Annual Report **2015**




# OLS ENTERPRISE LTD.

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**Dear Shareholders,**

Your Company has made significant progress during the reporting period ended 31 March 2015 ("**FY2015**"). We successfully executed our plans for comprehensive restructuring to prepare for a new beginning based on having a sustainable business(es) that will create value for shareholders. The various actions taken included disposal of unprofitable subsidiaries, a rights-cum-warrants issue, a capital reduction exercise, and conversion of debt to equity via a Scheme of Arrangement ("**the Scheme**").

With the restructuring completed, the Company stands ready for new opportunities. In this regard, I am pleased to announce that the Company had, on 22 May 2015, signed a Term Sheet ("Term Sheet") for the proposed acquisition of Malaysian Phosphate Additives Sdn. Bhd. ("MPA"), a company in the process of developing South East Asia's largest integrated phosphate complex. We look forward to this exciting new chapter for the Group.

The Table below is a summary of the actions taken during FY2015, and shareholders can read the announcements on these developments posted to the Singapore Exchange website ("SGX-ST") on the dates mentioned.

| Date of Announcement | Action taken in relation to: |
|---|---|
| | Disposal of Subsidiaries |
| 21 April 2014 | Disposed TTI Elleabeau Inc. Japan |
| 21 April 2014 | Disposed Dharma Therapeautics, Inc. |
| 30 May 2014 | Disposed Transcu Ltd |
| 30 May 2014 | Disposed Transcu Green Tech Pte Ltd |
| | Corporate Exercises |
| 28 August 2014 | Completion of Rights Cum Warrant Issues |
| 23 September 2014 | Completion of Capital Reduction Exercise |
| | Conversion of Debt to Equity |
| 12 May 2015 | Completion of the Scheme of Arrangement |
| | Proposed Acquisition of MPA |
| 27 May 2015 | Signing of Term Sheet for Proposed Acquisition of MPA |

**Year In Review-FY2015**

In FY2015, the Group made further progress towards its goal of being removed from the SGX Watchlist. It achieved profitability for the second year running. In FY2014, the Group had recorded a net profit of $5.4 million but this was mainly from write-back on disposal of subsidiaries with negative NTA. However in FY2015, the Group recorded revenue of $2.8 million and net profit of $1.1 million.

The Group's financial position further improved with net assets increasing from negative $11 million as at 31 March 2014 to $2.2 million as at 31 March 2015. Cash and cash equivalents stood at $7.9 million as at 31 March 2015 compared to $3.2 million as at 31 March 2014.

**FY2015 Financial Results**

**Income Statement Review**

In FY2015, there was other operating income of $499,000 mainly due to bad debts recovered and exchange gain.

Profits or (losses) from discontinued operations relates to the results of Transcu Ltd and Transcu Green Tech Pte Ltd from April 2014 to May 2014. These subsidiaries were disposed in May 2014.

**Financial Position Review**

As a result of successful restructuring, the Group's total non-current assets increased from $4,000 last year to $404,000 as at 31 March 2015.

Total current assets increased from $3.2 million as at 31 March 2014 to $9.0 million as at 31 March 2015 mainly due to proceeds from the Rights Issue completed in second quarter of FY2015 and proceeds from the draw-down of an additional $1.0 million of the Equity Linked Notes ("ELN").

The increase in trade receivables to $1.1 million as at 31 March 2015 was due mainly to trades receivable from its operating subsidiary.

In FY2015, trade and other payables totalled $11.6 million. Approximately $8.6 million of the trade and other payables were related to the Scheme. The Scheme was completed on the 11 May 2015.

# CHAIRMAN'S STATEMENT AND OPERATIONS REVIEW

**Cash Flow Statement Review**

For FY2015, the Group reported a net increase in cash of $4.7 million mainly due to proceeds from the Rights Issue of $6.6 million and ELN (Equity-Linked Notes) of $1.0 million. The $460,000 net cash used in investing activities for FY2015 was mainly due to the cash consideration paid for the acquisition of Mojo.

## Focused On The Future

I would like to include in my Chairman's Message, two significant corporate developments which took place after the end of our financial reporting period.

Firstly, the intention to transfer listing from SGX-ST Mainboard to SGX-ST Catalist. As currently, OLS does not meet the requirements for Mainboard. The application for transfer will be subject to approval from SGX, and approval from shareholders at an EGM to be held in due course.

Secondly, the Proposed Acquisition of Malaysian Phosphate Additives Sdn Bhd ("MPA") a company whose primary business is the manufacturing and marketing of phosphate additives.

MPA has a 40% stake in Malaysian Phosphate Additives Sarawak Sdn. Bhd. ("MPAS") which is constructing South East Asia's largest integrate phosphate complex in Sarawak's Samalaju Industrial Park. The RM1.5 billion energy-intensive plant's significant competitive advantage is the low power tariff for electricity that is supplied from the Bakun hydroelectric power dam.

Therefore, the Proposed Acquisition is a unique opportunity for our loyal shareholders to participate in South East Asia's growing consumption trends. MPAS will be a leading producer of phosphorus-based nutrients that support the growth of the region's food resources.

## Acknowledgements

I wish to thank our shareholders, business associates and customers for their unwavering support for the Group during all these years. Finally, I wish to extend my gratitude to the Staff and Management of OLS for their hard work and dedication without which the Board of Directors and I could not have achieved our strategic goals.

**Mr. Koo Ah Seang**
Executive Chairman
25 June 2015

**KOO AH SEANG**
*Executive Chairman*

Mr. Koo was appointed as a Non-Executive Director on 10 December 2013 and re-designated as Executive Chairman on 28 January 2014. Mr. Koo has more than 20 years of experience and knowledge in general and financial management and corporate restructuring. Prior to joining the Group, Mr. Koo has served as Executive Director of several listed companies. Mr. Koo graduated from the University of Auckland (New Zealand) with a Bachelor of Commerce degree. He is a fellow member of the Institute of Singapore Chartered Accountants.

**GEOFFREY NG CHING FUNG**
*Lead Independent Director*

Mr. Ng was appointed as Lead-Independent Director on 22 January 2014. Mr. Ng has 19 years of experience in financial and investment management across a broad range of industries and countries. He is currently Adviser, Strategic Investments with Fortress Capital Asset Management and has served as CEO and Executive Director with Hong Leong Asset Management. He previously also worked with Dubai Investment Group as Senior Vice President covering global emerging markets and as Chief Investment Officer with Pacific Mutual Fund, a member of the OCBC Group. Mr. Ng holds a Bachelor of Commerce (High Honours) in Accounting and Finance from Carleton University, Canada. He is a Chartered Financial Analyst and Certified Financial Planner.

**CHONG CHEE HOONG**
*Independent Director*

Mr Chong has more than 18 years of extensive experience in assurance practice and corporate management. Mr Chong previously worked with SGX Mainboard listed company, Debao Property Development Ltd as Chief Financial Officer and subsequently re-designated to drive the overseas business ventures. Mr. Chong is a fellow member of the Association of Chartered Certified Accountants, UK, since 2005.

