INNOPAC HOLDINGS LIMITED
AND ITS SUBSIDIARIES
(Co. Reg. No. 197301788K)

FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2017 TO 31 DECEMBER 2017

CONTENTS

Directors' Statement	1
Independent Auditor's Report	7
Consolidated Statement of Profit or Loss and Other Comprehensive Income	12
Balance Sheets	13
Consolidated Statement of Changes in Equity	14
Statement of Changes in Equity	16
Consolidated Statement of Cash Flows	17
Notes to the Financial Statements	19

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of Innopac Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial period from 1 January 2017 to 31 December 2017.

In the opinion of the directors:

(a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company as set out on pages 12 to 74 are properly drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial period from 1 January 2017 to 31 December 2017 in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore; and

(b) at the date of this statement, after considering the measures taken by the Group and the Company with respect to the Group's and the Company's ability to continue as going concerns as described in Note 3(a)(i) to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Wong Chin Yong	*Chairman & Chief Executive Officer*
Dato' Moehamad Izat Emir	*Independent Director*
Ong Kah Hock	*Independent Director*
Arslan Koichiev	*Independent Director*
Leng Yew Chee Philip	*Independent Director (appointed on 5 March 2018)*
Chong Eng Wee	*Independent Director (appointed on 27 April 2018)*

Arrangements to enable directors to acquire shares or debentures

Except as described under "Share Options and Share Awards Schemes" in this report on page 3, neither at the end of nor at any time during the financial period was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

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

The following directors, who held office at the end of the financial period, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Act, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of director and corporation in which interest are held	Holdings at 1 January 2017	Holdings at 31 December 2017
Dato' Moehamad Izat Emir		
Company		
Innopac Holdings Limited		
Interests held		
- ordinary shares	20,000,000	20,000,000
- share options	10,000,000	10,000,000
Subsidiary		
Awana Rentak Sdn Bhd		
Interests held		
- ordinary shares of RM1 each	1*	1*
Wong Chin Yong		
Company		
Innopac Holdings Limited		
Interests held		
- ordinary shares	74,000,000	73,000,000
- warrants	19,500,000	–
- share options	50,000,000	50,000,000
Ong Kah Hock		
Company		
Innopac Holdings Limited		
Interests held		
- ordinary shares	22,509,000	22,509,000
- warrants	2,503,000	–
- share options	10,000,000	10,000,000
Arslan Koichiev		
Company		
Innopac Holdings Limited		
Interests held		
- ordinary shares	2,000,000	2,000,000
- share options	2,000,000	2,000,000

* *held in trust for the Company*

There was no change in any of the above-mentioned interests between the end of the financial period and 21 January 2018.

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

Share options and share awards schemes

The Innopac Share Options Scheme (the "IPSO") and Innopac Share Performance Scheme (the "PSS") (collectively, "the Schemes") were approved by shareholders of the Company at an Extraordinary General Meeting on 29 April 2005. The Schemes are available to all employees and non-executive directors of the Group except for controlling shareholders or associates of such controlling shareholders [as defined in the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST")].

The Schemes which expired on 28 April 2015, are administered by the Remuneration Committee of the Company comprising three independent directors, Dato' Moehamad Izat Emir (Chairman), Mr Ong Kah Hock and Dr Arslan Koichiev who were authorised and appointed by the Board of Directors.

At a General Meeting of shareholders held on 28 April 2017, a new Innopac Share Options and a Share awards schemes (2017: Shares schemes) were approved. The schemes commenced from 28 April 2017 and expires on 28 April 2027. From the commencement of the 2017 Shares schemes to 31 December 2017, no share options or share awards was granted or awarded under these schemes. There were no share options outstanding under the 2017 Share options scheme as at 31 December 2017.

Share Options

All options that were granted under IPSO to employees and executive directors have a life span of ten (10) years, while those granted to Non-Executive Directors have a life span of five (5) years from the date of grant. The options may be exercised in full or in part on the payment of the exercise price. The exercise price is based on the average last done prices for the shares of the Company on the SGX-ST for the five market days preceding the date of grant. As such, an option may be exercised at any time after one year but no later than the expiry date.

No share options were granted in the financial period ended 31 December 2017. As at 31 December 2017, 19,500,000 (2016: 3,500,000) of the share options granted on 28 April 2015 had lapsed.

As at the end of the financial period, unissued shares of the Company under the IPSO were as follows:

	Date granted	As at 1 January 2017	Lapsed	As at 31 December 2017	Exercise price $	Exercise period
Employees and executive director	28.04.2015	69,500,000	–	69,500,000	0.008	28.04.2015 to 27.04.2025
Non-executive directors	28.04.2015	22,000,000	(16,000,000)	6,000,000	0.008	28.04.2015 to 27.04.2020
		91,500,000	–	75,500,000		

Share options and share awards schemes (cont'd)

Share Options (cont'd)

Details of the options to subscribe for ordinary shares of the Company granted to directors under the IPSO are as follows:

	Options granted during 2017	Aggregate options granted since commencement of the IPSO to 31 December 2017	Aggregate options exercised since commencement of the IPSO to 31 December 2017	Aggregate options lapsed since commencement of the IPSO to 31 December 2017	Aggregate options outstanding as at 31 December 2017
Name of director					
Wong Chin Yong	–	60,000,000	(10,000,000)	–	50,000,000
Dato' Moehamad Izat Emir	–	15,000,000	(5,000,000)	–	10,000,000
Ong Kah Hock	–	12,500,000	(2,500,000)	–	10,000,000
Arslan Koichiev	–	2,000,000	–	–	2,000,000

Details of the options to subscribe for ordinary shares of the Company granted to participants of the Company which exceeded 5% of the total number of options granted under the IPSO are as follows:

Name of participants (Ex-employee)	Options granted during 2017	Aggregate options granted since commencement of the IPSO to 31 December 2017	Aggregate options exercised since commencement of the IPSO to 31 December 2017	Aggregate options lapsed since commencement of the IPSO to 31 December 2017	Aggregate options outstanding as at 31 December 2017
Soh Woon Chuen (resigned on 29 December 2017)	–	11,000,000	(3,000,000)	(8,000,000)	–
Chu Kam Po (resigned on 9 November 2017)	–	10,000,000	(2,000,000)	(8,000,000)	–

Share Awards

Under the PSS, fully paid shares of the Company may be awarded free of charge to employees and directors. Awards are vested once the Board is satisfied that the prescribed performance target(s) have been achieved. The vesting periods may be extended beyond the performance achievement periods as set out by the Remuneration Committee.

Share awards that remain unvested as at 31 December 2017 were as follows:

Date of grant	As at 1 January 2017	Vested	Lapsed	As at 31 December 2017
28.04.2015	30,000,000	–	–	30,000,000

Share options and share awards schemes (cont'd)

Share Awards *(cont'd)*

Details of the share awards granted to directors under the PSS are as follows:

Name of director	**Awards granted during 2017**	**Aggregate awards granted since commencement of the PSS to 31 December 2017**	**Aggregate awards exercised since commencement of the PSS to 31 December 2017**	**Aggregate awards lapsed since commencement of the PSS to 31 December 2017**	**Aggregate awards outstanding as at 31 December 2017**
Wong Chin Yong	–	50,000,000	(20,000,000)	–	30,000,000
Dato' Moehamad Izat Emir	–	15,000,000	(15,000,000)	–	–
Ong Kah Hock	–	15,000,000	(15,000,000)	–	–
Arslan Koichiev	–	2,000,000	(2,000,000)	–	–
	–	82,000,000	(52,000,000)	–	30,000,000

No other employee of the Company or employee of related corporations has received 5% or more of the total number of share awards granted under the PSS. The share awards granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other Company.

Audit committee

At the date of this Statement, the Audit Committee ("AC") of the Company comprises three independent/non-executive directors:

Leng Yew Chee Philip	*Chairman of Committee (effective from 23 June 2018)*
Ong Kah Hock*	*Independent/Non-Executive*
Chong Eng Wee	*Independent/Non-Executive (effective from 27 April 2018)*

The AC carried out its functions in accordance with Section 201B(5) of the Act, the SGX-ST Listing Manual and the Code of Corporate Governance, including a review of the financial statements of the Group and of the Company for the financial period and the reports of the external and internal auditors thereon.

* Ong Kah Hock has been a member and the AC since 31 August 2001 and was the AC Chairman until his relinquishment on 23 June 2018

Audit committee (cont'd)

The AC has held four meetings during the financial period and has reviewed the following, where relevant, with the external and internal auditors of the Company:

(a) the audit plans;

(b) the scope and results of the internal control procedures;

(c) evaluation of the system of internal controls;

(d) the Group's financial and operating results and accounting policies;

(e) the balance sheet and statement of changes in equity of the Company and the consolidated financial statements of the Group and external auditors' report on those financial statements before their submission to the directors of the Company;

(f) the first quarter, half-yearly, third quarter and annual announcements on the results of the Group and financial position of the Group and Company, consolidated statement of cash flows and changes in equity of the Group and Company;

(g) the co-operation and assistance given by the management to the external auditors; and

(h) the appointment of the external auditors of the Company.

Based on the internal controls established and maintained by the Group, work performed by the auditors and Company staff, and reviews performed by management, Board Committees and the Board, with the concurrence of the AC, after carrying out a review, is of the opinion that the Group's internal controls, addressing financial, operational, compliance, and information technology risks, were adequate and effective as at 31 December 2017.

The AC has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any director and executive officer to attend its meetings. The AC also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees. The auditors have unrestricted access to the AC.

The external auditors have not provided any non-audit services to the Group. The AC is satisfied with the independence and objectivity of the external auditors.

In appointing auditors for the Company and subsidiaries, the Group has complied with Rules 712, 715 and 716 of the SGX-ST Listing Manual.

On behalf of the board of directors

Wong Chin Yong Director	Ong Kah Hock Director

15 July 2018

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS ("BOARD") OF INNOPAC HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinion

We were engaged to audit the financial statements of Innopac Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") as set out on pages 12 to 74, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial period from 1 January 2017 to 31 December 2017, and notes to the financial statements, including a summary of significant accounting policies.

Disclaimer of Opinion

We do not express an opinion on the accompanying financial statements of the Group and the balance sheet and statement of changes in equity of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Recoverability of available-for-sale investment – Sawyer Falls Co, LLC ("SFC")

   As disclosed in Note 13 to the financial statements, included in the Group's and the Company's balance sheets is an available-for-sale investment, SFC, amounting to $4,600,000 as at 31 December 2017.

   Management determined that no impairment loss is required on the Group's and the Company's available-for-sale investment for the current financial period. Based on the information available to us, we are unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the recoverable amount of the investment in SFC and to determine whether any adjustments in respect of the net carrying amount of the Group's and the Company's available-for-sale investments as at 31 December 2017 is necessary.

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS ("BOARD") OF INNOPAC HOLDINGS LIMITED (cont'd)

Report on the Audit of the Financial Statements (cont'd)

Basis for Disclaimer of Opinion (cont'd)

2. Recoverability of other receivables – amount due from former non-controlling shareholder of Dezhou Sheng Rong Gas Co Ltd ("Sheng Rong")

   As disclosed in Note 16 to the financial statements, included in the Group's other receivables as at 31 December 2017 is an amount of $2,300,000 due from a former non-controlling shareholder of Sheng Rong.

   The recoverability of the amount due from the former non-controlling shareholder of Sheng Rong is dependent on the realisation of the assigned debt and the property already transferred and other properties yet to be transferred to the Group as full settlement of the amount outstanding. We are unable to obtain sufficient appropriate audit evidence to satisfy ourselves regarding the certainty, including timing, of the recoverability of the aforesaid amount as well as the appropriateness of the classification of the outstanding other receivables as current assets. Consequently, we are unable to determine whether any adjustments to the financial statements of the Group were necessary. We are also unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the recoverable amount of the investment in the subsidiary (holding company of Sheng Rong) of $2,611,000 as carried on the Company's balance sheet as at 31 December 2017 (Note 9) and to determine whether any adjustments in respect of the net carrying amount as at 31 December 2017 is necessary.

   The independent auditor's report for the financial year ended 31 December 2016 contained a similar disclaimer of opinion, among others, on being unable to determine whether any adjustments to other receivables of $2,300,000 due from a former non-controlling shareholder of the Group is required. Our report on the current period's financial statements of the Group is also modified because of the possible effect of these matters on the comparability of the current period's figures and the corresponding figures.

3. Appropriateness of going concern assumption

   As disclosed in Note 3(a)(i) to the financial statements, the Group incurred a loss of $8,882,000 (2016: $3,361,000) and a total comprehensive loss of $8,773,000 (2016: $3,533,000) for the financial period from 1 January 2017 to 31 December 2017. As at 31 December 2017, the Group's and the Company's current liabilities exceeded current assets by $10,369,000 (2016: $10,029,000) and $6,112,000 (2016: $5,487,000) respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and the Company to continue as going concern and therefore they may not be able to realise their assets and discharge their liabilities in the normal course of business.

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS ("BOARD") OF INNOPAC HOLDINGS LIMITED (cont'd)

Report on the Audit of the Financial Statements (cont'd)

Basis for Disclaimer of Opinion (cont'd)

3. Appropriateness of going concern assumption (cont'd)

   Nevertheless, in the preparation of the financial statements, the directors believe that the use of going concern assumption is appropriate after taking into consideration factors such as the institution of measures to reduce cost and preserve cash, the continual communication with third party creditor to reach an amicable settlement of the liability of $12,339,000 (Note 19) and to defer payments owing to directors and the CEO until the Group's cash position improves and other factors as disclosed in Note 3(a)(i).

   The financial statements did not include any adjustments that may result in the event that the Group and the Company is unable to continue as a going concern. In the event that the Group and the Company is unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge its liabilities in the ordinary course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the ordinary course of business and at amounts which could differ from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities which may arise, and to reclassify non-current assets as current assets and non-current liabilities as current liabilities. No such adjustments have been made to the financial statements.

