital structure of the Group and Company is predominately equity. In view of the net equity position, gearing is currently not considered necessary.

The subsidiaries in the Group are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2014 and 2013, respectively. The Company is not subject to externally imposed capital requirements for the financial year ended 31 December 2014 and 2013 respectively.

30 FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Fair value measurements

The following table presents assets measured at fair value and classified by level of the following fair value measurement hierarchy as at 31 December 2014:

(i) quoted prices (unadjusted) in active markets for identical assets (Level 1);

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

(iii) inputs for the assets that are not based on observable market data (unobservable inputs) (Level 3).

Group	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**
As at 31 December 2014			
Assets:			
Financial assets, at fair value through profit or loss	227	–	–
Available-for-sale financial assets	639	–	–
Total	866	–	–
As at 31 December 2013			
Assets:			
Financial assets, at fair value through profit or loss	1,411	–	–
Available-for-sale financial assets	2,365	–	–
Total	3,776	–	–

Company	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**
As at 31 December 2014			
Assets:			
Financial assets, at fair value through profit or loss	227	–	–
Available-for-sale financial assets	231	–	–
Total	458	–	–
As at 31 December 2013			
Assets:			
Financial assets, at fair value through profit or loss	1,411	–	–
Available-for-sale financial assets	1,225	–	–
Total	2,636	–	–

30 FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Categories of financial instruments

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Fair value through profit or loss (FVTPL)				
Held for trading – quoted equity securities in Singapore Exchange	189	1,211	189	1,211
Designated as at fair value – unlisted securities Singapore redeemable participating shares	38	200	38	200
Available-for-sale financial assets – quoted equity securities in Singapore Exchange	639	2,365	231	1,225
Loans and receivables (including cash and cash equivalents)	14,113	21,285	2,797	7,427
Total	14,979	25,061	3,255	10,063
Financial Liabilities, at amortised cost				
Payables and borrowings	10,185	12,733	845	1,981
Total	10,185	12,733	845	1,981

31 OTHERS

(a) Employee compensation

	Group	
	2014	2013
	$'000	$'000
Wages, salaries and other related costs	2,346	3,485
Employer's contribution to defined contribution plans including Central Provident Fund	268	278
Amounts attributable to continuing operations	2,614	3,763

(b) Directors' remuneration

The following information relates to remuneration of directors of the Company during the financial year:

	Group	
	2014	2013
Number of directors of the Company in remuneration bands		
– above $500,000	–	–
– $250,000 to below $500,000	–	–
– below $250,000	6	6
Total	6	6

31 OTHERS (CONT'D)

(b) Directors' remuneration (Cont'd)

	Group 2014 $'000	Group 2013 $'000
Directors' remuneration paid/payable to:		
– directors of the Company	246	231
– other directors	576	559
Directors' fees paid/payable to:		
– directors of the Company	90	90
– other directors	3	27
	915	907

32 CORPORATE GUARANTEES

During the financial year, the Company together with a third party has issued joint and several corporate guarantees to an insurance company and banks for advance payment security, performance security and certain banking facilities of $17,295,000 (2013: $21,262,000) for a project of a subsidiary, of which Nil (2013: $3,967,000) has been discharged subsequent to the financial year. The fair values of the corporate guarantees are considered negligible.

33. OTHER MATTERS

As announced by the Company via the SGXNET on 4 April 2014 and 29 April 2014, the Company and certain of its subsidiaries, Industrial Power Technology Pte Ltd, P.J. Services Pte Ltd and Nu Haven Incorporated, were served with notices to provide certain information and documents for the period from 1 January 2011 to 3 April 2014 to the Commercial Affairs Department (the "**CAD**") in relation to its investigations into an offence under the Securities and Futures Act (Cap. 289). Since then, the Company has been cooperating fully with CAD in its investigations. On 20 January 2015, the CAD confirmed to the Company's external auditor that its investigations are still on-going. The CAD has not provided the Company with any further details or updates of its investigations.