# FURTHER INFORMATION ON BOARD OF DIRECTORS

**Koo Ah Seang**
*Executive Chairman*

Date of first appointment as a Director
10 December 2013

Date of first appointment as a Chairman
28 January 2014

Date of last re-election as a Director
3 April 2014

Length of services as a Director
(as at 31 March 2015)
1 year 3 months

Board committee(s) served on
Nominating Committee (Member)
Remuneration Committee (Member)
Audit Committee (Member)

Present directorship in other listed companies
Nil

Present principal commitments
(other than directorships in other listed companies)
Nil

Past principle directorships/chairmanship held over the preceding 3 years in other listed companies
(from to 1 April 2012 to 31 March 2015)
Nil

**Geoffrey Ng Ching Fung**
*Lead Independent Director*

Date of first appointment as a Director
22 January 2014

Date of last re-election as a Director
3 April 2014

Length of services as a Director
(as at 31 March 2015)
1 year 2 months

Board committee(s) served on
Audit Committee (Chairman)
Nominating Committee (Chairman)
Remuneration Committee (Member)

Present directorship in other listed companies
Nil

Present principal commitments
(other than directorships in other listed companies)
Fortress Capital Asset Management (M) Sdn Bhd (Adviser, Strategic Investments)
Optimum Bay Sdn Bhd (Director)

Past principle directorships/chairmanship held over the preceding 3 years in other listed companies
(from to 1 April 2012 to 31 March 2015)
Nil

**Chong Chee Hoong**
*Independent Director*

Date of first appointment as a Director
15 May 2014

Date of last re-election as a Director
31 Jul 2014

Length of services as a Director
(as at 31 March 2015)
10 months

Board committee(s) served on
Remuneration Committee (Chairman)
Audit Committee (Member)
Nominating Committee (Member)

Present directorship in other listed companies
Nil

Present principal commitments (other than directorships in other listed companies)
Skyz Capital Sdn Bhd (Director)

Past principle directorships/chairmanship held over the preceding 3 years in other listed companies
(from to 1 April 2012 to 31 March 2015)
Yuuzoo Corporation Limited (f.k.a W Corporation Limited)
(Chairman of Nominating Committee)
(ceased w.e.f. 29 August 2014)
(Independent Director and Chairman of Remuneration Committee)
(ceased w.e.f. 25 February 2015)

# CORPORATE INFORMATION

**BOARD OF DIRECTORS**

Koo Ah Seang
(Executive Chairman)

Geoffrey Ng Ching Fung
(Lead Independent Director)

Chong Chee Hoong
(Independent Director)

**AUDIT COMMITTEE**

Geoffrey Ng Ching Fung (Chairman)
Chong Chee Hoong (Member)
Koo Ah Seang (Member)

**REMUNERATION COMMITTEE**

Chong Chee Hoong (Chairman)
Geoffrey Ng Ching Fung (Member)
Koo Ah Seang (Member)

**NOMINATING COMMITTEE**

Geoffrey Ng Ching Fung (Chairman)
Koo Ah Seang (Member)
Chong Chee Hoong (Member)

**CORPORATE OFFICE**

105 Cecil Street #22-27
The Octagon
Singapore 069534
Telephone: (65) 6225 0515
Fax: (65) 6225 0508
Company Registration Number: 196800320E

**REGISTERED OFFICE**

80 Robinson Road, #02-00
Singapore 068898

**COMPANY SECRETARY**

Teo Meng Keong
(appointed on 6 March 2014)

**SHARE REGISTRAR**

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

**AUDITORS**

Nexia TS Public Accounting Corporation
100 Beach Road
#30-00 Shaw Tower
Singapore 189702

Director-In-Charge: Loh Ji Kin
Year Appointed: Since financial year ended 31 March 2013

**PRINCIPAL BANKERS**

United Overseas Bank Limited

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# CORPORATE GOVERNANCE REPORT

OLS Enterprise Ltd. (the "Company") is committed to maintaining a high standard of corporate governance and has put in place self-regulatory corporate practices to protect the interests of its shareholders and enhance long-term shareholders value. The Company is in compliance with most of the guidelines in the Singapore Code of Corporate Governance 2012 ("the 2012 Code") and any deviations from the 2012 Code are disclosed and explained. The Board will continue to enhance its corporate governance practices appropriate to the conduct of its business and to review such practices from time to time to ensure compliance with the Listing Manual.

## BOARD MATTERS

### Principle 1 - The Board's Conduct of Affairs

### Board of Directors

The Company is effectively headed by the Board to lead and control it. Apart from its statutory duties and responsibilities, the Board is collectively responsible for the success of the Company and its subsidiaries (the "Group") and it works with management to achieve this. The management remains accountable to the Board. The Board oversees the affairs of the Group and focuses on strategies and policies, with particular attention paid to financial performance. It delegates the formulation of business policies and day-to-day management to the Executive Directors. In addition, the Board is directly responsible for decision making in respect of the following matters:

1. providing entrepreneurial leadership, setting strategic aims, and ensuring appropriate financial and human resources are in place for the Group to meet its objectives;

2. establishing a framework of prudent and effective controls which enables risks to be assessed and managed;

3. reviewing management performance and approving the recommendation for the nomination and appointment of key executives, as may be recommended by the Nominating Committee;

4. reviewing and endorsing the framework of remuneration for the Board and key management personnel, as may be recommended by the Remuneration Committee;

5. setting the Group's values and standards, and ensuring that obligations to shareholders and others are understood and met;

6. ensuring the Group's compliance with laws, regulations, policies, directives, guidelines and internal code of conduct;

7. assuming responsibilities for good corporate governance and business practices; and

8. approving quarterly and full-year result announcements and interested person transactions.

The Company has adopted internal guidelines setting forth matters that require Board's approval, examples of which include corporate plans and budgets, material acquisitions and disposals of assets, share issuances, dividends and other returns to shareholders. All Directors objectively make decisions in the interests of the Company. The Board also delegates certain of its functions to the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC") and these functions are described separately under the various sections of each Committee below. Each Committee has its own defined terms of reference and operating procedures which are reviewed on a regular basis. The effectiveness of each Committee is also reviewed by the Board.

### Directors' attendance at Board and Board Committee Meetings

The Board is scheduled to meet at least four (4) times a year and as and when warranted by circumstances. In order to assist the Directors in planning their attendance at Board and Committee Meetings, meeting dates are scheduled in advance in consultation with the Directors. Telephonic attendance, audio-video conferencing or by means of similar communication equipment whereby all persons participating in the meeting are able to hear each other at meetings are allowed under Article 107 of the Company's Articles of Association.

The number of meetings held in respect of the financial year ended 31 March 2015 and the attendance of the Directors and Committee members are set out in the table below:

| Name | Board | Audit Committee | Nominating Committee | Remuneration Committee |
|---|---|---|---|---|
| Mr Koo Ah Seang | 4 | 3 | 2 | 2 |
| Mr Geoffrey Ng Ching Fung | 4 | 4 | 2 | 2 |
| Mr Chong Chee Hoong Note 1 | 3 | 3 | 1 | 1 |
| Mr Lawrence Rikio Komo Note 2 | 1 | 1 | 1 | 1 |
| **Number of meetings held** | **4** | **4** | **2** | **2** |

Notes:

1. Mr Chong Chee Hoong was appointed as the Independent Director, Chairman of RC and Member of AC and NC on 15 May 2014.

2. Mr Lawrence Rikio Komo retired as the Non-Executive and Non-Independent Director of the Company on 31 July 2014.

**Training**

Most of the Directors have many years of corporate experience and are familiar with their duties and responsibilities as Directors. Directors are encouraged to undergo relevant training to enhance their skills and knowledge, particularly on new laws, regulations and changing risks affecting the Group's operations, from time to time. Other forms of training may include governance practices and training in accounting, legal and industry-specific knowledge (in writing or disseminated by way of briefings, presentation and/or handouts). Directors are also briefed by professionals either during Board meetings or at separate meetings on regulatory changes which have an important bearing on the Company and the Directors' obligations to the Company.