   The validity of the going concern basis on which the financial statements are prepared is dependent on certain assumptions and the successful outcome of the Group's and the Company's various efforts as disclosed above and in Note 3(a)(i) to the financial statements. The assumptions are premised on future events, the outcome of which are inherently uncertain.

   In light of the material uncertainties described above, we are unable to conclude as to the appropriateness of the use of the going concern assumption in the preparation of these financial statements. Consequently, we are unable to determine whether any adjustments in respect of the Group's and the Company's financial statements for the financial period from 1 January 2017 to 31 December 2017 are necessary.

4. Opening balances

   Another independent auditor was engaged to audit the financial statements for the financial year ended 31 December 2016 whose report dated 8 April 2017 contained a disclaimer of opinion on those financial statements. The basis for disclaimer of opinion on the financial statements is disclosed in Note 35 of the financial statements.

   The independent auditor, among other matters raised, expressed that they were not able to obtain sufficient appropriate audit evidence to satisfy themselves as to the recoverable amount of the investment in Malaysian Microalgae Enterprise Sdn. Bhd. ("Malaysian Microalgae") in the Group's and the Company's balance sheets as at 31 December 2016. As disclosed in Note 12 to the financial statements, an impairment loss of $5,996,000 was subsequently recognised by the Group and the Company during the current financial period ended 31 December 2017 to fully write down its investment in Malaysian Microalgae in the Group's and the Company's balance sheets.

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS ("BOARD") OF INNOPAC HOLDINGS LIMITED (cont'd)

Report on the Audit of the Financial Statements (cont'd)

Basis for Disclaimer of Opinion (cont'd)

4. Opening balances (cont'd)

   In view of the above and the matters described in the basis for disclaimer of opinion paragraphs on the financial statements for the financial year ended 31 December 2016, we are unable to determine whether the opening balances as at 1 January 2017 are fairly stated.

   Since the opening balances as at 1 January 2017 entered into the determination of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial period from 1 January 2017 to 31 December 2017, we are unable to determine whether adjustments might have been found necessary in respect of the Group's and the Company's financial statements for the financial period from 1 January 2017 to 31 December 2017. We are also unable to determine whether any adjustment might have been found necessary in respect of the impairment loss on the investment in Malaysian Microalgae taken to profit or loss in the financial period ended 31 December 2017.

   Our report on the current financial period's financial statements of the Group and the Company is also modified because of the possible effects of these matters on the comparability of the current period's figures and the corresponding figures.

Other Matter

The financial statements for the financial year ended 31 December 2016 were audited by another auditor whose report dated 8 April 2017 expressed a disclaimer of opinion on those financial statements as detailed in Note 35 to the financial statements.

Responsibilities of Management and Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS ("BOARD") OF INNOPAC HOLDINGS LIMITED (cont'd)

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company in accordance with Singapore Standards on Auditing ("SSAs") and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

The engagement partner on the audit resulting in this independent auditor's report is Gilbert Lee Chee Sum.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

15 July 2018

INNOPAC HOLDINGS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the financial period from 1 January 2017 to 31 December 2017

	Note	**1.1.2017 to 31.12.2017 $'000**	1.1.2016 to 31.12.2016 $'000
Rental income from investment properties		**88**	22
Net gains on trading of marketable securities		**14**	2
Other (losses)/gains			
- Net losses from investment trading activities		**–**	(112)
- Net gains/(losses) from derivative instruments and other assets/liabilities		**6**	(165)
- Others	4	**(12)**	298
Administrative expenses		**(1,275)**	(1,619)
Other expenses		**(7,706)**	(1,848)
Finance income	5	**1**	96
Finance costs		**(11)**	(2)
Share of loss of joint venture		**(6)**	(22)
Loss before tax	6	**(8,901)**	(3,350)
Tax credit/(expenses)	7	**19**	(11)
Loss for the financial period		**(8,882)**	(3,361)
Other comprehensive income/(loss), net of tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**109**	(172)
Total comprehensive loss for the financial period		**(8,773)**	(3,533)
(Loss)/profit attributable to:			
Owners of the Company		**(8,791)**	(3,404)
Non-controlling interests		**(91)**	43
		(8,882)	(3,361)
Total comprehensive (loss)/profit attributable to:			
Owners of the Company		**(8,682)**	(3,576)
Non-controlling interests		**(91)**	43
		(8,773)	(3,533)
Loss per share			
		Cents	Cents
Basic	8	**(0.20)**	(0.08)
Diluted	8	**(0.20)**	(0.08)

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

INNOPAC HOLDINGS LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS
As at 31 December 2017

		Group		Company	
		2017	2016	**2017**	2016
	Note	**$'000**	$'000	**$'000**	$'000
ASSETS					
Non-current assets					
Investments in subsidiaries	9	**–**	–	**4,607**	4,607
Plant and equipment	10	**74**	30	**28**	30
Investment properties	11	**8,755**	9,707	**–**	–
Investments in joint ventures	12	**772**	6,767	**–**	6,000
Available-for-sale investments	13	**4,600**	6,142	**4,600**	6,142
		14,201	22,646	**9,235**	16,779
Current assets					
Available-for-sale investments	13	**1,000**	–	**1,000**	–
Investments held for trading	14	**83**	83	**66**	66
Trade receivables	15	**17**	19	**7**	–
Other receivables and prepayments	16	**2,392**	2,432	**2,686**	2,846
Cash and cash equivalents	17	**1,170**	1,584	**111**	136
		4,662	4,118	**3,870**	3,048
TOTAL ASSETS		**18,863**	26,764	**13,105**	19,827
LIABILITIES AND EQUITY					
Non-current liability					
Deferred tax liabilities	18	**365**	378	**–**	–
Current liabilities					
Trade and other payables	19	**14,972**	13,801	**9,923**	8,189
Derivative payables and other liabilities	20	**–**	6	**–**	6
Provision for directors' fees	21	**59**	340	**59**	340
		15,031	14,147	**9,982**	8,535
Equity and reserves					
Share capital	22	**121,572**	121,571	**121,572**	121,571
Asset reserve	23	**3,099**	3,099	**–**	–
Share awards reserve	24	**752**	752	**752**	752
Share options reserve	25	**1,154**	1,154	**1,154**	1,154
Foreign currency translation reserve	26	**(634)**	(743)	**–**	–
Accumulated losses		**(123,001)**	(114,210)	**(120,355)**	(112,185)
Equity attributable to owners of the Company		**2,942**	11,623	**3,123**	11,292
Non-controlling interests		**525**	616	**–**	–
Total equity		**3,467**	12,239	**3,123**	11,292
TOTAL LIABILITIES AND EQUITY		**18,863**	26,764	**13,105**	19,827

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial period from 1 January 2017 to 31 December 2017

		← Attributable to owners of the Company						→		
	Note	Share capital $'000	Share awards reserve $'000	Share options reserve $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Asset reserve $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group										
Balance as at 1 January 2017		121,571	752	1,154	(743)	(114,210)	3,099	11,623	616	12,239
Loss for the financial period		–	–	–	–	(8,791)	–	(8,791)	(91)	(8,882)
Other comprehensive income										
Exchange differences on translation of foreign operations		–	–	–	109	–	–	109	–	109
Total other comprehensive income for the financial period, net of tax		–	–	–	109	–	–	109	–	109
Total comprehensive income/(loss) for the financial period		–	–	–	109	(8,791)	–	(8,682)	(91)	(8,773)
Issuance of share under conversion of warrants	22	1	–	–	–	–	–	1	–	1
Balance as at 31 December 2017		**121,572**	**752**	**1,154**	**(634)**	**(123,001)**	**3,099**	**2,942**	**525**	**3,467**

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

INNOPAC HOLDINGS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd)
For the financial period from 1 January 2017 to 31 December 2017

		← Attributable to owners of the Company →								
	Note	Share capital $'000	Share awards reserve $'000	Share options reserve $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Asset reserve $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group										
Balance as at 1 January 2016		121,571	678	958	(571)	(110,806)	3,099	14,929	573	15,502
(Loss)/profit for the financial period		–	–	–	–	(3,404)	–	(3,404)	43	(3,361)
Other comprehensive loss										
Exchange differences on translation of foreign operations		–	–	–	(172)	–	–	(172)	–	(172)
Total other comprehensive loss for the financial period, net of tax		–	–	–	(172)	–	–	(172)	–	(172)
Total comprehensive (loss)/profit for the financial period		–	–	–	(172)	(3,404)	–	(3,576)	43	(3,533)
Reclassification of reserves										
Grant of share awards	24	–	74	–	–	–	–	74	–	74
Grant of share options	25	–	–	196	–	–	–	196	–	196
Balance as at 31 December 2016		121,571	752	1,154	(743)	(114,210)	3,099	11,623	616	12,239

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

STATEMENT OF CHANGES IN EQUITY
For the financial period from 1 January 2017 to 31 December 2017

	Note	Share capital $'000	Share awards reserve $'000	Share options reserve $'000	Accumulated losses $'000	Total equity $'000
Company						
Balance as at 1 January 2017		121,571	752	1,154	(112,185)	11,292
Loss for the financial period		–	–	–	(8,170)	(8,170)
Issuance of share under conversion of warrants		1	–	–	–	1
Balance as at 31 December 2017		**121,572**	**752**	**1,154**	**(120,355)**	**3,123**
Balance as at 1 January 2016		121,571	678	958	(103,958)	19,249
Loss for the financial period		–	–	–	(8,227)	(8,227)
Grant of share awards	24	–	74	–	–	74
Grant of share options	25	–	–	196	–	196
Balance as at 31 December 2016		121,571	752	1,154	(112,185)	11,292

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

INNOPAC HOLDINGS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial period from 1 January 2017 to 31 December 2017

	1.1.2017 to 31.12.2017 $'000	1.1.2016 to 31.12.2016 $'000
Cash flows from operating activities		
Loss before tax	**(8,901)**	(3,350)
Adjustments for:		
Share of loss of joint venture	**6**	22
Fair value gain on investment properties	**–**	(383)
Net (gains)/losses from derivative instruments and other assets/liabilities	**(6)**	165
Net losses from investments trading activities	**–**	112
Impairment loss of trade and other receivables	**73**	1,014
Impairment loss of available-for-sale investments	**542**	–
Impairment loss on investment in joint venture	**5,996**	–
Loss on disposal of investment property	**322**	–
Depreciation of plant and equipment	**5**	36
Write off of other receivables, deposits and prepayments	**–**	4
Directors' fees	**59**	129
Net unrealised foreign exchange (gains)/losses	**(31)**	147
Trade and other creditors written back	**–**	(1)
Share awards	**–**	74
Share options	**–**	196
Finance income	**(1)**	(96)
Finance costs	**11**	2
Operating cash outflows before working capital changes	**(1,925)**	(1,929)
Investments held for trading	**–**	113
Investment in fixed income instruments	**–**	5,000
Trade and other receivables and prepayments	**(69)**	1,484
Derivative payables and other liabilities	**–**	6
Trade and other payables	**842**	150
Cash (used in)/generated from operations	**(1,152)**	4,824
Interest paid	**(11)**	(2)
Tax paid	**(1)**	(1)
Net cash (used in)/generated from operating activities	**(1,164)**	4,821

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

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
For the financial period from 1 January 2017 to 31 December 2017

	2017	2016
	$'000	$'000
Cash flows from investing activities:		
Interest received	**3**	291
Purchase of plant and equipment	**(49)**	(3)
Proceeds from conversion of warrants	**1**	–
Investments in joint ventures	**(7)**	(6,082)
Proceeds from disposal of investment property	**802**	–
Net cash generated from/(used in) investing activities	**750**	(5,794)
Cash flows from financing activity		
Repayment of finance lease, representing net cash used in financing activity	**–**	(21)
Net decrease in cash and cash equivalents	**(414)**	(994)
Cash and cash equivalents at the beginning of the financial period	**1,584**	2,578
Cash and cash equivalents at the end of the financial period (Note 17)	**1,170**	1,584

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial period from 1 January 2017 to 31 December 2017

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

1. Corporate information

Innopac Holdings Limited (the "Company") is a public limited liability company incorporated and domiciled in Singapore with its principal place of business and registered office at 190 Middle Road, #19-07 Fortune Centre, Singapore 188979. The Company is listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activities of the Company are those of investments, investment holding and provision of management services to related companies. The principal activities of its subsidiaries are stated in Note 9 to the financial statements.

2. Significant accounting policies

(a) Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company, are presented in Singapore dollar ("SGD") (rounded to the nearest thousand ($'000) except when otherwise stated), and have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRSs"). 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 FRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial period. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

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

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables and provision for directors' fees approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

2. Significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards

In the current financial period, the Group has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for the current financial period. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRSs and INT FRSs.

The adoption of these new and revised FRSs and INT FRSs did not have any material effect on the financial performance or financial position of the Group and the Company.

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial period ended 31 December 2017 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group and balance sheets and statement of changes in equity of the Company except as disclosed below:

Convergence with International Financial Reporting Standards (IFRS)

The Accounting Standards Council ("ASC") announced that Singapore incorporated companies listed on the Singapore Exchange ("SGX") or are in the process of issuing equity or debt instruments for trading on SGX, will apply a new financial reporting framework identical to the International Financial Reporting Standards (IFRS Convergence), known as Singapore Financial Reporting Standards (International) ("SFRS(I)"), with effect from annual periods beginning on or after 1 January 2018.

The Group's financial statements for the financial year ending 30 June 2019 will be prepared in accordance with SFRS(I) issued by ASC.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). In addition to the adoption of the new framework, the Group will be adopting other new SFRS(I), amendments to standards and interpretations of SFRS(I) which are effective from the same date.

The Group does not expect the application of the new standards, amendments to standards and interpretations, and the IFRS Convergence to have significant impact on the financial statements.

Application of SFRS(I) 1 and IFRS Convergence

When the Group adopts SFRS(I) in its 2019 financial statements, the Group will apply SFRS(I) 1 with 1 July 2018 as the date of transition for the Group and the Company.

SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, subject to certain mandatory exceptions and optional exemptions under SFRS(I) 1. The Group plans to elect relevant optional exemptions. The Group does not expect the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements.

2. Significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 replaces IAS 18 'Revenue', IAS 11 'Construction contracts' and other revenue-related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. SFRS(I) 15 provides a single, principle-based model to be applied to all contracts with customers. An entity recognises revenue in accordance with the core principle in SFRS(I) 15 by applying a 5-step approach.

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. SFRS(I) 15 includes disclosure requirements that will result in disclosure of comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group plans to adopt SFRS(I) 15 in its financial statements for the financial year ending 30 June 2019 using the full retrospective approach. As a result, the Group will apply the changes in accounting policies retrospectively to each reporting year presented.

Management has performed a preliminary impact assessment of applying the new standard on the Group's financial statements based on the existing sources of revenue as at 31 December 2017 and does not expect the impact from the initial adoption of SFRS(I) 15 to be material. Further evaluation will be undertaken should the source of revenue change in the year when SFRS(I) 15 becomes effective.

SFRS(I) 9 Financial Instruments

SFRS(I) 9 which replaces IAS 39, includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on an expected credit loss model and replace IAS 39 incurred loss model.

The Group plans to apply the changes in accounting policies retrospectively to each reporting year presented, using the full retrospective approach.

(a) Classification and measurement

The Group has completed its preliminary assessment of the classification and measurement of its financial assets, and the Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under SFRS(I) 9. Loans and receivables that are currently accounted for at amortised cost are expected to continue to be measured at amortised cost under SFRS (I) 9.

2. Significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

SFRS(I) 9 Financial Instruments (cont'd)

(a) Classification and measurement (cont'd)

For quoted equity securities currently classified as available-for-sale financial assets which are measured at fair value through fair value through profit or loss, are expected to continue to be measured at fair value, but the Group will present changes in fair values of these assets in profit or loss.

For unquoted equity securities currently classified as available-for-sale financial assets which are measured at cost, the financial assets will be measured at fair value under SFRS(I) 9 and the Group will present changes in fair value of these assets in other comprehensive income.

(b) Impairment

The new impairment requirements are expected to result in changes to and likely increases in impairment loss allowances on trade receivables and other receivables, due to earlier recognition of credit losses. For trade receivables, the Group will apply the simplified approach and will record an allowance for lifetime expected losses on trade receivables from initial recognition. For other receivables, the Group will initially provide for 12 months expected losses under the three-stage model. Upon application of the expected credit loss model, the Group does not expect significant impact on its financial performance or financial position, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

The Group will adopt SFRS(I) 9 when it becomes effective in financial year ending 30 June 2019.

SFRS(I) 16 Leases

SFRS(I) 16 replaces the existing IAS 17: Leases. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their statement of financial position to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability. The accounting for lessors will not change significantly.

The standard is effective for annual periods beginning on or after 1 January 2019. The Group will assess the potential impact of SFRS(I) 16 and plans to adopt the standard on the required effective date.

2. Significant accounting policies (cont'd)

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the balance sheet date. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition 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 and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain on bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary company attributable to the interests which 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 balance sheet. 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.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. 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.

In the Company's balance sheets, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2. Significant accounting policies (cont'd)

(d) Investment in joint ventures

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in joint ventures are accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

Investments in joint ventures 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.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the post-acquisition profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

Distributions received from joint ventures are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the joint venture.

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

In the Company's financial statements, investments in joint ventures are carried at cost less accumulated impairment loss. On disposal of investment in joint ventures, the difference between the disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

(e) Plant and equipment

Plant and equipment are initially recorded at cost and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of 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.

Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

2. Significant accounting policies (cont'd)

(e) Plant and equipment (cont'd)

On disposal of a plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation is calculated on a straight-line basis to write off the cost of all plant and equipment over their expected useful lives. The estimated useful lives are as follows:

Furniture and fittings	10% to 33% per annum
Other assets	10% to 100% per annum

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

Fully depreciated assets are retained in the financial statements until they are no longer in use.

(f) Investment properties

Investment properties include those portions of properties that are held to earn rental income and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest-and-best-use basis. Changes in fair values are recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

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

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

(g) Impairment of non-financial assets

Plant and equipment, investments in subsidiaries and investments in joint ventures

At the balance sheet date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

2. Significant accounting policies (cont'd)

(g) Impairment of non-financial assets (cont'd)

Plant and equipment, investments in subsidiaries and investments in joint ventures (cont'd)

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

(h) Financial assets

Classification

The Group classifies its financial assets according to 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. The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale.

Financial assets, at fair value through profit or loss

This category has two sub-categories: "financial assets held for trading", and those designated upon initial recognition at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at initial recognition are those that are managed and their performance are evaluated on a fair value basis, in accordance with a documented Group's investment strategy. Derivatives are also categorised as "held for trading" unless they are designated as effective hedging instruments. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (excluding prepayments) and "cash and cash equivalents" on the balance sheet.

2. Significant accounting policies (cont'd)

(h) Financial assets (cont'd)

Classification (cont'd)

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.

Recognition and derecognition

Regular 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 net sale proceeds and its carrying amount is recognised in profit or loss.

Initial measurement

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

Subsequent measurement

Financial assets, both available-for-sale and at fair value through profit or loss, are subsequently carried at fair value. Available-for-sale investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measurable, are measured at cost less impairment loss. Loans and receivables are subsequently carried at amortised cost using the effective interest method, less impairment.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss, including effects of currency translation, are recognised in profit or loss in the financial period in which the changes in fair values arise.

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss.

2. Significant accounting policies (cont'd)

(h) Financial assets (cont'd)

Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. 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.

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

Available-for-sale financial assets

In the case of an equity security classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the security is impaired.

When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that was recognised directly in the fair value reserve is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised.

Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale financial assets are not reversed through profit or loss.

For available-for-sale financial assets carried at cost, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of impairment loss is recognised in profit or loss and such losses are not reversed in subsequent periods.

2. Significant accounting policies (cont'd)

(i) Financial liabilities

Financial liabilities include trade and other payables (excluding provision for unutilised leaves) and provision for directors' fees. Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

(j) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and excludes pledged deposits.

(k) Operating leases

Leases where a significant portion of the 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 lessor) are taken to profit or loss on a straight-line basis over the period of the lease. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(l) Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

2. Significant accounting policies (cont'd)

(m) Share-based payments

For equity-settled share-based payment transactions, the Group measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the Group cannot estimate reliably the fair value of the goods or services received, the Group measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted. For transactions with parties other than employees, there is a rebuttable presumption that the fair value of the goods or services received can be estimated reliably. That fair value is measured at the date the entity obtains the goods or the counterparty renders service. In rare cases, if the presumption is rebutted, the transaction is measured by reference to the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders service.

For equity-settled share-based payments to employees and directors, the Group measures the fair value of the equity instruments granted, because it is not possible to estimate reliably the fair value of services received from employees and directors. The Group measures the fair value of its equity instruments granted to be based on market prices and to take into account the terms and conditions upon which those equity instruments were granted.

The fair value determined at the grant date of the equity-settled share-based payments to employees and directors is expensed on a straight-line basis over the vesting period, based on the Group's and the Company's estimate of the number of equity instruments that will eventually vest and adjusted for the effect of non-market-based vesting conditions. At the end of each financial period, the Group and the Company revise the estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised over the remaining vesting period with a corresponding adjustment to the equity-settled employee benefits reserve. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

(n) Warrants

Proceeds from the issuance of warrants, net of issue costs, are recognised in equity.

(o) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity, and the amount of revenue and related cost can be reliably measured.

Sale of investments held for trading

Revenue from sale of investments held for trading is recognised upon confirmation of the contract.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

2. Significant accounting policies (cont'd)

(p) Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's and the Company's obligations under the plans are equivalent to those arising in defined contribution retirement plans.

The Group and the Company are required to contribute a specified percentage of payroll costs to the retirement benefit plans, the Central Provident Fund Board and the Employees Provident Fund, operated by the Government of Singapore and Malaysia respectively, to fund the benefits. The only obligation of the Group and the Company with respect to the retirement benefit plans is to make the specified contributions. The Group and Company's obligations end when the employee ceases to be under the employment of the Group and Company.

(q) Employee leave entitlement

Employee entitlements to annual leave are recognised as liabilities when they accrue to the employee. An accrual is made for the estimated liability for unutilised annual leave as a result of services rendered by employees up to the end of the financial period.

(r) Income taxes

Income tax on the profit or loss for the financial period comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current financial period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable or recoverable in respect of previous years.

Deferred income tax is provided using the liability method, on all temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where 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 at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and joint ventures, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the financial period when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the balance sheet date.

2. Significant accounting policies (cont'd)

(s) Foreign currency translation and transactions

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 (the "functional currency"). The financial statements of the Group and the Company are presented in Singapore dollar, which is the Company's functional currency.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

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.

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 Group's presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the end of the reporting period;
(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 exchange differences are recognised in the foreign currency translation reserve within equity.

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

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

On disposal of a foreign group entity, the cumulative amount of the foreign currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

(t) Borrowing costs

Interest expense and similar charges are expensed in profit or loss in the financial period in which they are incurred.

2. Significant accounting policies (cont'd)

(u) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

(v) Related parties

A related party is an entity or person that directly or indirectly through one or more intermediary controls, is controlled by, or is under common or joint control with, the entity in governing the financial and operating policies, or that has an interest in the entity that gives it significant influence over the entity in financial and operating decisions. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual. The transactions are entered on terms agreed by the parties concerned.

(w) 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 statement of financial position 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.

(x) Share capital

Proceeds from issuance of ordinary shares of the Company are recognised as share capital in equity.

Incremental costs directly attributable to the issuance of ordinary shares of the Company are deducted against share capital.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's and the Company's accounting policies, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

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

a) Critical judgments made in applying the accounting policies

The following are the critical judgements, apart from those involving estimations that management has made in the process of applying the Group's and the Company's accounting policies and that have significant effects on the amounts recognised in the financial statements:

(i) Going concern

The Group incurred a total loss of \$8,882,000 (2016: \$3,361,000) and a total comprehensive loss of \$8,773,000 (2016: \$3,533,000) for the financial period ended 31 December 2017. As at 31 December 2017, the Group's and the Company's current liabilities exceeded current assets by \$10,369,000 (2016: \$10,029,000) and \$6,112,000 (2016: \$5,487,000) respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and the Company to continue as going concern and therefore they may not be able to realise their assets and discharge their liabilities in the normal course of business.

Nevertheless, in the preparation of the financial statements, management believes that the use of the going concern assumption is appropriate after taking into consideration the following factors:

The Group's net current liability position of \$10,369,000 as at 31 December 2017 is a result of classifying \$12,339,000 owing by two subsidiaries to a single creditor as current liabilities in the Group's balance sheet (Note 19). This creditor had not demanded settlement in the past four financial years. However, on 1 June 2018, the Company received a letter of demand from the solicitor acting for the creditor claiming \$14,689,000 from the Company. The Company had been advised by its lawyers and denies this claim and its validity. The Group is in communication with the creditor and the Board is optimistic that an amicable settlement can be reached.

The Company's current liabilities of \$9,982,000 comprise \$1,411,000 owing to directors and the CEO and \$7,995,000 owing to subsidiaries who have undertaken to defer payments until the Group's cash position improves. Meanwhile, the Company has also instituted measures to reduce cost and preserve cash.

In order to strengthen its financial position, the Company had entered into a Share Placement agreement with KGI Securities (Singapore) Pte. Ltd. (the "Placement Agent") to issue 5,000,000,000 new ordinary shares in the Company at the minimum price of \$0.001 per new ordinary share on 27 April 2018. The Placement Agent had informed the Company on 31 May 2018 that they had procured subscriptions for the entire 5,000,000,000 new ordinary shares offered that would raise gross proceeds of \$5,000,000 for the Company.

3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

a) Critical judgments made in applying the accounting policies (cont'd)

(i) Going concern (cont'd)

The completion of the Share Placement and the receipt of the $5,000,000 gross proceeds will result in the Company having a net current liabilities position of $1,112,000, compared to a net current liabilities position of $6,112,000. However, due to the claim by the aforementioned creditor on 1 June 2018, the placement has not proceeded, pending the resolution with the creditor.

Notwithstanding the final outcome of the discussion with the creditor, the Group is actively exploring its options, including but not limited to disposing of its investment properties and investments. The Group has also been in negotiations with potential buyers to sell these assets, and expects that these assets can be sold at or close to their fair values in due course to raise cash for the Group's operation.

Further, the Group is planning to conduct bulk sampling exploration work (with the possibility of extracting economic amounts of gold in the process) in its concession in the Kyrgyz Republic during the next 12 months through its 50% owned joint venture company, Artel Trade LLC. In the event of a successful work program, the Group expects the operations of Artel Trade LLC to begin contributing to the Group's revenue and profits within the next 12 months.

On the RMB11 million receivables at Dezhou Sheng Rong Gas Co. Ltd ("Sheng Rong"), the subsidiary of Extera Pte. Ltd ("Extera"), Sheng Rong has recovered a total of RMB6.5 million, being RMB6 million in assignment of debt and the transfer of one property (RMB500,000). The remaining 3 properties totaling value of RMB4.5 million have been affirmed by two Court judgments in favour of Sheng Rong. For all intent and purposes, the receivables of RMB11,000,000 at Sheng Rong have been recovered.

The monetisation of the receivables is in progress. The assigned debt of RMB6 million is secured by a first charge over 39 near completion apartments in a development project in Yucheng, Shandong, People's Republic of China. The development project is under Court administration and the Court is in the process of auctioning the 39 near completion apartments to pay the assigned debt owned by Sheng Rong. The amount due to Sheng Rong under the assigned debt is expected to be no less than RMB11 million (including interest). The Company expects the auction to be completed by the end of 2018. The Company also expects to have the 3 other properties yet to be transferred pursuant to the August 2015 debt settlement agreement completed by the end of 2018. The Company is also in discussions to sell the shares of Extera or Sheng Rong.

The Company has in-principle agreed with its joint venture ("JV") partner, Primeforth Renewable Energy Limited, in the microalgae cultivation and oil extraction project, to terminate the JV agreement and to dissolve the JV company, Malaysian Microalgae Enterprise Sdn Bhd. The Company is in negotiations with the JV partner on the recovery and repayment of the $6 million advanced by the Company for the project.