The Company's Chairman and Executive Director and an Independent and Non-Executive Director are assisting the CAD with its investigations.

The business and day-to-day operations of the Group are not affected by the investigations and have continued as normal. However, the ongoing investigations have cast a negative outlook on the Company from the perspective of the financial institutions which are highly risk averse and pose limitations to the Group's growth and expansion plans.

34. SUBSEQUENT EVENTS

A. Receipt of a notice of termination of a contract by a subsidiary

On 27 March 2015, the Company announced via the SGXNET that one of its subsidiaries, Industrial Power Technology Pte. Ltd. ("**Industrial Power**"), has received a Notice of Termination dated 26 March 2015 ("**Termination Notice**") in respect of the Engineering, Procurement, Construction & Commissioning Turnkey Contract ("**EPCC Contract**") between Industrial Power and FTJ Bio Power Sdn. Bhd. ("**FTJ**"), incorporated in Malaysia, on grounds of alleged breach and default by Industrial Power of certain terms under the EPCC Contract ("**FTJ Claims**").

Industrial Power has sought legal advice in relation to its position on the validity and merits of the Termination Notice and FTJ Claims and has been advised by its solicitors who opined that Industrial Power's position has merits on the FTJ Claims, the Termination Notice and liquidated damages invoices issued by FTJ. Industrial Power has been directed to take all appropriate steps to resolve the matter via amicable negotiation and if necessary, initiate arbitration proceedings at the Kuala Lumpur Regional Centre for Arbitration as provided for in the EPCC Contract. The arbitration proceeding is likely to take about 12 to 24 months from commencement before an award is given.

The EPCC Contract is for the engineering, procurement, construction and commissioning of a Biomass Power Plant ("**Power Plant**") in Malaysia. As of the date of this report, Industrial Power has completed the engineering, procurement and construction of the Power Plant which Industrial Power has received approximately $29,300,000 (equivalent to RM78,300,000 at the current prevailing exchange rate), being approximately 90% of the EPCC Contract's original contract sum. As at 31 December 2014, according to the terms of the EPCC Contract, the exposure of the maximum liquidated damages is approximately $6,800,000 (equivalent to RM18,000,000 at the current prevailing exchange rate).

On the basis that (i) the solicitors opined that Industrial Power's position has merits on the FTJ Claims, the Termination Notice and liquidated damages invoices issued by FTJ; (ii) the matter is still at its preliminary stage and any awards, arising from arbitration proceedings will only be known in the next 12 to 24 months from the date of this report; and (iii) based on the foregoing factors, the outcome of the Termination Notice and FTJ Claims cannot be reliably estimated and the obligation of the liquidated damages are subject to those outcome, the directors are of the opinion that no further provision on the amount owing from FTJ of $2,863,000 (Note 6) and no provision for liquidated damages invoices issued by FTJ amounting to approximately $5,050,000 are necessary as at 31 December 2014.

B. Proposed rights cum warrants shares issue

As disclosed in Note 2.1(c)(ii) to the financial statements, the Company has announced on 1 April 2015 via the SGXNET that it is proposing to undertake a Rights cum Warrants Issue on the basis of one rights share ("**Rights Share**") for every one existing ordinary share in the capital of the Company at an issue price of $0.003 for each Rights Share. Further, every Rights Share subscribed is attached with a free detachable warrant ("**Warrants**"), with each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company (the "**Warrant Share**") at the exercise price of $0.005 per Warrant Share. The Warrants may be exercised at any time over a period of 36 months from its date of issuance. The Rights cum Warrants Issue is subject to shareholders' approval. The fund raising exercise is expected to raise net proceeds of $3,700,000 from the issuance of the Rights Shares which is scheduled to be received by the Company in the second half of the financial year ending 31 December 2015. The additional proceeds arising from the exercise of all of the Warrants is approximately $6,600,000.