Newly appointed Directors will receive a formal letter setting out the Director's duties and obligations and will undergo an orientation program where the Executive Director will brief them on the Group's business, policies and governance practices to ensure that they are familiar with them.

The Company welcomes Directors to seek explanations or clarifications from and/or convene informal discussions with the management on any aspect of the Group's operations or business. Necessary arrangements will be made for the informal discussions or explanations as and when required.

**Principle 2 - Board Composition and Guidance**

The Board, as at the date of this report, comprises:

| | |
|---|---|
| Mr Koo Ah Seang | (Executive Chairman) |
| Mr Geoffrey Ng Ching Fung | (Lead Independent Director) |
| Mr Chong Chee Hoong | (Independent Director) |

Currently, the Board comprises 3 Directors, two of whom are independent directors. The requirement of the 2012 Code that the independent directors must make up at least 1/3 of the Board is satisfied. There is therefore a good balance between the Executive and Non-Executive Directors and a strong and independent element on the Board. The Chairman is not an independent director, and the Company has complied with Guideline 2.2 of the 2012 Code on the requirement that at least half of the Board is made up by independent directors.

Mr Geoffrey Ng Ching Fung is the Lead Independent Director and he will be available to shareholders where they have concerns and for which contact through normal channels of the Chairman, the CEO or the CFO (where applicable) has failed to resolve or is inappropriate.

The Independent Directors consist of respected individuals from different backgrounds whose core competencies, qualifications, skills and experience are extensive and complementary and these competencies include accounting, finance and business management.

None of the Independent Directors have served on the Board beyond nine years from the date of his appointment. Both Mr Geoffrey Ng and Mr Chong have confirmed that they do not have any relationship with the Company, its related corporations or its 10% shareholders or its officers that could interfere, or be perceived to interfere, with the exercise of their independent business judgment in the best interests of the Company.

The independence of each Director is reviewed annually by the NC. The NC has adopted the 2012 Code's definitions of an independent director in its review, and has reviewed and determined that the said Directors are independent. Taking into account of the views of the NC, the Board determined that the said Directors are independent in character and judgment and no relationships or circumstances which are likely to affect, or could appear to affect, the said Directors' judgment.

The NC and the Board, taking into account the current nature and scope of the Group's operations and the impact of the number of Directors upon effectiveness in decision making, is of the view that the current board size is appropriate and effective and no individual or small group of individuals dominates the Board's decision making process. The NC and the Board is also of the view that the present Board has the appropriate mix of expertise, experience and competencies such as accounting or finance, business or management experience and industry knowledge for the effective functioning of the Board.

The Non-Executive Directors constructively challenge and help develop proposals on strategy and also review the performance of management in meeting agreed goals and objectives, and extend guidance to the management. The Directors' objective judgment on corporate affairs and collective experience and knowledge are invaluable to the Group and allows for the useful exchange of ideas and views.

**Principle 3 - Chairman and Chief Executive Officer**

Mr Koo Ah Seang is the Executive Chairman of the Company and no CEO was appointed subsequent to the resignation of Mr Lawrence Rikio Komo as Group CEO with effect from 31 March 2014. During the absence of CEO of the Group, Mr Koo assumes the CEO responsibilities, such as, day to day operation of the Group and leads the management in setting the strategies, missions and translates the Board's decision and plans into execution action.

As being the Chairman, he is responsible in:

1. leading the Board to ensure its effectiveness on all aspects of its role and setting its agenda;

2. ensuring that the Directors receive accurate, timely and clear information;

3. ensuring effective communication with shareholders;

4. encouraging constructive relations between the Board and management;

5. facilitating the effective contribution of Non-Executive Directors in particular; and

6. promoting high standards of corporate governance.

The Company has not adopted the recommendation of the 2012 Code to have different individuals appointed as the Chairman and the CEO. The Board is of the view that there is already an appropriate balance of power and sufficient strong independent element in the Board which could enable the independent exercise of objective judgement on corporate affairs of the Group, taking into account factors such as accountability and capacity of the Board and numbers of independent directors on the Board, as well as the size and scope of the affairs and operations of the Group.

**Principle 4 - Board Membership**

The Nominating Committee ("NC") comprises 3 members, a majority of whom, including the Chairman of the Committee are Independent Directors. The members of the NC are as follows:

| | |
|---|---|
| Mr Geoffrey Ng Ching Fung ***(Chairman)*** | Lead Independent Director |
| Mr Koo Ah Seang ***(Member)*** | Executive Chairman |
| Mr Chong Chee Hoong ***(Member)*** | Independent Director |

The NC is scheduled to meet at least once a year. The principle functions of NC include, but are not limited to, the following:

1. making recommendations to the Board on all Board and key management personnel appointments;

2. the re-nomination of the Directors having regard to each Director's contribution and performance, including, if applicable, as an Independent Director;

3. determining annually whether or not a Director is independent;

4. deciding whether or not a Director is able to and has adequately carried out his duties as a director;

5. reviewing and recommending the training and professional development programmes for the Board; and

6. recommending to the Board the review of board succession plans for Directors, in particular, the Chairman and the CEO.

From time to time, new directors may be identified for appointment to the Board whereupon the NC after taking into consideration the existing composition of the Board and strives to ensure that the Board has an appropriate balance of independent directors, will evaluate and assess their suitability, based on their qualifications, working experiences and expertise, to determine if they are able to fit into the overall competency matrix of the Board before recommending them to the Board for its approval.

All newly appointed Directors during the year will hold office only until the next AGM following his appointment and will be eligible for re-election but shall not be taken into account in determining the number of directors who are retiring by rotation at each financial year.

Pursuant to the Company's Articles of Association, at each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) are required to retire by rotation. All Directors are required to submit themselves for re-election at least once every three (3) years.

Mr Geoffrey Ng Ching Fung, is retiring pursuant to Article 92 of the Articles of Association of the Company, he being eligible, has offered himself for re-election at the forthcoming AGM. He has confirmed that he does not have any relationships including family relationships between him and the other directors, the Company or its 10% shareholders.

The NC has recommended to the Board that Mr Geoffrey Ng Ching Fung be nominated for re-election at the forthcoming AGM of the Company. In making the recommendation, the NC has considered the directors' independence, overall contributions and performance. The Board recommends the shareholders to approve the re-election of the said director. The details of the proposed resolution is stipulated in the Notice of AGM.

The NC Chairman is not, and is not directly associated with, a substantial shareholder with an interest of 5% or more in the voting shares of the Company.

Each member of the NC shall abstain from voting on any resolutions and making any recommendation and/or participating in any deliberations in respect of matters in which he has an interest in.

The NC reviews and determines annually whether directors who have multiple board representations and other principal commitments, give sufficient time and attention to the affairs of the Company and adequately carry out his duties as a director of the Company. The NC takes into account the results of the assessment of the effectiveness of the individual Director and his actual conduct on the Board, in making this determination.