Based on the Group's total assets and total liabilities of $18,863,000 and $15,396,000 respectively as at 31 December 2017 and the above-mentioned measures that the Group is taking, the Board has reasonable grounds to believe that the Group shall have adequate resources to continue its operations for the foreseeable future. For these reasons, the Group and the Company continue to adopt the going concern basis of accounting in the preparation of the financial statements.

3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

a) Critical judgments made in applying the accounting policies (cont'd)

(i) Going concern (cont'd)

In the event that the Group and the Company is unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge its liabilities in the ordinary course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the ordinary course of business and at amounts which could differ from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities which may arise, and to reclassify non-current assets as current assets and non-current liabilities as current liabilities. No such adjustments have been made to the financial statements.

(ii) Allowance for impairment of trade and other receivables

The policy for impairment of debts of the Group and the Company is based on the ageing analysis and management's ongoing evaluation of the recoverability of the outstanding receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the assessment of the creditworthiness and the past payment history of each customer. If the financial conditions of these customers were to deteriorate and resulted in an impairment of their ability to make payments, additional allowances may be required. The carrying amount of trade and other receivables as at 31 December 2017 and the related impairment allowance is disclosed in Notes 15 and 16 respectively.

(iii) Investments in joint ventures

As disclosed in Note 12, the Group entered into contractual arrangements to form joint ventures. Based on the contractual arrangements between the Group and the other investors, the arrangements provide joint control to the Group and the other investors, and that any decision about the relevant activities requires unanimous consent of the parties sharing control. Therefore, management has concluded that the investments in Malaysian Microalgae Enterprise Sdn Bhd, Artel Trade LLC and Superior Carbontech & Solutions Sdn Bhd are joint ventures (Note 12).

Management has assessed that the joint arrangements are classified as joint ventures as the joint arrangements provide the Group with rights to the net assets of the arrangements.

b) Key sources of estimation uncertainty

(i) Impairment of investments in subsidiaries

The management follows the guidance of FRS 36 *Impairment of Assets* in determining whether investments in subsidiaries are impaired, which requires the assumption made regarding the duration and extent to which the recoverable amount of an investment is less than its cost and the financial health of and near-term business outlook for the investment, including factors such as industry and sector performance, changes in operational and financing cash flows.

During the financial year ended 31 December 2016, the Company made an allowance for impairment of $6,158,000 for its investments in subsidiaries and the Company's carrying amount of investments in subsidiaries as at 31 December 2017 was $4,607,000 (2016: $4,607,000) (Note 9).

3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

b) Key sources of estimation uncertainty (cont'd)

(ii) Impairment of investments in joint ventures

The management follows the guidance of FRS 36 *Impairment of Assets* in determining whether investments in joint ventures are impaired, which requires the assumption made regarding the duration and extent to which the fair value of an investment is less than its cost and the financial health of and near-term business outlook for the investment, including factors such as industry and sector performance, changes in operational and financing cash flows.

The Group's and the Company's carrying amount of investments in joint ventures as at 31 December 2017 was $772,000 (2016: $6,767,000) and $Nil (2016: $6,000,000) respectively (Note 12).

(iii) Impairment and classification of available-for-sale investments

Available-for-sale investments are measured in accordance with the accounting policy as set out in Note 2(h) to the financial statements.

Available-for-sale investments represents the Group's and the Company's interests in the net proceeds of 60 finished lots of land situated at Falling Water, Pierce County, Washington State, United States of America and the Group's equity interest in Grand Prosper Group Limited ("Grand Prosper") and Trackplus Sdn Bhd ("Trackplus").

The Group and the Company have used the "lot/home value ratio method" valuation for the 60 finished lots of land in Falling Water carried out by an independent valuer on 13 June 2017. The valuation compares the average lot values as a percentage of the average home value. The valuation conforms to International Valuation Standards. During the financial period ended 31 December 2017, by using recent sales transaction records of adjacent finished land lots situated at Falling Water, the Group and the Company have considered and determined that the estimated fair value approximates its carrying amount of $4,600,000 as at 31 December 2017 (2016: $4,600,000).

If the fair value for the Group's interest in the 60 finished lots of land decreases by 5%, the effect on profit or loss would be approximately $230,000 (2016: $230,000).

Net proceeds of 60 finished lots of land situated at Falling Water, Pierce County, Washington State, United States of America

The Group and the Company own 66.7% equity interest in Sawyer Falls Co, LLC ("SFC") as disclosed in Note 13.

Although the Company acquired and holds more than 50% and 20% equity interest in SFC, this investment has been classified as an available-for-sale investment instead of investment in subsidiary or investment in associate as the Company has no power to exercise significant influence in its financial and operating policy decisions as defined in FRS 28 *Investments in Associates and Joint Ventures*, FRS 110 *Consolidated Financial Statements* and FRS 111 *Joint Arrangements*.

3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

b) Key sources of estimation uncertainty (cont'd)

(iii) Impairment and classification of available-for-sale investments (cont'd)

<u>*Investment in Grand Prosper and in Trackplus*</u>

As disclosed in Note 13, the Group's and the Company's investment in Grand Prosper has been fully impaired in prior years.

The Group and the Company own 35% equity interest in Trackplus as disclosed in Note 13. Although the Company acquired and holds more than a 20% equity interest in Trackplus, this investment has been classified as an available-for-sale investment instead of investment in associate as the Company has no power to exercise significant influence in its financial and operating policy decisions as defined in FRS 28 *Investments in Associates and Joint Ventures*.

Trackplus is a special purpose vehicle company and its only significant asset is a piece of land at Shah Alam, Selangor, Malaysia. On 4 December 2015, Trackplus entered into a joint venture agreement with a developer in Malaysia to carry out residential and commercial development on the land (Note 13).

During the financial period ended 31 December 2017, impairment loss of $542,000 was recognised to write down to the recoverable amount of $1,000,000.

(iv) Valuation of investment properties

The Group carries its investment properties at fair values, with changes in fair values being recognised in profit or loss.

The fair values of investment properties are determined by reference to open market values.

The carrying amounts and key assumptions used to determine the fair values of investment properties are disclosed in Note 11.

If the fair value for the Group's investment properties falls by 5%, the effects on loss before income tax would increase by $438,000 (2016: $485,000).

4. Others

	Group	
	1.1.2017 to 31.12.2017 $'000	1.1.2016 to 31.12.2016 $'000
Net losses from trading of foreign exchange	**(22)**	(107)
Fair value gain on investment properties (Note 11)	**–**	383
Others	**10**	22
	(12)	298

5. Finance income

	Group	
	1.1.2017 to 31.12.2017 $'000	1.1.2016 to 31.12.2016 $'000
Interest on fixed income instruments	**–**	76
Others	**1**	20
	1	96

6. Loss before tax

The Group's loss before income tax is arrived at after charging/(crediting) the following:

	Group	
	1.1.2017 to 31.12.2017 $'000	1.1.2016 to 31.12.2016 $'000
Administrative expenses		
Directors' remuneration other than fees:		
- Directors of the Company	**488**	508
Directors' fees	**59**	129
Audit fees		
- Auditors of the Company	**166**	124
- Other auditors	**7**	4
Fees for non-audit services	**–**	–
Employee benefit expense (excluding directors' remuneration)	**431**	473
Costs of defined contribution plans:		
- Directors	**5**	9
- Other employees	**55**	49
Share awards	**–**	74
Share options	**–**	196
Other expenses		
Depreciation of plant and equipment	**5**	36
Write off of other receivables, deposits and prepayments	**–**	4
Land and properties tax	**38**	39
Loss on disposal of investment property	**322**	–
Professional and legal fees	**272**	131
Rental expense - operating leases	**130**	133
Rental expense - land	**8**	8
Repairs and maintenance	**15**	17
Transportation and travel	**75**	58
Trade and other creditors written back	**–**	(1)
Net unrealised foreign exchange (gains)/loss	**(31)**	147
Impairment loss of trade and other receivables	**73**	1,014
Impairment loss of available-for-sale-investments	**542**	–
Impairment loss on investment in joint venture	**5,996**	–

7. Tax (credit)/expenses

	Group	
	1.1.2017 to 31.12.2017 $'000	1.1.2016 to 31.12.2016 $'000
Current income tax		
Foreign tax (Real Property Gains Tax)	**–**	1
Deferred tax - transferred to deferred tax liabilities (Note 18)	**(20)**	10
Tax credit	**20**	11
Under provision in previous financial years:		
Foreign tax (Income Tax)	**1**	–
	(19)	11

Domestic income tax is calculated at 17% (2016: 17%) of the estimated assessable loss for the financial period. Foreign tax at Malaysia is calculated at 24% (2016: 24%) of the estimated assessable profit for the financial period. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2016: 17%) to loss before income tax as a result of the following differences:

	Group	
	1.1.2017 to 31.12.2017 $'000	1.1.2016 to 31.12.2016 $'000
Loss before tax	**(8,901)**	(3,350)
Tax expense calculated at the appropriate tax rate of 17% (2016: 17%)	**(1,513)**	(570)
Adjustments:		
Expenses not deductible for tax purposes	**1,213**	226
Tax effect of losses from investments held for trading and derivative instruments	**–**	19
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(69)**	(24)
Movement in unrecognised deferred tax assets	**349**	359
Under provision in previous financial year	**1**	–
Foreign Tax (Real Property Gains Tax)	**–**	1
	(19)	11

As at 31 December 2017, the Group has unutilised tax losses amounting to approximately $46,460,000 (2016: $44,417,000) and unutilised capital allowances amounting to approximately $1,524,000 (2016: $1,523,000) available for offset against future profits subject to approval by the relevant tax authorities. The deferred tax benefit relating to these unutilised tax losses and unutilised capital allowances of approximately $8,157,000 (2016: $7,810,000) has not been recognised in the financial statements as the Group cannot be certain that there will be taxable profit in the future to utilise this tax benefit. The tax losses may be carried indefinitely subject to the conditions imposed by the relevant tax regulations.

8. Loss per share

Basic loss per share is calculated by dividing the Group's loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

Basic loss per share is calculated as follows:

	Group	
	1.1.2017 to 31.12.2017	1.1.2016 to 31.12.2016
Loss for the financial period ($'000)	**(8,791)**	(3,404)
Weighted average number of ordinary shares ('000)	**4,460,762**	4,441,690
	Cents	Cents
Basic and diluted loss per share from continuing operations	**(0.20)**	(0.08)

Diluted loss per share is calculated based on the weighted average number of ordinary shares adjusted for the effects of all dilutive potential ordinary shares. Share awards of 30,000,000 (2016: 30,000,000) granted but not vested at the end of the financial period 2017, share options of 75,500,000 (2016: 91,500,000) granted but not exercised at the end of the financial period 2017, were excluded from the calculation of the diluted weighted average number of ordinary shares, as their effects are anti-dilutive.

9. Investments in subsidiaries

	Company	
	2017 $'000	2016 $'000
Unquoted equity shares	**27,851**	27,851
Less: Allowance for impairment	**(23,244)**	(23,244)
	4,607	4,607

Movement in allowance for impairment are as follows:

	2017 $'000	2016 $'000
Balance as at 1 January	**(23,244)**	(17,086)
Impairment loss	**–**	(6,158)
Balance as at 31 December	**(23,244)**	(23,244)

The Company has provided full allowance for impairment on its investments in certain subsidiaries, namely Jadensworth Holdings Pte Ltd, PG Communications Pte Ltd, Shakey's Holdings Pte Ltd, Wang Da Investments Limited and Inno-Pacific Realty Sdn Bhd and Heritage Investment Corporation in prior years. Shakey's Holdings Pte Ltd has been dormant while Jadensworth Holdings Pte Ltd, PG Communications Pte Ltd, Wang Da Investments Limited and Inno-Pacific Realty Sdn Bhd and Heritage Investment Corporation had been making recurring losses.

During the financial year ended 31 December 2016, the Company had provided an allowance for impairment of $750,000, $9,000 and $5,399,000 to write down its investments in Extera Pte Ltd, Enigma Venture (M) Sdn Bhd and Heritage Investment Corporation respectively to their recoverable amounts of $2,611,000 and $1,991,000 and $Nil respectively. The recoverable amounts of the investment in those subsidiaries have been determined based on management's estimation of the fair value of the subsidiaries' net assets as at the financial year end. The measurement was categorised as a Level 3 fair value, as defined in Note 32 to the financial statements.

9. Investments in subsidiaries (cont'd)

(a) Details of the subsidiaries are as follows:

Name of subsidiary/ country of incorporation	Principal activities	Group's effective equity interest	
		2017	2016
		%	%
Held by the Company			
Awana Rentak Sdn Bhd[a] ("ARSB") Malaysia	Investment holding	**100.0**	100.0
Enigma Venture (M) Sdn Bhd[a] Malaysia	Investment holding	**100.0**	100.0
Heritage Investment Corporation[b] British Virgin Islands	Investment holding and investment trading	**100.0**	100.0
Golden Eagle Mining Pte Ltd Singapore	Investment holding	**100.0**	100.0
Inno-Pacific Realty Sdn Bhd[a] Malaysia	Investment property holding	**100.0**	100.0
Jadensworth Holdings Pte Ltd Singapore	Investment holding and investment trading	**100.0**	100.0
PG Communications Pte Ltd Singapore	Dormant	**100.0**	100.0
Shakey's Holdings Pte Ltd[c] Singapore	Dormant	**88.9**	88.9
Wang Da Investments Limited [b] British Virgin Islands	Investment holding and investment trading	**100.0**	100.0
Extera Pte Ltd ("Extera") Singapore	Investment holding	**81.8**	81.8
Held by Extera Pte Ltd			
Dezhou Sheng Rong Gas Co Ltd ("Sheng Rong") (德州胜荣燃气有限公司) [b] People's Republic of China	Energy and fuel distribution including compressed natural gas ("CNG") service provider	**73.6**	73.6
Held by PG Communications Pte Ltd			
PG Communications Sdn Bhd[a] Malaysia	Dormant	**100.0**	100.0
Held by Inno-Pacific Realty Sdn Bhd			
Megan Midas Sdn Bhd[a] Malaysia	Investment property holding	**100.0**	100.0

9. Investments in subsidiaries (cont'd)

(a) Details of the subsidiaries are as follows (cont'd):

Notes on subsidiaries:

[(a)] Audited by Baker Tilly Monteiro Heng, Malaysia.