35 CONTINGENCIES

Other than as disclosed in Note 34A to the financial statements that no provision has been made for the liquidated damages invoices amounting to approximately $5,050,000, the Group and the Company has no other contingent liability.

36 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2015 and which the Group has not early adopted:

- Amendments to FRS 103 Business Combinations (effective for annual periods beginning on or after 1 July 2014)
- Amendments to FRS 108 Operating Segments (effective for annual periods beginning on or after 1 July 2014)
- Amendments to FRS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 July 2014)
- Amendments to FRS 24 Related Party Disclosures (effective for annual periods beginning on or after 1 July 2014)
- Amendments to FRS 113 Fair Value Measurement (effective for annual periods beginning on or after 1 July 2014)
- Amendments to FRS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 January 2016)
- FRS 115 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2017)
- Amendments to FRS 1 – Presentation of Financial Statements : Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016)
- FRS 109 – Financial Instruments (effective for annual periods beginning on or after 1 January 2018)

The Directors expect that the adoption of these standards will not have a significant effect on the financial statements of the Group during the period of their initial adoption except for FRS 115 and FRS 109 where management is currently evaluating the potential impact of the application of FRS 115 and FRS 109 on the financial statements of the Group and of the Company in the period of their initial application.

STATISTICS OF SHAREHOLDINGS

As at 31 March 2015

Issued and fully paid Shares	:	$54,574,268
Number of Issued Shares	:	1,312,279,324
Class of Shares	:	Ordinary Shares
Voting Rights:		
- on a show of hands	:	One vote for each member
- on a poll	:	One vote for each Ordinary Share held
Treasury Shares	:	Nil

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Issued Shares	%
1 – 99	3	0.09	21	0.00
100 – 1,000	91	2.82	89,999	0.01
1,001 – 10,000	440	13.64	3,413,852	0.26
10,001 – 1,000,000	2,506	77.71	435,539,050	33.19
1,000,001 and above	185	5.74	873,236,402	66.54
TOTAL	**3,225**	**100.00**	**1,312,279,324**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Issued Shares held	% of Issued Shares
1	PHILLIP SECURITIES PTE LTD	120,064,800	9.15
2	RAFFLES NOMINEES (PTE) LTD	68,534,000	5.22
3	TENGKU SINANNAGA @ CHENG MIN SIONG @ ZENG MING XIONG	34,000,000	2.59
4	TAN ENG CHUA EDWIN	31,146,000	2.37
5	ANG CHAI CHENG	23,140,000	1.76
6	OCBC SECURITIES PRIVATE LTD	21,664,000	1.65
7	HONG LEONG FINANCE NOMINEES PTE LTD	21,000,000	1.60
8	DBS NOMINEES PTE LTD	19,153,005	1.46
9	RADCLIFFE DEREK	18,029,176	1.37
10	KOH LAY CHOO KELEN	16,070,000	1.22
11	UNITED OVERSEAS BANK NOMINEES PTE LTD	15,328,100	1.17
12	TAN CHENG GUAN	13,901,000	1.06
13	DBS VICKERS SECURITIES (S) PTE LTD	13,297,000	1.01
14	OCBC NOMINEES SINGAPORE PTE LTD	11,796,100	0.90
15	MAYBANK KIM ENG SECURITIES PTE LTD	11,678,000	0.89
16	UOB KAY HIAN PTE LTD	9,955,000	0.76
17	RHB SECURITIES SINGAPORE PTE LTD	8,943,000	0.68
18	TAN LYE SENG	8,098,000	0.62
19	CHEONG KAH FOO	8,000,000	0.61
20	ZENG HANG CHENG	8,000,000	0.61
	TOTAL	**481,797,181**	**36.70**

STATISTICS OF SHAREHOLDINGS

As at 31 March 2015

SUBSTANTIAL SHAREHOLDER

(as recorded in the Register of Substantial Shareholders as at 31 March 2015)

		Direct		Deemed	
No.	**Name of Shareholder**	**Number of Issued Shares held**	**% of Issued Shares**	**Number of Issued Shares held**	**% of Issued Shares**
1	EDWIN SUGIARTO *	108,269,800	8.25	–	–

Note:

* Shares are held in the name of Phillip Securities Pte Ltd.