For FY2015, despite some of the directors holding other listed company board representations and/or other principal commitments, the directors were able to carry out and had been adequately carrying out, his duties as a Director of the Company. The NC and the Board are of the view that such multiple board representations do not impede their respective performance in carrying out their duties to the Company. These Directors would widen the experience of the Board and give it a broader perspective. As such, the NC has decided not to fix a maximum limit on the number of directorship a director can hold.

Key information regarding the Directors such as academic, professional qualifications, board committees served on (as a member or Chairman), date of first appointment as a director, date of last re-appointment as a director, directorships or chairmanships both present and those held over the preceding 3 years in other listed companies, and other principal commitments is disclosed in the "Further information on Board of Directors" and their shareholdings in the Company and its related corporations under "Directors' Report" sections of the annual report.

**Principle 5 - Board Performance**

The NC assesses the performance and effectiveness of the Board as a whole. The appraisal process focuses on a set of performance criteria which includes the evaluation of the Board composition and size, the Board process, the Board effectiveness and training, provision of information to the Board and the Board standards of conduct. Such performance criteria are approved by the Board and they address how the Board will enhance long term shareholders' value. The performance criteria do not change unless circumstances deem it necessary and a decision to change them would be justified by the Board.

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

During the financial year under review, the Board evaluation exercise has been carried out by way of a board assessment checklist, which is circulated to the Board members for completion and thereafter, for the NC to review and determine the actions required to improve the corporate governance and effectiveness of the Board as a whole.

The NC having reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year reported on, is of the view that the performance of the Board as a whole has been satisfactory. The NC, in assessing the contribution of an individual director, has considered each Director's level of participation and attendance at Board and Board Committee meetings, his qualifications, experience, expertise and the time and effort dedicated to the Group's business and affairs. The NC is of the opinion that Directors have given sufficient time and attention to the Group and reasonably and effectively discharged its duties. The NC will review the appropriateness of the Board size, taking into consideration changes in the nature of the Group's business, the scope of operations, as well as changing regulatory requirements.

**Principle 6 - Access to Information**

In order to ensure that the Board is able to fulfill its responsibilities, management provides the Board members with a management report containing complete, adequate and timely information prior to the Board meetings. In addition, all relevant information on material events and transactions are circulated to Directors as and when they arise. Whenever necessary, senior management staff will be invited to attend the Board meetings to answer queries and provide detailed insights into their areas of operations. The Board, either individually or as a group, also has separate and independent access to the senior management staff.

The Board, and the Chairmen of the respective Committees, whether individually or as a group, are able to seek independent professional advice as and when necessary in furtherance of their duties at the Company's expense.

The Board members have separate and independent access to the Company Secretary who ensures good information flow within the Board and its Committees and between management and Non-Executive Directors, as well as facilitates orientation and assists with professional development as required. The Company Secretary or his representative(s) attends all Board and Committees' meetings and ensures that the Board procedures and relevant rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

## REMUNERATION MATTERS

**Principle 7 - Procedures for Developing Remuneration Policies**

The Remuneration Committee ("RC") comprises 3 members, majority of whom, including the RC Chairman are Independent and Non-Executive Directors. The Members of the RC are as follows:

| | |
|---|---|
| Mr Chong Chee Hoong ***(Chairman)*** | Independent Director |
| Mr Geoffrey Ng Ching Fung ***(Member)*** | Lead Independent Director |
| Mr Koo Ah Seang ***(Member)*** | Executive Chairman |

The Company has not adopted the recommendation of the 2012 Code that all RC members should be non-executive directors. The Board is of the view that there is already an appropriate balance of power and sufficient strong independent element in the RC and each member abstains from deliberating his remuneration package including all benefits in kind thus reduce/minimise the risk of any potential conflict of interest.

The RC is scheduled to meet at least once a year. The RC is regulated by a set of terms of reference and has access to independent professional advice inside and outside the Company, if necessary, in respect of the remuneration of all Directors and key management personnel.

The RC's main duties include, but not limited to, the following:

1. to review and recommend to the Board a framework of remuneration and to determine the specific remuneration packages and terms of employment for each of the Executive Directors and key management personnel, including those employees related to the Executive Directors and 10% shareholders of the Group, if any, bearing in mind the need for a cautious comparison (in order to prevent the risk of an upward ratchet of remuneration levels with no corresponding improvement in performance) of pay and employment conditions of comparable companies in the same or similar industries, and to submit such recommendations for endorsement by the entire Board; and

2. to carry out its duties in a manner that is deemed expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time.

Each RC member shall abstain from voting on any resolutions or making any recommendations and/or participating in the deliberations of the RC in respect of his remuneration package.

**Principle 8 - Level and Mix of Remuneration**

As part of its review, the RC shall ensure that:

1. all aspects of remuneration, including Directors' fees, salaries, allowances, bonuses, options and benefits-in-kinds are covered;

2. the remuneration packages of Directors and key management personnel are comparable to companies in same or similar industries;

3. the level of remuneration of Non-Executive Directors are appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors, but also bearing in mind that Non-Executive Directors are not over-compensated to the extent that their independence may be compromised;

4. the level of remuneration is appropriate to attract, retain and motivate the Directors needed to run the Group successfully without such levels being more than is necessary for this purpose; and

5. the remuneration package of employees related to Executive Directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities.

The Company adopts a formal and transparent procedure for developing its policy on key management personnel remuneration and for determining the remuneration packages of individual Directors. No Director is involved in making recommendation and/or deciding his own remuneration. In setting remuneration packages, the Company takes into account pay and employment conditions of comparable companies in the same or similar industries, as well as the Group's relative performance and the performance of the individual Director or key management personnel.

Executive Directors do not receive Directors' fees. The remuneration policy for Executive Directors and key management personnel consists of salary, bonus, pension fund contributions and other allowances. The Executive Directors are paid in accordance with their respective service agreements. These service agreements are not excessively long and they do not have onerous removal clauses.

The Executive Chairman, Mr Koo Ah Seang is responsible for the day-to-day operation of the Group. The service contract with Mr Koo commenced on 28 January 2014 for a period of 2 years and thereafter for such period as the Board may so decide. Mr Koo and the Company may terminate the service agreement by giving to the other party not less than six months' notice in writing, or in lieu of notice, payment of an amount equivalent to six months' salary based on his last drawn monthly salary.

Independent Directors are paid a basic fee and additional fees for serving on any of the Committees. In determining the quantum of such fees, factors such as frequency of meetings, time spent and responsibilities of Directors are taken into account.

**Principle 9 - Disclosure on Remuneration**

**Directors' Remuneration**

A breakdown, showing the level and mix of each individual Director's remuneration (in nearest thousand dollar) for the financial year ended 31 March 2015 is as follows:

| Name of Director | Remuneration $ | Salary and Benefit (inclusive of Employer's CPF) (%) | Bonus (%) | Director's Fee (%) | Total (%) |
|---|---|---|---|---|---|
| Mr. Koo Ah Seang | 436,000 | 78% | 22% | NA | 100% |
| Mr. Geoffrey Ng Ching Fung | 60,000 | NA | NA | 100% | 100% |
| Mr. Chong Chee Hoong Note 1 | 43,000 | NA | NA | 100% | 100% |
| Mr. Lawrence Rikio Komo Note 2 | 10,000 | NA | NA | 100% | 100% |

Notes:

1. Mr Chong Chee Hoong was appointed as the Independent Director, Chairman of RC and Member of AC and NC on 15 May 2014.

2. Mr Lawrence Rikio Komo retired as Non-Executive and Non-Independent Director on 31 July 2014.

**Key Management Personnel's remuneration**

Disclosure of key management personnel's remuneration for the financial year ended 31 March 2015 is as follows:

| Name | Salary and benefit (inclusive of employers' CPF) (%) |
|---|---|
| **From $100,000 to $150,000** | |
| Mr Alan David Gordon Note 1 | 100% |

Note:

1. Mr Alan David Gordon resigned as Chief Financial Officer with effect 31 July 2014.

There was no replacement to Mr Alan Gordon following his resignation as a CFO of the Group. Except for Mr Koo Ah Seang, the Executive Chairman, the Company did not have key management personnel for the financial year ended 31 March 2015.