[(b)] Not required to be audited in the country of incorporation. Audited by Baker Tilly TFW LLP for consolidation purposes.

[(c)] Exempted from audit under Section 205B of the Companies Act.

(b) Significant restrictions

Cash and cash equivalents of $1,046,000 (2016: $1,407,000) are held in the People's Republic of China and are subject to local exchange control regulations. These regulations place restrictions on the amount of currency being exported from the country, other than through dividends.

(c) Summarised financial information of subsidiaries with material non-controlling interests ("NCI")

The Group has the following subsidiaries that have material non-controlling interests:

Name of subsidiary/ country of incorporation	**Proportion of ownership interests and voting rights held by non-controlling interests**		**Profit/(loss) allocated to non-controlling interests**		**Accumulated non-controlling interests**	
	2017	2016	**2017**	2016	**2017**	2016
	%	%	**$'000**	$'000	**$'000**	$'000
Dezhou Sheng Rong Gas Co Ltd (德州胜荣燃气有限公司) People's Republic of China	**10**	10	**(30)**	30	**–**	30
Extera Pte Ltd Singapore	**18.2**	18.2	**(61)**	13	**525**	586
			(91)	43	**525**	616

As disclosed in Note 16, the former non-controlling shareholder of Sheng Rong had transferred its 10% equity interest in Sheng Rong to an unrelated third party nominated by Sheng Rong during the financial period ended 31 December 2017.

9. Investments in subsidiaries (cont'd)

(c) Summarised financial information of subsidiaries with material non-controlling interests ("NCI") (cont'd)

Summarised financial information in respect of each of the Group's subsidiaries that have material non-controlling interests are set out below. The summarised financial information below represents amounts before intragroup elimination:

Summarised Balance Sheets

	2017	2016
	$'000	$'000
Sheng Rong		
Current assets	**3,393**	3,716
Non-current assets	**46**	–
Current liabilities	**(3,421)**	(3,377)
Equity attributable to owners of the Company	**18**	309
Non-controlling interests	**–**	30
Extera		
Current assets	**–***	1
Non-current assets	**3,157**	3,200
Current liabilities	**(48)**	(42)
Equity attributable to owners of the Company	**2,584**	2,573
Non-controlling interests	**525**	586

* Amount is less than $1,000

Summarised Statement of Comprehensive Income

	2017	2016
	$'000	$'000
Sheng Rong		
Expenses	**(316)**	(137)
Loss for the financial period	**(316)**	(137)
Loss attributable to owners of the Company	**(286)**	(167)
(Loss)/profit attributable to the non-controlling interests	**(30)**	30
Total comprehensive loss for the financial period	**(316)**	(137)
Total comprehensive loss attributable to owners of the Company	**(286)**	(167)
Total comprehensive (loss)/profit attributable to the non-controlling interests	**(30)**	30

9. Investments in subsidiaries (cont'd)

(c) Summarised financial information of subsidiaries with material non-controlling interests ("NCI") (cont'd)

Summarised Cash Flows

	2017 **$'000**	2016 $'000
Net cash outflow from operating activities	**(312)**	(136)
Net cash outflow from investing activities	**(49)**	–
Net cash inflow from financing activities	**–**	–
Net decrease in cash and cash equivalents	**(361)**	(136)

Extera Group

	2017 **$'000**	2016 $'000
Expenses	**(336)**	(882)
Loss for the financial period	**(336)**	(882)
Loss attributable to owners of the Company	**(275)**	(895)
(Loss)/profit attributable to the non-controlling interests	**(61)**	13
Total comprehensive loss for the financial period	**(336)**	(882)
Total comprehensive loss attributable to owners of the Company	**(275)**	(895)
Total comprehensive (loss)/profit attributable to the non-controlling interests	**(61)**	13
Net cash outflow from operating activities	**(312)**	(145)
Net cash outflow from investing activities	**(49)**	–
Net cash inflow from financing activities	**–**	–
Net decrease in cash and cash equivalents	**(361)**	(145)

10. Plant and equipment

	Furniture and fittings $'000	Other assets $'000	Total $'000
Group			
2017			
Cost			
At 1 January 2017	201	554	755
Additions	–	49	49
Written-off	(5)	(13)	(18)
At 31 December 2017	196	590	786
Allowance for impairment			
At 1 January 2017	4	3	7
Written-off	(4)	(3)	(7)
At 31 December 2017	–	–	–
Accumulated depreciation			
At 1 January 2017	175	543	718
Written-off	(1)	(10)	(11)
Depreciation	*	5	5
At 31 December 2017	174	538	712
Net book value			
At 31 December 2017	**22**	**52**	**74**
2016			
Cost			
At 1 January 2016			
Additions	200	557	757
Written-off	3	–	3
Disposals	(2)	(3)	(5)
At 31 December 2016	201	554	755
Allowance for impairment			
At 1 January 2016	5	5	10
Write back of impairment loss	(1)	(2)	(3)
At 31 December 2016	4	3	7
Accumulated depreciation			
At 1 January 2016	175	508	683
Depreciation	(1)	(1)	(2)
Written-off	1	35	36
Disposals	–	1	1
Foreign currency translation differences	175	543	718
At 31 December 2016			
Net book value			
At 31 December 2016	22	8	30

The Group's other assets include a motor vehicle with a carrying amount of $Nil (2016: $Nil) registered in the name of a director and is held in trust for the Group.

* less than $1,000

10. Plant and equipment (cont'd)

	Furniture and fittings $'000	Other assets $'000	Total $'000
Company			
2017			
Cost			
At 1 January 2017 and 31 December 2017	64	137	201
Accumulated depreciation			
At 1 January 2017	42	129	171
Depreciation	*	2	2
At 31 December 2017	42	131	173
Net book value			
At 31 December 2017	**22**	**6**	**28**
2016			
Cost			
At 1 January 2016	61	137	198
Additions	3	–	3
At 31 December 2016	64	137	201
Accumulated depreciation			
At 1 January 2016	42	125	167
Depreciation	–	4	4
At 31 December 2016	42	129	171
Net book value			
At 31 December 2016	22	8	30

* less than $1,000

11. Investment properties

	Group	
	2017 $'000	2016 $'000
Fair value		
As at 1 January	**9,707**	9,540
Disposal	**(1,124)**	–
Fair value gain	**–**	383
Foreign currency translation differences	**172**	(216)
As at 31 December	**8,755**	9,707

11. Investment properties (cont'd)

(a) As at 31 December 2017, the fair value of the Tanjong Malim land was determined based on the valuation performed by a professional valuer using a direct comparison with recent transactions of comparable properties within the vicinity at the balance sheet date. The valuer has taken into consideration the prevailing market conditions and have made due adjustments for differences between the property and the comparables in terms of locations, size, shape and terrain of land and other factors affecting its value. The land is a 99 years leasehold land expiring on 12 February 2106. There is no significant change in fair value since previous financial year.

(b) The Group had acquired certain residential and commercial properties as investment properties. The Group's investment properties are held for income and capital gains. The fair value of the Group's residential and commercial properties as at 31 December 2017 has been arrived at based on valuations carried out by independent professional valuers. The valuer adopted the Comparison Method in valuing the properties and the valuation was based on the recent transaction records of comparable properties in the locality and was performed in accordance with International Valuation Standards. There is no significant change in the fair value from 31 December 2016.

The fair value of investment properties is classified under Level 3 of the fair value hierarchy, as defined in Note 32 to the financial statements.

No significant direct operating expenses have been incurred for these investment properties.

Descriptions of the investment properties are as follows:

Name of property	**Area**	**Existing use**	**Tenure**
Tanjong Malim Land, Malaysia	2,103,948 sq. ft.	Industrial	99 year lease (unexpired term 89 years)
Unit 18-03 Clear Water Residence, Kuala Lumpur Malaysia	3,283 sq. ft.	Residential	Freehold
Lot A-2, Tamam Sungai Mas, Sabah, Malaysia	1,070 sq. ft.	Shop	999 year lease (unexpired term 898 years)
Lot A-3A, Tamam Sungai Mas, Sabah, Malaysia	1,070 sq. ft.	Shop	999 year lease (unexpired term 898 years)

12. Investments in joint ventures

Details of the Group's joint ventures at the end of the reporting period are as follows:

Name of joint venture/ country of incorporation	**Principal activities**	**Group's effective equity interest**	
		2017	2016
		%	%
Held by the Company			
Malaysian Microalgae Enterprise Sdn Bhd [(a)], Malaysia	Commercial cultivation of microalgae and its downstream activities	**70**	70
Held by the Golden Eagle Mining Pte Ltd			
Artel Trade LLC [(b)] The Kyrgyz Republic	Minerals exploration and mining	**50**	50
Held by the Awana Rentak Sdn Bhd			
Superior Carbontech & Solutions Sdn Bhd [(c)], Malaysia	Recovery of valuable by-products and generation of renewable energy	**50**	50

The above joint ventures are accounted for using the equity method in these consolidated financial statements.

a) On 22 September 2015, the Company entered into a Joint Venture Agreement with Primeforth Renewable Energy Limited ("Primeforth") to establish a microalgae cultivation and oil extraction project to be located in Singapore through a Singapore-incorporated company. On 21 January 2016, the Company signed a supplemental agreement with Primeforth to provide that a private limited company be incorporated in Singapore or in Malaysia, and that the first facility shall be located in Malaysia as no suitable land in Singapore could be found. Subsequently, the Company acquired an equity interest in Malaysian Microalgae Enterprise Sdn Bhd ("Malaysian Microalgae") (with no assets and no liabilities) with the intended principal business in the commercial cultivation of microalgae and related downstream activities in Malaysia. Malaysian Microalgae is envisaged to be the entity to undertake the microalgae cultivation and oil extraction project. On 11 October 2016, the Company signed an engineering, procurement and construction ("EPC") agreement with Primeforth for the construction of the microalgae facility on a turn-key basis. In the agreement, it was stated that the project is to be rolled out in three phases with the Company committed to invest and funding of US$4.5 million, US$3.0 million and US$5.0 million for Phase 1, 2 and 3 of the project, respectively. Accordingly, the Group funded $6.0 million for Phase 1 of the project. This funding has been used for land and site preparation, purchase of microalgae seeds, tanks, piping and other equipment for the microalgae facility.

   As the (Phase 1) down-sized facility would not able to achieve the optimal results, accordingly the Company requested that the funding of $6 million be refunded to the Company. An impairment loss of $5,996,000 was recognised for the financial period ended 31 December 2017 to write down its investment in Malaysian Microalgae to its recoverable amount.

12. Investments in joint ventures (cont'd)

b) On 15 April 2015, Golden Eagle Mining Pte Ltd ("Golden Eagle Mining"), a wholly owned subsidiary of the Company, acquired a 50% interest in an unincorporated joint venture ("UJV") in the gold exploration and exploitation concession which is owned by Artel Trade LLC ("Artel") for US$400,000 from an unrelated Kyrgyz person who was the sole shareholder of Artel, a company incorporated in the Kyrgyz Republic. Artel is the owner of a gold exploration and exploitation concession and the two exploration licences in the Kyrgyz Republic. Subsequently, in 2016, the Group's 50% interest in the UJV was converted into the issued share capital of Artel. Golden Eagle Mining has funded US$150,000 of Artel's 2015 work program as of 31 December 2017 (31 December 2016: US$150,000). Artel is 50% owned by Golden Eagle Mining, 25% is owned by Mr Wong Chin Yong, CEO of the Company, with the balance 25% owned by the unrelated Kyrgyz person. Artel's work program in financial period 2016 and 2017 had been limited to mapping and data analysis by Artel's local geologist, who has identified two areas within the concession for further exploration in 2018.

c) On 2 June 2016, Awana Rentak Sdn Bhd ("Awana"), a wholly owned subsidiary of the Company, entered into a joint venture agreement with RC Carbon Sdn Bhd to set up a Recovered Carbon Black ("rCB") production facility to produce rCB from waste, end-of-life tyres char through a joint venture company in Malaysia. During the financial year 2016, Awana acquired a 50% equity interest in Superior Carbontech & Solutions Sdn Bhd ("Superior Carbontech"), a joint venture company with RC Carbon Sdn Bhd.

   During the financial period, the Group had given the termination letter to RC Carbon Sdn Bhd, to terminate the joint venture agreement and has intention to dissolve the joint venture company.

These investments have been accounted for as joint arrangements as decisions relating to the joint arrangement activities require unanimous consent from all parties. They are classified as joint ventures as the joint arrangements provide the Group with rights to the net assets of the arrangements.

	Group		**Company**	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Carrying amount as at 1 January	**6,767**	707	**6,000**	6,000
Addition during the financial period	**7**	6,082	**–**	–
Share of losses of joint ventures	**(6)**	(22)	**(4)**	–
Carrying amount as at 31 December	**6,768**	6,767	**5,996**	6,000
Less: impairment loss	**(5,996)**	–	**(5,996)**	–
	772	6,767	**–**	6,000

As Malaysian Microalgae has not commenced its operation since its incorporation in 2015, apart from the $6,000,000 funding for phase 1 of the project provided by the Group, its financial information is not material to be disclosed.

12. Investments in joint ventures (cont'd)

Summarised financial information in respect of the Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with International Financial Reporting Standards.