SHAREHOLDINGS HELD BY PUBLIC

Based on the information available to the Company as at 31 March 2015, approximately 91.75% of the Issued Share Capital of the Company is being held by the public and therefore Rule 723 of the Catalist Rules has been complied with.

ANNICA HOLDINGS LIMITED
(Company Registration No. 198304025N)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the "**AGM**") of the Company will be held at the Republic of Singapore Yacht Club, Nautica III, Level 2, 52 West Coast Ferry Road, Singapore 126887 on Thursday, 30 April 2015 at 9 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the audited financial statements of the Company for the financial year ended 31 December 2014 and the Directors' Report and Independent Auditor's Report thereon.
[Resolution 1]

2. To re-elect the following Directors, who retire by rotation in accordance with Article 104 of the Company's Articles of Association [*See Explanatory Note (a)*]:

   (i) Mr. Nicholas Jeyaraj s/o Narayanan **[Resolution 2 (i)]**
   (ii) Mr. Augustine A/L T.K. James **[Resolution 2 (ii)]**

3. To note the retirement of Mr. Goh Hin Calm, a Director retiring under Article 104 of the Company's Articles of Association and who being eligible for re-election, has given notice to the Company of his intention of not to seek re-election.

4. To approve Directors' fees of $90,000 for the financial year ended 31 December 2014 (31 December 2013: $90,000).
[Resolution 3]

5. To re-appoint RT LLP as the Independent Auditor of the Company and to authorise the Directors to fix their remuneration.
[Resolution 4]

6. To transact any other business that may properly be transacted at an annual general meeting.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution with or without modifications:

7. Authority to allot and issue shares and convertible securities

   That pursuant to Section 161 of the Companies Act, Chapter. 50 and subject to Rule 806 of Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Catalist Rules**"), authority be and is hereby given to the Directors to issue:–

   (i) shares in the capital of the Company (whether by way of rights, bonus or otherwise); or

   (ii) convertible securities; or

   (iii) additional convertible securities arising from adjustments made to the number of convertible securities previously issued in the event of rights, bonus or capitalism issues; or

   (iv) shares arising from the conversion of convertible securities in (ii) and (iii) above; and at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that:–

(A) the aggregate number of shares and convertible securities that may be issued shall not be more than one hundred percent (100%) of the total number of issued shares excluding treasury shares or such other limit as may be prescribed by the Catalist Rules at the time this Resolution is passed;

(B) the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to existing shareholders shall not be more than fifty percent (50%) of the total number of issued shares excluding treasury shares or such other limit as may be prescribed by the Catalist Rules at the time this Resolution is passed;

(C) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraphs (a) and (b) above, the percentage of the total number of issued shares excluding treasury shares is based on the total number of issued shares excluding treasury shares at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or employee stock options in issue at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares; and

(D) unless earlier revoked or varied by the Company at a general meeting, such authority shall continue in force until the next AGM or the date by which the next AGM is required by law to be held, whichever is earlier. [*See Explanatory Note (b)*]

[Resolution 5]

By Order of the Board

Ong Sing Huat
Company Secretary
Singapore, 15 April 2015

Explanatory Notes:

(a) Mr. Nicholas Jeyaraj s/o Narayanan will, upon re-election as a Director of the Company, remain as Non-Executive Director and will not be considered as an Independent Director.

Mr. Augustine A/L T.K. James will, upon re-election as a Director of the Company, will remain as Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee and he is considered to be independent for the purposes of Rule 704(7) of the Catalist Rules.