There is no termination, retirement and post-employment benefits granted to the Directors, the CEO and the key management personnel.

For financial year ended 31 March 2015, none of the directors' immediate family members are employees of the Company or any of its principal subsidiaries.

## ACCOUNTABILITY AND AUDIT

**Principle 10 - Accountability**

As stated above, the Board's primary role is to protect and enhance long-term value and returns for the shareholders. In the discharge of its duties to the shareholders, the Board presents a balanced and understandable assessment of the Group's performance, position and prospects and such responsibility extends to price sensitive announcements, including quarterly, half-year and full-year results and reports to regulators, if any, all of which are released through the SGXNET.

The management also provides the Board with management accounts which present a balanced and understandable assessment of the Group's performance, position and prospects. In respect of the annual budgets, any material variances between the projections and actual results are disclosed and explained to the Board by the management during the Board meetings.

**Principle 11 - Risk Management and Internal Controls**

The Board ensures that the management maintains a sound system of internal controls and effective risk management policies to safeguard shareholders' investments and the Group's assets.

For the period under review, based on the internal controls established and maintained by the Group, work performed by the external auditors, and regular reviews performed by the management, the various board committees and the Board, the AC and the Board are of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology controls, and risk management were adequate to provide reasonable assurance of the integrity and effectiveness of the Company in safeguarding its assets and shareholders' value.

The system of internal controls provides reasonable, but not absolute assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

However, the Board notes that no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

The Board had received assurance from the Executive Chairman that the financial records as at 31 March 2015 have been properly maintained and the financial statements for the financial year ended 31 March 2015 give a true and fair view of the Company's operations and finances and the Company's risk management and internal control systems are effective.

**Principle 12 - Audit Committee**

The Audit Committee ("AC") comprises three (3) members, a majority of whom, including the AC Chairman, are independent directors. The members of the AC are as follows:

| | |
|---|---|
| Mr Geoffrey Ng Ching Fung ***(Chairman)*** | Lead Independent Director |
| Mr Chong Chee Hoong ***(Member)*** | Independent Director |
| Mr Koo Ah Seang ***(Member)*** | Executive Chairman |

The Board considers that the members of the AC are appropriately qualified to discharge their responsibilities. Majority of the AC members have accounting or related financial management expertise and experience. The AC takes measures to keep abreast of the changes to accounting standards and issues which have impact on financial statements, with training conducted by professionals or external consultants. No former partner or director of the Company's existing auditing firm is a member of the AC.

The AC, which has written terms of reference, meets periodically to perform the following functions:

(a) review with the external auditors, the audit plans, their evaluation of the system of internal controls, their audit report, their management letter and the management's response;

(b) review the internal controls and internal procedures and ensure coordination between the external auditors and the management, and review the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management where necessary);

(c) review the internal and external auditors' reports;

(d) review the co-operation given by the Company's officers to the internal and external auditors;

(e) review the annual and quarterly financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments arising from the audit, going concern basis of the Company, compliance with accounting standards as well as compliance with the Listing Rules and other relevant statutory/regulatory requirements;

(f) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;

(g) consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors;

(h) review transactions falling within the scope of Chapter 9 and Chapter 10 of the Listing Rules (if any);

(i) review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;

(j) review the effectiveness and adequacy of the administrative, operating, internal accounting and financial control procedures;

(k) review the key financial risk areas, with a view to providing independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, immediately announced via SGXNET;

(l) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(m) review arrangements by which the staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and

(n) review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Rules, including such amendments made thereto from time to time.

The AC is scheduled to meet at least four (4) times a year. For the financial year ended 31 March 2015, the AC carried out the following activities in the discharge of its functions and duties including the deliberation and review of:

1. the unaudited quarterly and full-year financial results of the Group and the announcements and audited financial statements of the Group and of the Company prior submission to the Board for approval and release the results to SGX-ST;

2. significant financial reporting issues and judgments so as to ensure the integrity of the financial statements and any formal announcements relating to the Group's financial performance before their submission to the Board;

3. the external audit plan in terms of their scope of audit prior to their commencement of their annual audit;

4. The external auditors' report in relation to audit and accounting issues arising from the audit and meeting with the external auditors without presence of the executive board members and the management;

5. co-operation given by the management to the external auditors;

6. adequacy and effectiveness of the Group's internal audit function and material internal controls, including financial, operational and compliance and information technology controls and risk management policies and systems established by the management (collectively "internal controls");

7. nomination or recommendation of the re-appointment of external auditors;

8. approval for the remuneration and terms of engagement of the external auditors;

9. independence and objectivity of the external auditors at least annually; and

10. interested person transactions.

In addition to the above, the AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The external and internal auditors have unrestricted access to the AC.

For the financial year ended 31 March 2015, the AC had met the external auditors without the presence of the management, however, there was no major issues raised.

The AC has reviewed the independence of the external auditors including the volume of non-audit services supplied by them and is satisfied with their position as independent external auditors. Accordingly, the AC has recommended the re-appointment of Nexia TS Public Accounting Corporation as external auditors of the Company for the financial year ending 31 March 2016 at the forthcoming AGM.

The aggregate amount of fees paid to the external auditors, Nexia TS Public Accounting Corporation, for non-audit services amounted to approximately $197,000 for the financial year ended 31 March 2015 which were in relation to other advisory services rendered.

In appointing the audit firms for the Group, the AC is satisfied that the Company has complied with the Listing Rules 712, 715 and 716.

The AC takes measures to keep abreast of the changes to accounting standards and issues which have impact on the Group's financial statements, with training conducted by professionals or external consultants. No former partner or director of the Company's existing auditing firm is a member of the AC.

**Whistle-blowing policy**

The Company will consider the adoption and implementation of a whistle blowing policy to provide arrangements for staff members to raise their concerns on possible financial and other improprieties and for appropriate follow up action to be taken.

**Principle 13 - Internal Audit**

The Company has not engaged any external professional firm for its internal audit function. After disposing all unprofitable subsidiaries, the Company currently has two subsidiaries, one is investment holding company and another is primarily engaged in marketing and advertising production services in Malaysia. The AC and the Board reviewed and monitor the adequacy of internal controls on a regular basis with the assistance of the external auditors, who have the job scope to deal with certain prescribed internal control issues.

The AC and the Board will from time to time review the size and complexity of the Group and to engage an external professional firm for this function when the need arises.

## SHAREHOLDER RIGHTS AND RESPOSIBILITIES

**Principle 14 - Shareholder Rights**

Shareholders are encouraged to participate and vote at all general meetings. The Directors ensure that the shareholders are well informed of the rules, including voting procedures that govern general meetings.