Artel Trade LLC

Summarised Balance Sheets

	2017 $'000	2016 $'000
Current assets	**200**	217
Current liabilities	**(246)**	(257)
Net liabilities	**(46)**	(40)

Summarised Statement of Comprehensive Income

	2017 $'000	2016 $'000
Operating expenses	**(10)**	(12)
Loss before tax	**(10)**	(12)
Other comprehensive income	**–**	–
Total comprehensive loss	**(10)**	(12)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2017 $'000	2016 $'000
Net liabilities of the joint venture	**(46)**	(40)
Proportion of the Group's ownership interest in the joint venture	**50%**	50%
Share of net liabilities of the joint venture	**(23)**	(20)
Cost of acquisition paid to owners of the Company	**546**	546
Funding provided	**249**	243
Carrying amount of the Group interest in the joint venture	**772**	769

13. Available-for-sale-investments

	Group and Company	
	2017	2016
	$'000	$'000
As at 1 January	**17,852**	17,852
Allowance for impairment	**(12,252)**	(11,710)
As at 31 December	**5,600**	6,142
Non-current assets	**4,600**	6,142
Current assets	**1,000**	–
	5,600	6,142

Movement in allowance for impairment is as follows:

	Group and Company	
	2017	2016
	$'000	$'000
As at 1 January	**11,710**	11,710
Addition during the financial period	**542**	–
As at 31 December	**12,252**	11,710

Available-for-sale investments comprise the following:

	Group and Company	
	2017	2016
	$'000	$'000
Investment in unquoted shares [Note (i)]	**4,600**	4,600
Investment in unquoted shares [Notes (ii) and (iii)]	**1,000**	1,542
	5,600	6,142

(i) The carrying amount of the Group's and the Company's rights to receive the net proceeds from the sale of 60 finished lots of land situated at Falling Water, Pierce County, Washington State, United States of America amounting to $4,600,000;

(ii) The Group and the Company had made full allowance for impairment of $1,400,000 for its investment in Grand Prosper as its operations in the People's Republic of China ("PRC") has not been successful; and

(iii) During the financial period, impairment loss of $542,000 was recognised to write down to the recoverable amount of equity investment in Trackplus.

Net proceeds of 60 finished lots of land situated at Falling Water, Pierce County, Washington State, United States of America

SFC is a special purpose vehicle company and owns only the rights to net proceeds of 85 finished lots of property in Falling Water District, Pierce County, Washington. As at 31 December 2017, the Company owns 67% (2016: 67%) equity interest in SFC.

Although the Company acquired and holds more than 50% equity interest in SFC, this investment has been classified as an available-for-sale investment instead of investment in subsidiary or investment in associate as the Company has no power to exercise control or significant influence in its financial and operating policy decisions as defined in FRS 28 *Investments in Associates and Joint Ventures*, FRS 110 *Consolidated Financial Statements* and FRS 111 *Joint Arrangements*.

13. Available-for-sale-investments (cont'd)

Net proceeds of 60 finished lots of land situated at Falling Water, Pierce County, Washington State, United States of America (cont'd)

On 23 April 2002, SFC entered into a Vacant Land Sale and Purchase Agreement ("VLSPA") to sell the Falling Water raw land to Capri Investment L.L.C for the consideration of US$3,500,000 and the entitlement of net proceeds from the sale of 85 finished lots from the property, less the customary costs of sale and closing costs as well as, the traffic, park schools mitigation fees and related utility fees allocable to each of the lots.

On 26 February 2004, the Company, SFC and its members entered into an agreement whereby SFC agreed to distribute the net proceeds from the first 35 lots of the 85 lots that SFC is entitled to under the VLSPA to the Company as settlement of promissory notes issued by SFC to the Company. It was also agreed on 16 March 2004, that the Company will be entitled to a further 25 lots in SFC. Consequently, the Company has a right to receive the net proceeds from the sale of 60 finished lots.

On 16 March 2004, SFC had confirmed to the Company that the net proceeds from the distribution of the remaining lots (which is 25 lots) to the Company will also be without any deductions for the creditors of SFC or advances made by members of SFC after the date of the VLSPA.

Investment in Grand Prosper

The Company had acquired 25% of the issued and paid-up share capital in Grand Prosper for $1.4 million. Grand Prosper's only investment is its 90% shareholding in Deshi Oil and Gas Exploration Co. Ltd. The Company had fully impaired its investment in Grand Prosper.

Investment in Trackplus

The Company acquired 35% interest in the issued and paid-up share capital of Trackplus whose principal activity is property development in Malaysia on 9 September 2011. Although the Company acquired and holds more than 20% equity interest in Trackplus, the Company has classified it as an available-for-sale investment instead of investment in associate as the Company has no power to exercise significant influence in its financial and operating policy decisions as defined in FRS 28 *Investments in Associates and Joint Ventures*.

As disclosed in Note 3(b)(iii), Trackplus is a special purpose vehicle company and owns only a parcel of land with an area of approximately 7,863 square metres at Section 13, Town of Shah Alam, Selangor, Malaysia.

The land which is on a leasehold title for 99 years and expiring on 22 January 2102, was valued at approximately $8,060,000 [equivalent to RM25,000,000] in previous financial year. The valuation of the land was carried out by an independent registered valuer based on the available records of recent transactions of comparable properties in the locality.

Trackplus had on 4 December 2015 entered into a joint venture agreement with a developer in Malaysia to carry out residential and commercial development on the land. Under this agreement, the Developer shall pay Trackplus (i) 20% of the total sales price of the net saleable area from the development on the land, or (ii) the Guaranteed Minimum Consideration of $8,060,000 [equivalent to RM25,000,000], whichever is higher.

The Company has subsequent to the financial period ended 31 December 2017 entered into a Sale and Purchase Agreement with unrelated purchaser on 16 January 2018 and sold the 35% interest in the issued and paid up share capital of Trackplus in 2018 for a consideration of $1,000,000.

14. Investments held for trading

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Marketable securities:				
As at 1 January	**83**	308	**66**	111
Disposal	#	(113)	#	(33)
Net losses from investment trading activities	**–**	(112)	**–**	(12)
As at 31 December	**83**	83	**66**	66

Investments held for trading pertains to investments in listed marketable securities which offer the Group and the Company the opportunity for return through dividend income and fair value gains. The fair values of the listed equity securities are based on closing bid prices on the last market day of the financial period.

The Group's and the Company's investments held for trading include investments with the carrying amount of $83,000 (2016: $83,000) and $66,000 (2016: $66,000) respectively, are pledged as security for trading accounts with financial institutions.

Investments held for trading are denominated in Singapore dollar.

Shares with nil value (fully written-down as at 31 December 2016) was sold in August 2017.

15. Trade receivables

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Third parties (trading of securities)	**–**	56,308	**–**	56,308
Less: Allowance for impairment	**–**	(56,308)	**–**	(56,308)
	–	–	**–**	–
Rental receivables	**17**	19	**7**	–
	17	19	**7**	–

Trade receivables from third parties are non-interest bearing and repayable within the normal trade credit term of 30 days (2016: 30 days).

Trade receivables are denominated in the following currencies:

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Singapore Dollar	**7**	–	**7**	–
Malaysian Ringgit	**10**	19	**–**	–
	17	19	**7**	–

Movements in allowance for impairment on trade receivables are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
As at 1 January	**56,308**	56,177	**56,308**	56,177
Addition during the financial year	**–**	131	**–**	131
Write off	**(56,308)**	–	**(56,308)**	–
As at 31 December	**–**	56,308	**–**	56,308

16. Other receivables and prepayments

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Other receivables				
- third parties	**3,374**	3,399	**270**	342
- joint ventures	**76**	3	**15**	3
Allowance for impairment	**(1,109)**	(1,036)	**(282)**	(269)
	2,341	2,366	**3**	76
Amounts due from subsidiaries	**–**	–	**29,244**	29,266
Allowance for impairment	**–**	–	**(26,599)**	(26,539)
	–	–	**2,645**	2,727
Deposits	**35**	36	**31**	33
Prepayments	**16**	30	**7**	10
	2,392	2,432	**2,686**	2,846

Other receivables include an amount of $2,300,000 (equivalent to RMB11,000,000) due from the former non-controlling shareholder of Sheng Rong. In 2015, the former non-controlling shareholder had agreed to pay Sheng Rong RMB11,000,000 pursuant to the recovery of payments made by Sheng Rong for the CNG station by transferring several properties in the PRC totalling $1,000,000 (equivalent to RMB5,000,000) and assignment of debts totalling $1,300,000 (equivalent to RMB6,000,000) and also to transfer its 10% equity interest in Sheng Rong to an unrelated third party nominated by Sheng Rong. The receivables are personally guaranteed by the owner of the former non-controlling shareholder. The assignment of debt totalling $1,300,000 (RMB6 million) have been transferred to Sheng Rong and one property $100,000 (RMB500,000) have been transferred to Sheng Rong's trustee in 2015. In May 2016, Sheng Rong initiated legal action against the former non-controlling shareholder of Sheng Rong and owners of properties (which are pledged as collaterals for the receivables) for enforcement of recovery of the receivables. In December 2016, the Chinese Court ruled in favour of Sheng Rong's application and required the various parties to fulfill their obligations and a penalty payment for the delay in transfer of the properties to Sheng Rong. The former non-controlling shareholder appealed the Court's award of the late payment penalty to Sheng Rong in January 2017. In June 2017, the Chinese (Appeal) Court reaffirmed the first Court decision on the transfer of the properties and the 10% equity interest in Sheng Rong but dismissed the penalty payment awarded to Sheng Rong. The former non-controlling shareholder's 10% equity interest in Sheng Rong had been transferred to an unrelated third party shortly after the June 2017 Court decision. The 3 properties have yet to be transferred as at 31 December 2017.

As at 31 December 2017, the assignment of debts totalling $1,300,000 (equivalent to RMB 6,000,000) and only one property worth $104,000 (RMB500,000) have been transferred to Sheng Rong and a trustee appointed by the Group respectively.

Other receivables and amounts due from subsidiaries are interest-free, unsecured and repayable on demand.

Movements in allowance for impairment on other receivables are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
As at 1 January	**1,036**	153	**269**	–
Addition during the financial period	**73**	883	**13**	269
As at 31 December	**1,109**	1,036	**282**	269

16. Other receivables and prepayments (cont'd)

An allowance for impairment is made for estimated irrecoverable amounts from other receivables and amount due from subsidiaries and determined by reference to the financial position and repayment capability of the other receivables and subsidiaries.

Other receivables which are aged less than one financial year are not considered as past due.

Movements in allowance for impairment on amounts due from subsidiaries are as follows:

	Company	
	2017	2016
	$'000	$'000
As at 1 January	**26,539**	27,786
Addition during the financial period	**64**	272
Written off during the financial period as uncollectible	**–**	(1,450)
Reversal during the financial period	**(4)**	(69)
As at 31 December	**26,599**	26,539

Amount due from subsidiaries that are individually determined to be impaired at the balance sheet date relate to subsidiaries that have been suffering financial difficulties.

Other receivables and prepayments are denominated in the following currencies:

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Singapore Dollar	**43**	122	**2,686**	2,846
Chinese Renminbi	**2,347**	2,309	**–**	–
Malaysian Ringgit	**2**	1	**–**	–
	2,392	2,432	**2,686**	2,846

17. Cash and cash equivalents

Cash and cash equivalents for the purpose of presenting in the consolidated statement of cash flows are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Cash and bank balances	**1,170**	1,584	**111**	136

Cash and bank balances do not bear any interest.

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Singapore Dollar	**1,109**	1,504	**108**	132
Chinese Renminbi	**47**	61	**–**	–
United States Dollar	**14**	15	**3**	4
Malaysian Ringgit	**–**	4	**–**	–
	1,170	1,584	**111**	136

No cash at the bank accounts or stock brokerage accounts have been pledged as collateral.

18. Deferred tax liabilities

Deferred tax liabilities arise when the Group accounts for the difference between the carrying amount of the revalued leasehold land and its cost as the Group deems the future recovery of the carrying amount of the revalued asset will result in a taxable flow of economic benefits to the Group and the expected deductible amount for tax purposes will differ from the amount of the economic benefits. A deferred tax liability is computed in respect of the revaluation surplus at the tax rate of the country in which the subsidiary concerned is domiciled. Any actual tax liability will crystallise upon disposal of the revalued asset.

Movements in deferred tax liabilities are as follows:

	Group	
	2017	2016
	$'000	$'000
As at 1 January	**378**	376
Tax (credited)/charged to profit or loss (Note 7)	**(20)**	10
Foreign currency translation differences	**7**	(8)
As at 31 December	**365**	378

19. Trade and other payables

	Group		**Company**	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Trade payables:				
- bank and stock brokerage trading accounts	**12,339**	12,339	**–**	–
Other payables:				
Amounts due to subsidiaries	**–**	–	**7,995**	7,272
Accrued operating expenses	**655**	243	**444**	133
Provision for unutilised leaves	**506**	549	**506**	549
Other payables	**1,472**	670	**978**	235
	14,972	13,801	**9,923**	8,189

Bank and stock brokerage trading accounts were non-interest bearing and are repayable within 30 days (2016: 30 days). No cash at the bank accounts or stock brokerage accounts have been pledged as collateral.

As at 31 December 2017, the carrying amount owed by the two subsidiaries of the Company to a single creditor, without any guarantee, is $12,339,000. On 1 June 2018, the Company received a letter of demand from the lawyer acting on behalf of Saxo Bank A/S ("Saxo Bank") seeking a payment of $14,689,000 from the Company to settle, inter alia, the negative account balances under the accounts maintained by two of the Company's subsidiaries with Saxo Bank. The Company having taken legal advice, denied that the claim by Saxo Bank against the Company is valid. The liabilities forming the subject matter of the claim by Saxo Bank were incurred by the Company's subsidiaries, namely Heritage Investment Corporation and Wang Da Investments Limited, and not the Company. The total liabilities recorded in the books of the two subsidiaries of the Company was at $12,339,000, which is the amount confirmed by Saxo Bank. Saxo Bank has not commenced legal proceedings to the Group on the claims.

19. Trade and other payables (cont'd)

Amounts due to subsidiaries which comprise advances are non-trade, interest-free, unsecured and repayable on demand.

The accrued operating expenses principally comprise amounts outstanding for on-going operating costs.