(b) **Resolution 5** if passed, will empower the Directors of the Company from the time this Resolution is passed until the next AGM to issue shares in the Company up to an amount not exceeding in aggregate one hundred percent (100%) of the total number of issued shares excluding treasury shares of which the total number of shares issued other than on a pro-rata basis to existing shareholders shall not exceed fifty percent (50%) of the total number of issued shares excluding treasury shares for such purposes as they consider would be in the interests of the Company. Rule 806(3) of the Catalist Rules currently provides for the percentage of the total number of issued shares excluding treasury shares to be calculated on the basis of the total number of issued shares at the time that this Resolution is passed (taking into account the conversion or exercise of any convertible securities at the time that this Resolution is passed), adjusted for any subsequent bonus issue, consolidation or subdivision of shares. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company.

Notes:

1. A member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote instead of him.

2. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.

3. If the member is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.

4. The instrument appointing a proxy must be deposited at the registered office of the Company at 9 Temasek Boulevard #41-01 Suntec Tower 2, Singapore 038989 not later than 48 hours before the time set for the AGM.

Personal Data Privacy Terms:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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ANNICA HOLDINGS LIMITED

(Company Registration No. 198304025N)
(Incorporated in the Republic of Singapore)

IMPORTANT
1. For investors who have used their CPF monies to buy shares in the capital of Annica Holdings Limited, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Annual General Meeting as observers have to submit their requests through their CPF Approved Nominees so that their CPF Approved Nominee may register, within the specified timeframe, with the Company's Share Registrar.
4. CPF investors who wish to vote must submit their voting instructions to their CPF Approved Nominees to enable them to vote on their behalf.

Proxy Form

(Please see notes overleaf before completing this Form)

I/We ______________________________ NRIC/Passport No. ______________

of ____ (Address)

being *a member/members of ANNICA HOLDINGS LIMITED (the "**Company**") hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

*and/or

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

or failing *him/them, the Chairman of the Annual General Meeting (the "**AGM**") as *my/our *proxy/proxies to attend and to vote for *me/us on *my/our behalf at the AGM of the Company to be held at the Republic of Singapore Yacht Club, Nautica III, Level 2, 52 West Coast Ferry Road, Singapore 126887 on Thursday, 30 April 2015, at 9 a.m., and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/their discretion as *he/they will on any other matter arising at the AGM and at any adjournment thereof.

(Please indicate your vote "For" or "Against" on the resolutions as set out in the Notice of AGM dated 15 April 2015 with an "X" within the box provided.)

No.	Resolutions relating to:	For	Against
1	Adoption of audited financial statements for the financial year ended 31 December 2014		
2(i)	Re-election of Mr. Nicholas Jeyaraj s/o Narayanan as a Director		
2(ii)	Re-election of Mr. Augustine A/L T.K. James as a Director		
3	Approval of Directors' fees amounting to $90,000		
4	Re-appointment of RT LLP as Independent Auditor		
5	Authority to allot and issue shares and convertible securities		

Note: The short description given above of the Resolutions to be passed does not in any way whatsoever reflect the intent and purposes of the Resolutions. The short description has been inserted for convenience only. Shareholders are encouraged to refer to the Notice of AGM dated 15 April 2015 for the full intent and purposes of the Resolutions to be passed.

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 of Corporate Shareholder

* Delete where inapplicable

Notes:–

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this proxy form will be deemed to relate to all the shares held by you.
2. A member entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 9 Temasek Boulevard #41-01 Suntec Tower 2, Singapore 038989 not less than 48 hours before the time set for the AGM.
5. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where an instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of 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 or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy, failing which the instrument shall 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 Section 179 of the Companies Act, Cap. 50.
7. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time set for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY TERMS:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 15 April 2015.

Affix
Postage
Stamp

ANNICA HOLDINGS LIMITED
9 TEMASEK BOULEVARD
#41-01 SUNTEC TOWER 2
SINGAPORE 038989

ANNICA HOLDINGS LIMITED

COMPANY REGISTRATION NO. 198304025N

9 TEMASEK BOULEVARD

#41-01 SUNTEC TOWER 2

SINGAPORE 038989