Any notice of general meeting is issued at least 14 clear days before the scheduled date of such meeting. The Articles of Association of the Company does not have the provision allowing a corporation which provides nominee or custodial services to appoint more than two proxies.

**Principle 15 - Communication with Shareholders**

The Company recognises the need to communicate regularly, effectively and fairly with shareholders on all material matters affecting the Group and does not practice selective disclosure. In this respect, the Board presents a balanced and understandable assessment of the Group's performance, position and prospects and such responsibility extends to price sensitive announcements, including quarterly, half-year and full-year results and reports to regulators, if any, all of which are released through SGXNET. All press/media releases are announced through SGXNET before they are published. Where there is inadvertent disclosure made to a selected group, the Company ensures that the same is disclosed publicly to all others as soon as practicable. To date, there have been no such inadvertent disclosures.

The Company had also engaged an external investor relation firm to ensure its communication with shareholders is in an effective manner.

The Directors had not recommended payment of final dividend for the financial year ended 31 March 2015 as the Group intends to conserve cash for its further working capital requirements and for the necessary capital expenditures.

**Principle 16 - Conduct of Shareholder Meetings**

All shareholders of the Company will receive the Annual Report and notice of the upcoming AGM. The notice of the upcoming AGM will also be advertised in the newspaper and announced on SGXNet. At the AGM, shareholders are encouraged to participate and are given the opportunity to air their views and ask questions regarding the Group and its businesses. At the AGMs, separate resolutions are set out on distinct issues for approval by shareholders. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution.

The external auditors and legal advisors (if necessary) are present to assist the Directors in addressing any queries by shareholders. In addition, the Chairmen of the AC, NC and RC may be present to address questions at the AGM.

The Company had not amended its Articles of Association to provide for absentia voting methods. Voting in absentia and by electronic mail may only be possible following careful study to ensure that the integrity of the information and authentication of the identity of the shareholders through the web is not compromised.

The Company records proceedings of all AGMs and substantial and relevant comments and queries from shareholders together with the respective responses from the Board and the management. These are available to shareholders upon request.

In the Extraordinary General Meeting of the Company held on 8 May 2015, the Company had put all resolutions to vote by poll in the said Meeting and an announcement of the results showing the numbers of votes cast for and against each resolution and the respective percentages were released to SGX-ST via SGXNet.

**Dealings In Securities**

In compliance with the Listing Manual of the SGX-ST, the Company has adopted and implemented a code of conduct governing securities transactions by its Directors and key management personnel.

Under the code of conduct, the Directors and key management personnel are prohibited from dealing in the Company's securities at least two (2) weeks before the announcement of the Company's quarterly financial results and one (1) month before the announcement of the Company's full-year financial results until the day of the release of the announcement. The Directors and key management personnel are also advised not to deal in the Company's securities on short-term consideration. Internal memoranda are regularly circulated to remind the Directors and key management personnel of these requirements.

The Directors are required to notify the Company of any dealings in the Company's securities (during the open window period) and within two (2) business days of the transaction(s). At all times, the Directors and key management personnel are aware that it is an offence to deal with securities in the Company and those of other companies when they are in possession of unpublished price-sensitive information in relation to those securities and that the law on insider trading applies to them at all times. As such, the Directors and key management personnel ensure that their dealings in securities, if any, do not contravene the law.

In the above circumstances, in the opinion of the Directors, the Company has complied with the Listing Manual of the SGX-ST and with the Company's code of conduct on Dealing in Securities.

**Material Contracts**

Save for the Agreements which have been published in the SGX-ST, there were no other material contracts of the Company or its subsidiaries involving the interests of the CEO, Directors or controlling shareholders, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

**Risk Management**

The Group regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as to take appropriate measures to control and mitigate these risks. The Group reviews all significant control policies and procedure and highlights all significant matters to the AC and the Board.

**Interested Person Transactions**

As a listed company on the SGX-ST, the Company is required to comply with Chapter 9 of the Listing Manual of the SGX-ST on interested person transactions ("IPTs"). To ensure compliance with Chapter 9, the Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

There were no IPTs required for disclosure according to Rule 907 of the SGX-ST Listing Manual in respect of IPT for the financial year ended 31 March 2015.

**Corporate Social Responsibility**

The Company recognises the need to foster a positive socially responsible corporate culture. However, in view of the prevailing financial predicament, the Management and the Directors have devoted their efforts focusing on turning around the Company. Once successful, the Management and Directors will look into developing good corporate citizenship policy.

**Use of Proceeds**

Equity Linked Notes Issue and Use of Proceeds

The Company had on 20 August 2013 announced the proposed issue of 1% unsecured equity linked redeemable structured notes due on 2016 ("ELN") by the Company to Advance Opportunities Fund ("AOF"). The ELN was approved by Shareholders at an extraordinary general meeting on 20 November 2013. The ELN will be issued in 3 separate tranches totaling $50 million. As of the date of this report, six sub-tranches totaling $6 million has been issued and all has been fully disbursed.

| USE OF PROCEEDS - EQUITY LINKED NOTE ISSUES | |
|---|---|
| | $'000 |
| **Proceeds from Equity Linked Notes** | **6,000** |
| Use of Proceeds | |
| Operating expenses | (2,780) |
| RTO expenses | (951) |
| Payments | (1,815) |
| ELN expenses | (454) |
| Total Payments | (6,000) |
| **Net Balance to be disbursed** | **–** |

Rights cum Warrants Issue and Use of Proceeds

The Company had on 29 August 2014 completed the Renounceable Non-Underwritten Rights cum Warrants Issue exercise. A total of 824,302,230 Rights Shares were issued. Each Rights Shares was issued at an issue price of $0.008.

| USE OF PROCEEDS - RIGHTS ISSUE | |
|---|---|
| | $'000 |
| **Proceeds from Rights Issue** | **6,594** |
| Use of Proceeds | |
| Operating expenses | (78) |
| Rights Issue Transaction Expenses | (281) |
| Total Payments | (359) |
| **Net Balance to be disbursed** | **6,235** |

Warrant Conversion and Use of Proceeds

A total of 2,651,256 Warrant Shares were issued. Each Warrant Shares was issued at an issue price of $0.009.

| USE OF PROCEEDS – WARRANT CONVERSION | |
|---|---|
| | $'000 |
| **Proceeds from Warrant Conversion** | **24** |
| Use of Proceeds | |
| Total Payments | – |
| **Net Balance to be disbursed** | **24** |

The Directors present their report to the members together with the audited financial statements of OLS Enterprise Ltd. (the "Company") and its subsidiaries (collectively known as the "Group") and the balance sheet of the Company for the financial year ended 31 March 2015.

**Directors**

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

Mr Koo Ah Seang
Mr Geoffrey Ng Ching Fung
Mr Chong Chee Hoong

**Arrangements to enable directors to acquire shares and debentures**

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

**Directors' interests in shares or debentures**

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares or debentures of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

| | Direct Interest | | Deemed interest | |
|---|---|---|---|---|
| | At the beginning of financial year | At the end of financial year | At the beginning of financial year | At the end of financial year |
| **Company** | | | | |
| (No. of ordinary shares) | | | | |
| Koo Ah Seang | – | 15,000,000 | – | – |
| Lawrence Rikio Komo [(1)] | 1,500,000 | – | 4,110,000 | – |

(1) Retired on 31 July 2014

There were no change in any of the above-mentioned interests between the end of the financial year and 21 April 2015.