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Singapore Dollar	**14,217**	13,188	**9,812**	8,068
Chinese Renminbi	**561**	473	**–**	–
United States Dollar	**112**	122	**111**	121
Malaysian Ringgit	**82**	18	**–**	–
	14,972	13,801	**9,923**	8,189

20. Derivative payables and other liabilities

The derivative payables and other liabilities shown in the following tables are held for trading purposes. The contractual or underlying principal amounts of these derivative payables and other liabilities and their corresponding gross negative (derivative payables) fair values at the end of the financial period are analysed below:

	Notional amount		Derivative payables	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Group				
Equity derivative				
Fair value of equity derivatives	**–**	6	**–**	6

	Group and Company	
	2017	2016
	$'000	$'000
Derivative payables:		
Analysed by counterparty:		
Bank	**–**	6
Analysed by geography:		
Singapore	**–**	6

The analysis by geography is determined based on where the counterparty risk resides.

21. Provision for directors' fees

Provision for directors' fees is denominated in Singapore dollar.

22. Share capital

	Group and Company	
	No. of shares	**$'000**
2017		
Issued and paid-up, no par value		
As at 1 January	**4,460,750,145**	**121,571**
Issue of ordinary shares relating to:		
- issuance of shares upon conversion of warrant	**84,500**	**1**
As at 31 December	**4,460,834,645**	**121,572**
2016		
Issued and paid-up, no par value		
As at 1 January	4,396,750,145	121,571
Issue of ordinary shares relating to:		
- issuance of shares upon vesting of share awards	64,000,000	–
As at 31 December	4,460,750,145	121,571

During the financial period, the warrant holders exercised their rights to convert the warrants at the exercise price of $0.012 for each New Share under the terms of the Deed Poll dated 7 October 2014. The warrant has expired during the financial period and there were no outstanding warrants as at 31 December 2017.

23. Asset reserve

The asset reserve which is non-distributable arises from the revaluation of a leasehold land.

24. Share awards reserve

Share awards reserve represents the value of share-based payment in the form of equity-settled share awards granted to directors and employees. The reserve is made up of the cumulative value of share-based payment received from directors and employees recorded on the grant of equity-settled share awards.

The Innopac Performance Share Scheme (the "PSS")

On 28 April 2015, the Company granted 95,000,000 share awards to directors and staff under the PSS. The market price of the Company's shares on the date of the grant was $0.008. As at 31 December 2016, 1,000,000 of the said share awards has lapsed upon cessation of staff employment. 64,000,000 of the said share awards have been allotted and issued as at the end of the financial year ended 31 December 2016. The balance of 30,000,000 share awards will be released once the RC is satisfied that the prescribed performance targets have been achieved.

64,000,000 shares have been issued upon vesting of share awards on 19 April 2016. Information in respect of the share awards issued to the directors is as follows:

	No. of shares
Wong Chin Yong	20,000,000
Dato' Moehamad Izat Emir	15,000,000
Ong Kah Hock	15,000,000
Arslan Koichiev	2,000,000

24. Share awards reserve (cont'd)

The Innopac Performance Share Scheme (the "PSS") (cont'd)

Information in respect of the share awards granted under the PSS is as follows:

	Number of share awards	
	2017	2016
Outstanding as at 1 January	**30,000,000**	94,000,000
Issue of shares upon vesting of share awards	**–**	(64,000,000)
Outstanding as at 31 December	**30,000,000**	30,000,000

25. Share options reserve

Share options reserve represents the value of share-based payments in the form of equity-settled share options granted to directors and employees. The reserve is made up of the cumulative value of share-based payments received from directors and employees recorded on the grant of equity-settled share options.

The Innopac Share Option Scheme (the "IPSO")

On 28 April 2015, the Company granted a total of 95,000,000 share options at the exercise price of $0.008 to directors and staff under the IPSO. The market price of the Company's shares on the date of the grant was $0.008. Options granted to Group Directors and Group Executives have a life span of ten years (28 April 2015 to 27 April 2025), while those granted to Non-Executive Directors shall have a life span of five years (28 April 2015 to 27 April 2020). As at 31 December 2017, 19,500,000 (2016: 3,500,000) of the said options lapsed upon cessation of staff employment. None of the said options were exercised as at the end of the financial period.

The following share options have been granted to the directors:

Wong Chin Yong	50,000,000
Dato' Moehamad Izat Emir	10,000,000
Ong Kah Hock	10,000,000
Arslan Koichiev	2,000,000

Information in respect of the share options granted under the Company's IPSO is as follows:

	Weighted average exercise price 2017 $	**Number of options 2017**	Weighted average exercise price 2016 $	Number of options 2016
Outstanding as at 1 January	**0.008**	**91,500,000**	0.008	93,500,000
Granted during the financial period	**0.008**	**–**	0.008	–
Lapsed during the financial period	**0.008**	**(16,000,000)**	0.008	(2,000,000)
Outstanding as at 31 December		**75,500,000**		91,500,000
Exercisable as at 31 December	**0.008**	**75,500,000**	0.008	91,500,000

The options outstanding as at 31 December 2017 have an exercise price of $0.008. The estimated fair value of each share option is $0.008.

25. Share options reserve (cont'd)

The fair value of share options as at the date of grant is estimated by using the Binomial option-pricing model, taking into account the terms and conditions upon which the options were granted. The significant inputs into the model were share prices at date of grant, exercise price, dividend yield, expected volatility, risk-free interest rate and expected option life.

Volatility, measured as the standard deviation of expected share price returns, was based on volatility range during the past year in accordance with convention laid down by Bloomberg. The inputs to the model used are shown below:

Date of grant	Number of options granted	Expected dividend yield (%)	Expected volatility (%)	Risk-free interest rate (%)	Expected life of options (years)	Exercise price ($)	Share price at date of grant ($)
28 Apr 2015	24,000,000	Nil	178.04	1.58	5	0.008	0.008
28 Apr 2015	71,000,000	Nil	178.04	1.58	10	0.008	0.008

26. Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of the foreign operations where the functional currencies are different from that of the Group's presentation currency. This is non-distributable.

27. Operating lease commitments

As at the end of financial period, the commitments in respect of non-cancellable operating leases of office premises were as follows:

	Group	
	2017	2016
	$'000	$'000
Future minimum lease payments payable:		
Not later than one financial year	**121**	109
Later than one financial year but not later than five financial year	**96**	–
	217	109

The above operating lease commitments are based on the contracted rental charges as specified in the lease agreements.

The Group has renewed its lease for a two-year term for its office premises in 2017, with an option to renew the lease for another two years, after the expiry of the previous lease agreement, at revised terms mutually agreed between the Company and the landlord. There are no contingent rentals.

28. Segment information

(a) Analysis by Business Segment

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Group's operating businesses are organised and managed separately according to the nature of products provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Chief Executive Officer ("CEO"), designated as the Chief Operating Decision Maker, monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue and operating profit, as included in the management reports reviewed by the CEO.

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

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating receivables and plant and equipment, net of allowances and provisions. Capital additions include the total cost incurred to acquire plant and equipment, and intangible assets directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of trade and other payables.

Inter-segment transfers: Segment revenue and expenses include transfers between business segments. Inter-segment sales are charged at prevailing market prices. These transfers are eliminated on consolidation.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. Management evaluates performance on the basis of profit or loss from operation before tax expense not including non-recurring gains and losses and foreign exchange gains or losses. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss. The Group accounts for inter-segment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These inter-segment transactions are eliminated on consolidation.

The information of each segment is as follows:

(i) Products trading segment: The revenue from this segment was derived from products trading.

(ii) Investment trading segment: This represents investments in marketable securities, which are classified as financial assets at fair value through profit or loss.

(iii) Investment holding segment: This mainly consists of the principal activities of the Company and some of its subsidiaries, which are investment holding and rendering management services to subsidiaries.

28. Segment information (cont'd)

(a) Analysis by Business Segment (cont'd)

	Products trading $'000	Investment trading $'000	Investment holding $'000	Total $'000
Group				
2017				
Segment revenue	–	14	88	102
Segment results	(324)	(42)	(8,518)	(8,884)
Share of loss of joint venture	–	–	(6)	(6)
Finance costs				(11)
Tax credit				19
Loss for the financial period				(8,882)
Segment assets	4,055	89	14,719	18,863
Segment liabilities	(589)	(12,381)	(2,061)	(15,031)
Deferred tax liabilities				(365)
Total liabilities				(15,396)
Other information				
Capital expenditure	49	–	–	49
Depreciation of plant and equipment	3	–	2	5
Impairment loss on trade and other receivables	–	–	73	73
Impairment loss on available-for-sale investment	–	–	542	542
Impairment loss on investment in joint venture	–	–	5,996	5,996
2016				
Segment revenue	–	2	22	24
Segment results	1,096	(1,017)	(3,405)	(3,326)
Share of loss of joint venture	–	–	(22)	(22)
Finance costs				(2)
Tax expenses				(11)
Loss for the financial period				(3,361)
Segment assets	4,333	113	22,318	26,764
Segment liabilities	(498)	(12,368)	(1,281)	(14,147)
Deferred tax liabilities				(378)
Total liabilities				(14,525)
Other information				
Capital expenditure	–	–	3	3
Depreciation of plant and equipment	1	32	3	36
Impairment loss on trade and other receivables	–	1,014	–	1,014

28. Segment information (cont'd)

(b) Analysis by Geographical Segment

Segment revenue is analysed based on the location of customers regardless of where the services are provided. In the case of revenue from investment trading, segment revenue is analysed based on the location where the shares are listed.

Segment non-current assets and capital expenditure are analysed based on the location of those assets. In the case of investment trading, segment assets are analysed based on the location where the shares are listed. Capital expenditure includes the total cost incurred to acquire plant and equipment.

	Group	
	2017	2016
	$'000	$'000
Segment revenue by geographical market:		
Singapore	**25**	4
Other Asian countries	**77**	20
Total	**102**	24
Segment non-current assets by geographical location:		
Singapore	**800**	6,797
Other Asian countries	**8,801**	9,707
Total	**9,601**	16,504
Segment capital expenditure by geographical location:		
Singapore	**–**	3
Other Asian countries	**49**	–
	49	3

Non-current assets information presented above are non-current assets presented on the consolidated balance sheet excluding available-for-sale investments.

Information about major customer

Revenue is derived from 3 external customers who individually contributed 10% or more of the Group's revenue and are attributable to the segments as detailed below:

		Group	
		2017	2016
	Attributable segments	**$'000**	$'000
Customer 1	Investment holding	**38**	20
Customer 2	Investment holding	**39**	–
Customer 3	Investment holding	**11**	2
		88	22

29. Contingent liabilities and commitments

Continuing financial support

As at the end of the financial period, the Company has given undertakings to provide continued financial support to certain subsidiaries to enable them to operate as going concerns and to meet their obligations as and when they fall due for at least 12 months from the financial period end.

At the end of the financial period, these subsidiaries had capital deficiencies totalling $40,465,000 (2016: $40,090,000) including amounts due by these subsidiaries to the Company totalling $27,374,000 (2016: $27,342,000). See Note 9 for impairment loss in subsidiaries.

In the opinion of the directors of the Company, no loss is anticipated from these contingent liabilities.

Capital commitment

Capital expenditure contracted for as at the end of reporting period but not recognised in the financial statements is as follows:

	Group	
	2017	2016
	$'000	$'000
Commitments in respect of financing the capital investment and working capital requirements of an investment in joint venture	–	11,570

30. Related parties transactions

A related party is defined as follows:

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

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

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

- (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) both entities are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company is itself such a plan, the sponsoring employers are also related to the Company.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company.

30. Related parties transactions (cont'd)

The Company has transactions with related parties and the effect of these transactions is reflected in these financial statements.

In addition to the information disclosed elsewhere in the financial statements, the Company has provided general and administrative services to certain subsidiaries at no charge (2016: no charge). Certain subsidiaries are using the same premises leased by the Company at no charge (2016: no charge).

Remuneration of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. Key management personnel comprise directors of the Company and a subsidiary and executives of the Company.

The remuneration of directors of the Company during the financial period was as follows:

	Company	
	2017	2016
	$'000	$'000
Directors' fees	**59**	129
Post-employment benefits	**5**	9
Short-term benefits	**488**	508
Share awards	**–**	66
Share options	**–**	155

The remuneration of key executives of the Company during the financial period was as follows:

	Company	
	2017	2016
	$'000	$'000
Post-employment benefits	**29**	21
Short-term benefits	**358**	284

Number of directors of the Company in the following remuneration bands was as follows:

	Company	
	2017	2016
	$'000	$'000
$250,000 to $499,999	**1**	1
Below $250,000	**5**	4
	6	5

Number of key management personnel (who are not directors of the Company) of the Group and the Company in remuneration bands was as follows:

	Group		Company	
	2017	2016	**2017**	2016
Below $250,000	**3**	2	**3**	2

31. Financial instruments

a) Categories of financial instruments

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Available-for-sale investments	**5,600**	6,142	**5,600**	6,142
Investments held for trading	**83**	83	**66**	66
Loans and receivables (including cash and cash equivalents)	**3,563**	4,005	**2,797**	2,972
	9,246	10,230	**8,463**	9,180
Financial liabilities, at amortised cost	**14,525**	13,592	**9,476**	7,980

b) Financial risk management objectives and policies

The Group and the Company are exposed to a variety of financial risks: market risk (including foreign exchange risk, marketable securities price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's and the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance. The Group and the Company have established risk management policies and guidelines, which set out its overall risk management strategies.

The Group and the Company manage their exposure to financial risks using a variety of techniques and instruments. The Finance Department of the Group identifies, and evaluates financial risks in close co-operation with the Group's and the Company's operating units.

Foreign exchange risk

The Group and the Company operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar, the Chinese Renminbi and the Malaysian Ringgit.

The Group's foreign operations are managed primarily through the engagement of services and purchases denominated in the respective functional currencies of the foreign subsidiaries. These risks are managed through natural hedges arising from a matching sale, purchase or a matching of assets and liabilities of the same currency.

Management has set up a policy to manage their foreign exchange risk against their functional currency. To manage the Group's and the Company's foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Finance Department of the Group would assess the need to hedge the foreign exchange risk, and make the necessary arrangements accordingly. The Finance Department of the Group will arrange for conversion into foreign currency at the time when market rates become favourable to manage foreign exchange risk.