**Share options**

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company under option at the end of the financial year.

**Audit Committee**

The members of the Audit Committee at the end of the financial year were as follows:

Mr Geoffrey Ng Ching Fung (Chairman)
Mr Chong Chee Hoong
Mr Koo Ah Seang

Majority members of the Audit Committee are non-executive and independent directors.

**Audit Committee (cont'd)**

The Audit Committee performed the functions specified in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Audit Committee reviewed:

- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2015 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the balance sheet of the Company and the consolidated financial statements of the Group.

The Audit Committee has recommended to the Board that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

**Auditors**

The independent auditor, Nexia TS Public Accounting Corporation has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Koo Ah Seang
Executive Chairman

Geoffrey Ng Ching Fung
Director

25 June 2015

# STATEMENT BY DIRECTORS

For the financial year ended 31 March 2015

In the opinion of the Directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 25 to 67 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2015 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, with the favourable outcome of (i) the issuance of 1.0% equity linked redeemable structured notes due in 2016 as a result of the Company entering into a subscription agreement on 20 August 2013; (ii) the completion of the Scheme of Arrangement with the Company's Creditors and/or (iii) the proposed Reverse Take-over ("RTO") of the Company, there are reasonable grounds to believe that the Company will able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Koo Ah Seang
Executive Chairman

Geoffrey Ng Ching Fung
Director

25 June 2015

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF OLS ENTERPRISE LTD. (F.K.A. TRANSCU GROUP LIMITED)

### Report on the Financial Statements

We have audited the accompanying financial statements of OLS Enterprise Ltd. (f.k.a. Transcu Group Limited) (the "Company") and its subsidiaries (the "Group") set out on pages 25 to 67, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 March 2015, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

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

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

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

*Opinion*

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2015, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

### Report on other Legal and Regulatory Requirements

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

***Nexia TS Public Accounting Corporation***
***Public Accountants and Chartered Accountants***

**Director-in-charge: Loh Ji Kin**
**Appointed from financial year ended 31 March 2013**

**Singapore**

25 June 2015

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2015

| | Note | 2015 $'000 | 2014 $'000 (Restated) |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | 5 | **2,755** | – |
| Cost of sales | | **(2,041)** | – |
| Gross profit | | **714** | – |
| Other income - net | 6 | **499** | 1,546 |
| Gain on disposal of discontinued operations | 10 | **346** | 20,084 |
| Expenses | | | |
| - Research and development | | **–** | (117) |
| - Selling | | **–** | (139) |
| - Administrative | | **(764)** | (6,300) |
| - Finance | 7 | **–** | (129) |
| Profit before taxation | 8 | **795** | 14,945 |
| Income tax expense | 9 | **(33)** | – |
| **Profit from continuing operations** | | **762** | 14,945 |
| **Discontinued operations** | | | |
| Profit/(loss) from discontinued operations, net of tax | 10 | **320** | (9,491) |
| **Total profit** | | **1,082** | 5,454 |
| **Other comprehensive income/(losses), net of tax:** | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Currency translation differences arising from consolidation | | | |
| - Losses | | **(58)** | (5,799) |
| **Total comprehensive income/(losses)** | | **1,024** | (345) |
| **Profit attributable to:** | | | |
| Equity holders of the Company | | **1,040** | 5,718 |
| Non-controlling interests | | **42** | (264) |
| | | **1,082** | 5,454 |
| **Total comprehensive income/(losses) attributable to:** | | | |
| Equity holders of the Company | | **982** | (81) |
| Non-controlling interests | | **42** | (264) |
| | | **1,024** | (345) |
| **Earnings/(loss) per share** | | | |
| From continuing operations attributable to equity holders of the Company (cents per share) | | | |
| - Basic | 11(a) | **0.08** | 0.30 |
| - Diluted | 11(b) | **0.08** | 0.26 |
| From discontinued operations attributable to equity holders of the Company (cents per share) | | | |
| - Basic | 11(a) | **0.04** | (0.19) |
| - Diluted | 11(b) | **0.03** | (0.19) |

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

# BALANCE SHEETS

AS at 31 March 2015

| | Note | Group 31.03.2015 $'000 | 31.03.2014 $'000 (Restated) | 01.04.2013 $'000 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 12 | **59** | 4 | 1,628 |
| Intangible assets | 13 | **345** | – | 23 |
| Available-for-sale financial assets | 16 | **–** | – | – |
| Deposits | | **–** | – | 4 |
| | | **404** | 4 | 1,655 |
| **Current assets** | | | | |
| Inventories | | **–** | – | 949 |
| Trade and other receivables | 15 | **1,106** | 13 | 1,774 |
| Prepayments | | **30** | 36 | 311 |
| Amount due from related parties (non-trade) | 17 | **–** | – | 2,105 |
| Current income tax receivable | | **10** | – | – |
| Cash and cash equivalents | 18 | **7,859** | 3,161 | 621 |
| | | **9,005** | 3,210 | 5,760 |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Trade and other payables | 19 | **11,558** | 10,851 | 23,551 |
| Convertible bonds | 20 | **50** | 595 | 700 |
| Deferred income | | **–** | – | 1,429 |
| Amount due to related parties (non-trade) | 17 | **–** | – | 772 |
| | | **11,608** | 11,446 | 26,452 |
| **Net current liabilities** | | **(2,603)** | (8,236) | (20,692) |
| **Non-current liabilities** | | | | |
| Trade and other payable | 19 | **–** | 3,000 | – |
| Provision for reinstatement costs | | **–** | – | 598 |
| Deferred tax liabilities | 9 | **–** | – | 136 |
| | | **–** | 3,000 | 734 |
| **NET LIABILITIES** | | **(2,199)** | (11,232) | (19,771) |
| **EQUITY** | | | | |
| **Capital and reserves attributable to equity holders of the Company** | | | | |
| Share capital | 22 | **7,618** | 187,835 | 176,427 |
| Merger reserve | 23 | **–** | – | 29,959 |
| Capital reserve | 24 | **–** | – | 158 |
| Share plan reserve | 25 | **–** | – | 23,020 |
| Accumulated losses | | **(9,914)** | (222,663) | (282,282) |
| Currency translation reserve | | **(58)** | 24,773 | 33,850 |
| | | **(2,354)** | (10,055) | (18,868) |
| **Non-controlling interests** | | **155** | (1,177) | (903) |
| | | **(2,199)** | (11,232) | (19,771) |