31. Financial instruments (cont'd)

b) Financial risk management objectives and policies (cont'd)

Foreign exchange risk (cont'd)

The carrying amounts of foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Group				
Chinese Renminbi	**2,393**	2,351	**561**	473
United States Dollar	**14**	15	**113**	122
Malaysian Ringgit	**11**	23	**446**	21
Company				
Chinese Renminbi	**–**	–	**–**	–
United States Dollar	**3**	4	**111**	121
Malaysian Ringgit	**–**	–	**–**	–

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to foreign exchange translation risk.

At 31 December 2017, if the Singapore dollar had weakened/strengthened by 10% against the Malaysian Ringgit with all other variables held constant, pre-tax loss for the financial period would have been $7,000 (2016: $200) higher/lower.

At 31 December 2017, if the Singapore dollar had weakened/strengthened by 10% against the United States Dollar with all other variables held constant, pre-tax loss for the financial period would have been $10,000 (2016: $11,000) lower/higher.

At 31 December 2017, if the Singapore dollar had weakened/strengthened by 10% against the Chinese Renminbi with all other variables held constant, pre-tax loss for the financial period would have been $183,000 (2016: $188,000) lower/higher.

Marketable securities price risk

The Group is exposed to equity price risk because of its investments in marketable securities. The Group manages its equity price risk through a diverse portfolio. The Group's investment in marketable securities are companies listed in Singapore Exchange Securities Trading Limited.

If prices for the Group's marketable securities change by 10%, the effects on loss before income tax would be approximately $8,000 (2016: $8,000).

Cash flow and fair value interest rate risk

The Group's and the Company's interest rate risks relate to interest bearing assets and interest bearing liabilities. The Group's and the Company's income and operating cash flows are not affected by changes in market interest rates. The Group and the Company have no significant exposure to market interest rate risks. As such interest rate sensitivity analysis is not deemed necessary.

31. Financial instruments (cont'd)

b) Financial risk management objectives and policies (cont'd)

Credit risk

Credit risk refers to the risk that a counterparty would default on its contractual obligations resulting in a loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group and the Company perform ongoing credit evaluations of its counterparties' financial condition.

The Group's and the Company's major classes of financial assets are investments held for trading, trade and other receivables and bank deposits. Investments held for trading are mainly marketable securities held with securities trading companies which are subsidiaries of well-established banks. Bank deposits are mainly deposits with banks with high credit ratings assigned by international credit rating agencies. The Group does not expect any losses from non-performance by these counterparties. The Group's trade receivables are mainly due from one counterparty.

The Company has no other significant concentration of credit risk except for the amounts due from subsidiaries, net of allowance.

Financial assets that are neither past due nor 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 and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables and amount due from subsidiaries.

Information regarding financial assets that are either past due and/or impaired is disclosed in Note 15 and Note 16 respectively.

Liquidity risk

The Group and the Company ensure availability of funds through an adequate amount of cash and marketable securities and where necessary, fund raising will be considered via rights issues, private placements, or other equity-related exercise.

Prudent liquidity risk management requires maintenance of sufficient cash flow for daily operations.

The management monitors its expected cash flow requirement on a weekly basis. The Group's operations are financed mainly through equity.

In view of the Group's liquidity position and the liquidity risk management approach as described in Note 3(a)(i) to the financial statements, the Board of Directors reviewed the Group's financial position, and in particular the valuation of its assets and has been in negotiations with potential buyer to sell these assets in 2018, and express that these assets can be sold at or close to their fair value in due course to raise cash for the Group's operation.

The financial liabilities of the Company as presented in the balance sheets are due within twelve months from the balance sheet date and approximate the contractual undiscounted repayment obligations except for derivative payables and other liabilities which are based on expected maturities.

32. Fair value of financial assets and financial liabilities

Fair value of financial assets and liabilities that are measured at fair value on a recurring basis

The fair values of financial assets and financial liabilities are determined as follows:

(i) the fair values of financial assets and financial liabilities with standard terms and conditions and trade in active liquid markets are determined with reference to quoted market prices (Level 1 of fair value hierarchy);

(ii) in the absence of quoted market prices, the fair values of the other financial assets and financial liabilities (excluding derivative instruments) are determined using the other observable inputs such as quoted prices for similar assets/liabilities in active markets, quoted prices for identical or similar assets/liabilities in non-active markets or inputs other than quoted prices that are observable for the asset or liability (Level 2 of fair value hierarchy); and

(iii) in the absence of observable inputs, the fair values of the remaining financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models (Level 3 of fair value hierarchy).

The financial assets measured at fair value in the balance sheets are grouped into the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Group				
2017				
Assets				
Investments held for trading (Note 14)	83	–	–	83
2016				
Assets				
Investments held for trading (Note 14)	83	–	–	83
Company				
2017				
Assets				
Investments held for trading (Note 14)	66	–	–	66
2016				
Assets				
Investments held for trading (Note 14)	66	–	–	66

The fair value of financial instruments traded in active markets (such as trading securities) is based on quoted market prices at the end of the reporting date. The quoted market price used for financial assets held by the Group is the current bid price. These financial instruments are included in Level 1.

Investment properties

The basis of determining fair values for measurement at the balance sheet date is disclosed in Note 11.

32. Fair value of financial assets and financial liabilities (cont'd)

Fair value of financial assets and liabilities that are not measured at fair value on a recurring basis whose carrying amount are reasonable approximation of fair value

The carrying amount of cash and cash equivalents, trade and other receivables, and trade and other payables, approximate their respective fair values due to the relative short-term maturity of these financial instruments.

Valuation process applied by the Group

The fair values of investment properties are determined by external, independent property valuers, having appropriate professional qualifications and experience in the category of property being valued at the balance sheet date. For valuation performed by external valuers, management considers the appropriateness of the valuation technique and assumptions applied by the external valuers.

33. Capital management

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's abilities to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group and the Company may return capital to shareholders, issue new shares, sell assets to reduce debt, or adjust the amount of dividends paid to shareholders.

The Group's and the Company's overall strategy in capital management remains unchanged from 2016.

Management also monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities (less deferred tax liabilities and provision for directors' fees) less cash and cash equivalents. Total capital is calculated as equity attributable to owners of the Company plus net debt.

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Net debt	**13,802**	12,223	**9,812**	8,059
Total equity	**2,942**	11,623	**3,123**	11,292
Total capital	**16,744**	23,846	**12,935**	19,351
Gearing ratio	**82.43%**	51.26%	**75.86%**	41.65%

The Group and the Company are not subject to any externally imposed capital requirements for financial period ended 31 December 2017 and financial year ended 31 December 2016.

34. Other matters

The Company on 3 April 2014 and 11 April 2014 announced that the Company, certain subsidiaries and a former associate company, and Mr Wong Chin Yong, the Managing Director and Chief Executive Officer ("CEO") of the Company, had received orders from the Commercial Affairs Department of the Singapore Police Force ("CAD") to assist with the CAD's investigations into an alleged offence under the Securities and Futures Act, Chapter 289.

34. Other matters (cont'd)

The CAD has not provided any further information on their investigation or on the alleged offence (if any). The Board understands that the CAD investigation may be protracted until such time that the investigations are completed, and the results known. Mr Wong shall continue as the CEO of the Company.

The Board of Directors of the Company is of the opinion that the business and operations of the Group are not unduly affected by the investigation and the Company will continue to monitor the progress of the investigation.

35. Basis for disclaimer opinion on the financial statements for the financial year ended 31 December 2016

The independent auditor's report dated 8 April 2017 contained a disclaimer of opinion on the financial statements for the financial year ended 31 December 2016. The extract of the basis for disclaimer of opinion is as follows:

Disclaimer of Opinion

We do not express an opinion on the accompanying financial statements of the Group and the balance sheet and statement of changes in equity of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. *<u>Recoverability of Other Receivables - Amount Due from Non-controlling Shareholder of Dezhou Sheng Rong Gas Co Ltd ("Sheng Rong")</u>*

   As disclosed in 2016 financial statements, included in the Group's other receivables is an amount of $2,300,000 due from a shareholder of Sheng Rong, a subsidiary of the Company, as at 31 December 2016. Assigned debts totalling $1,300,000 and a property worth $104,000 have since been transferred to Sheng Rong and a trustee appointed by the Group respectively, in consideration of the repayment of this amount. Other properties forming part of the collateral to the debt have yet to be transferred. The recoverability of the amount due from this shareholder of Sheng Rong is dependent on the realisation of the assigned debt and the property already transferred and other properties yet to be transferred to the Group as full settlement of the amount outstanding. We are unable to obtain sufficient appropriate audit evidence, nor are we able to carry out alternative audit procedures, to satisfy ourselves regarding the certainty of the recoverability of the aforesaid amount. Consequently, we are unable to determine whether any adjustment to the financial statements was necessary.

2. *<u>Recoverability of Investments in Joint Ventures - Malaysian Microalgae Enterprise Sdn. Bhd. ("Malaysian Microalgae") and Artel Trade LLC ("Artel")</u>*

   As disclosed in 2016 financial statements, included in the Group's and Company's balance sheets is an investment in joint venture, Malaysian Microalgae, of $6,000,000. In addition, included in the Group's investments in joint ventures of $6,767,000, is an investment in joint venture, Artel, of $767,000 as at 31 December 2016.

   Management has prepared discounted cash flows ("Forecasts") to determine the recoverable amount of the investments in Malaysian Microalgae and Artel, and is of the view that no allowance for impairment for these investments is necessary.

   However, as the management was unable to provide sufficient documentary support for certain key assumptions made in the Forecasts, we are unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the recoverable amounts of the investments in Malaysian Microalgae and Artel.

   Consequently, we are unable to determine whether any adjustment to the financial statements was necessary.

35. Basis for disclaimer opinion on the financial statements for the financial year ended 31 December 2016 (cont'd)

Basis for Disclaimer of Opinion (cont'd)

3. *Recoverability of Amount Due from a Subsidiary - Golden Eagle Mining Pte Ltd ("GEM")*

   As at 31 December 2016, included in the amounts due from subsidiaries as disclosed in 2016 financial statements is an amount due from GEM of $802,000. Management has assessed the recoverability of this amount and is of the view that no allowance for impairment is necessary.

   However, we are not able to obtain sufficient appropriate audit evidence to support management's view in this regard. Consequently, we are unable to determine whether any adjustment to the financial statements was necessary.

4. *Appropriateness of Going Concern Assumption*

   As disclosed in 2016 financial statements, the Group incurred a total loss of $3,361,000 and a total comprehensive loss of $3,533,000 for the financial year ended 31 December 2016. As at 31 December 2016, the Group's and the Company's current liabilities exceeded their current assets by $10,029,000 and $5,487,000 respectively.

   These conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and the Company to continue as going concern and to realise their assets and discharge their liabilities in the ordinary course of business.

   Management has prepared the financial statements on a going concern basis on the assumption that the Group and the Company will continue as going concerns. The ability of the Group and the Company to continue as going concerns is dependent on certain assumptions and the successful outcome of the various efforts by the Group disclosed in 2016 financial statements, the outcome of which is inherently uncertain.

   In the light of the material uncertainties discussed above, we do not have sufficient audit evidence regarding the use of the going concern assumption in the preparation of the financial statements. Consequently, we are unable to form a view as to the use of the going concern assumption in the preparation of these financial statements.

   In the event the Group and the Company are unable to continue in existence for the foreseeable future, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. No such adjustments have been made to these financial statements.

36. Events after the reporting date

(a) On 16 January 2018, the Company announced that the Company and had entered into a Sale and Purchase Agreement with an unrelated purchaser. The Company had agreed to sell, and the purchaser had agreed to purchase 1,610,000 ordinary shares in the issued and paid up capital of Trackplus Sdn Bhd ("Trackplus"), representing 35% of the total number of issued shares in Trackplus for a total cash consideration of $1,000,000. The sale consideration of $1,000,000 was received by the Company and the transaction completed on 6 February 2018.

(b) On 29 April 2018, the Company announced that it had entered into a Share Placement Agreement with KGI Securities (Singapore) Pte. Ltd. (the "Placement Agent") on 27 April 2018, to procure subscribers for 5,000,000,000 new ordinary shares in the Company at a minimum price of $0.001 each (the "Proposed Placement").

(c) On 30 May 2018, the Company announced that Placement Agent had procured subscribers to subscribe for the Proposed Placement. The Placement Agent also informed the Company that upon completion of the Proposed Placement, a change in the controlling shareholder of the Company would result.

The Proposed Placement is subject to shareholders' approval and the Company was preparing its documentation for submission to the Singapore Exchange for approval of the Proposed Placement. The share placement will strengthen the Company's financial position by $5,000,000 and improve its net tangible assets position.

(d) On 1 June 2018, the Company received a letter of demand from Saxo Bank A/S ("Saxo Bank") demanding for payment of $14,689,000 from the Company. The Company having taken legal advice, denies that the claim by Saxo Bank against the Company is valid. The liabilities forming the subject matter of the claim by Saxo Bank were incurred by the Company's subsidiaries, namely Heritage Investment Corporation and Wang Da Investments Limited, and not the Company. The total liabilities recorded by these two subsidiaries and confirmed by Saxo Bank is $12,339,000. Saxo Bank has not commenced any legal proceedings on their claims against the Group or the Company.

37. Comparative figures

(a) During the current financial period, the Company changed its financial year-end from 31 December to 30 June.

The financial statements for 2017 cover the financial period from 1 January 2017 to 31 December 2017. The 2016 financial statements covered the financial year from 1 January 2016 to 31 December 2016.

(b) The consolidated financial statements of the Group and the balance sheet of the Company for the financial year ended 31 December 2016 were audited by another independent auditor whose report dated 8 April 2017 expressed a disclaimer of opinion on those financial statements.

38. Authorisation of financial statements

The financial statements of the Group and balance sheet of the Company for the financial period from 1 January 2017 to 31 December 2017 were authorised for issue in accordance with a resolution of the Board of Directors dated 15 July 2018.