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

# BALANCE SHEETS

AS at 31 March 2015

| | Note | Company 31.03.2015 $'000 | 31.03.2014 $'000 (Restated) | 01.04.2013 $'000 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Investments in subsidiaries | 14 | **550** | – | – |
| Available-for-sale financial assets | 16 | **–** | – | – |
| | | **550** | – | – |
| **Current assets** | | | | |
| Trade and other receivables | 15 | **37** | 10 | 15 |
| Prepayments | | **27** | 33 | 40 |
| Amount due from related parties (non-trade) | | **–** | – | 107 |
| Cash and cash equivalents | 18 | **7,428** | 3,160 | 207 |
| | | **7,492** | 3,203 | 369 |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Trade and other payables | 19 | **10,085** | 10,135 | 10,040 |
| Convertible bonds | 20 | **50** | 595 | 700 |
| Amount due to related parties (non-trade) | 17 | **41** | – | 559 |
| | | **10,176** | 10,730 | 11,299 |
| **Net current liabilities** | | **(2,684)** | (7,527) | (10,930) |
| **Non-current liabilities** | | | | |
| Deferred tax liabilities | 9 | **–** | – | – |
| Trade and other payables | 19 | **–** | 3,000 | – |
| | | **–** | 3,000 | – |
| **NET LIABILITIES** | | **(2,134)** | (10,527) | (10,930) |
| **EQUITY** | | | | |
| **Capital and reserves attributable to equity holders of the Company** | | | | |
| Share capital | 22 | **7,618** | 733,832 | 724,680 |
| Share plan reserve | 25 | **–** | – | 12,963 |
| Accumulated losses | | **(9,752)** | (744,359) | (748,573) |
| | | **(2,134)** | (10,527) | (10,930) |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2015

| | | ← Attributable to equity holders of the Company → | | | | | |
|---|---|---|---|---|---|---|---|
| | | Share capital | Accumulated losses | Currency translation reserve* | Total | Non-controlling interests | Total equity |
| | Note | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| At 1 April 2014 (Restated) | | 187,835 | (222,663) | 24,773 | (10,055) | (1,177) | (11,232) |
| Profit for the financial year | | | | | | | |
| – Continuing operations | | – | 720 | – | 720 | 42 | 762 |
| – Discontinued operations | | – | 320 | – | 320 | – | 320 |
| Currency translation differences | | | | | | | |
| – Continuing operations | | – | – | (58) | (58) | – | (58) |
| Total comprehensive income/(losses) for the financial year | | – | 1,040 | (58) | 982 | 42 | 1,024 |
| Issuance of ordinary shares – Conversion of ELN | 22 | 1,550 | – | – | 1,550 | – | 1,550 |
| Issuance of ordinary shares – Exercised Warrants | 22 | 24 | – | – | 24 | – | 24 |
| Issuance of ordinary shares – Rights Issue | 22 | 6,594 | – | – | 6,594 | – | 6,594 |
| Capital reduction | 22 | (734,382) | 734,382 | – | – | – | – |
| Change in reserve from disposal of discontinued operations | | 545,997 | (522,673) | (24,773) | (1,449) | 1,177 | (272) |
| Acquisition of a subsidiary | | – | – | – | – | 113 | 113 |
| **At 31 March 2015** | | **7,618** | **(9,914)** | **(58)** | **(2,354)** | **155** | **(2,199)** |

* Not available for distribution.

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2015

| | | ← Attributable to equity holders of the Company → | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Note | Share capital $'000 | Merger reserve* $'000 | Capital reserve* $'000 | Share plan reserve* $'000 | Accumulated losses $'000 | Currency translation reserve* $'000 | Total $'000 | Non-controlling interests $'000 | Total equity $'000 |
| At 1 April 2013 (Restated) | | 176,427 | 29,959 | 158 | 23,020 | (282,282) | 33,850 | (18,868) | (903) | (19,771) |
| Profit/(loss) for the financial year | | | | | | | | | | |
| - Continuing operations | | – | – | – | – | 6,235 | – | 6,235 | (264) | 5,971 |
| - Discontinued operations | | – | – | – | – | (9,491) | – | (9,491) | – | (9,491) |
| Currency translation differences | | | | | | | | | | |
| - Continuing operations | | – | – | – | – | – | 3,175 | 3,175 | – | 3,175 |
| - Discontinued operations | | – | – | – | – | 8,974 | (8,974) | – | – | – |
| Total comprehensive income/(loss) for the financial year | | – | – | – | – | 5,718 | (5,799) | (81) | (264) | (345) |
| Disposal of discontinued operations | | – | (30,390) | (160) | – | 30,550 | – | – | – | – |
| Expiration of share options | | – | – | – | (23,351) | 23,351 | – | – | – | – |
| Issuance of ordinary shares | 22 | 9,152 | – | – | – | – | – | 9,152 | – | 9,152 |
| Exchange differences | | 2,256 | 431 | 2 | 331 | – | (3,278) | (258) | (10) | (268) |
| **At 31 March 2014 (Restated)** | | **187,835** | **–** | **–** | **–** | **(222,663)** | **24,773** | **(10,055)** | **(1,177)** | **(11,232)** |

* Not available for distribution.

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2015

| | Note | 2015 $'000 | 2014 $'000 (Restated) |
|---|---|---|---|
| **Cash flow from operating activities:** | | | |
| Total profit | | **1,082** | 5,454 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | | **34** | 1 |
| Reversal of provision for reinstatement costs | 6 | **–** | (606) |
| Impairment loss on available-for-sale financial asset | 8 | **–** | 348 |
| Income tax expense | 9 | **33** | – |
| Interest (income)/expense | | **(19)** | 129 |
| Gain on sale of discontinued operations | 10 | **(346)** | (20,084) |
| Unrealised currency translation (gains)/losses | | **(330)** | 3,198 |
| **Operating cash flow before working capital changes, net of effects from acquisition of a subsidiary:** | | **454** | (11,560) |
| (Increase)/decrease in trade and other receivables | | **(123)** | 1,375 |
| (Decrease)/Increase in trade and other payables | | **(2,769)** | 2,728 |
| **Cash used in operations** | | **(2,438)** | (7,457) |
| Interest received | | **19** | – |
| Income tax paid | | **(43)** | – |
| **Net cash used in operating activities** | | **(2,462)** | (7,457) |
| **Cash flows from investing activities** | | | |
| Additions to property, plant and equipment | 12 | **(51)** | (5) |
| Acquisition of a subsidiary, net of cash acquired | 14(d) | **(406)** | – |
| Net cash outflow from discontinued operations | 10(b) | **(1)** | (55) |
| **Net cash used in investing activities** | | **(458)** | (60) |
| **Cash flows from financing activities** | | | |
| Proceeds from issuance of ELN/convertible bonds | | **1,000** | 9,044 |
| Proceeds from issuance of right shares | 22 | **6,594** | – |
| Proceeds from exercise of warrants | 22 | **24** | – |
| Proceeds from loan from shareholder | | **–** | 1,013 |
| **Net cash provided by financing activities** | | **7,618** | 10,057 |
| Net increase in cash and cash equivalents | | **4,698** | 2,540 |
| Beginning of year | | **3,161** | 621 |
| **End of financial year** | 18 | **7,859** | 3,161 |

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

## 1. CORPORATE INFORMATION

OLS Enterprise Ltd. (f.k.a. Transcu Group Limited) (the "Company") is a public limited liability company incorporated and domiciled in the Republic of Singapore.

The registered office of the Company is 80 Robinson Road, #02-00, Singapore 068898. The current principal place of business of the Company is 105 Cecil Street, #22-27, The Octagon, Singapore 069534.

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

## 2. FUNDAMENTAL ACCOUNTING CONCEPT

In preparing the financial statements, the directors considered the operations of the Group as a going concern notwithstanding that for the financial year ended 31 March 2015, the Group incurred net cash outflows from its operating activities of $2,462,000 (2014: $7,457,000), and the Group's and the Company's current liabilities exceeded its current assets by $2,603,000 (2014: $8,236,000) and $2,684,000 (2014: $7,527,000) respectively for the financial year then ended.

Nevertheless, the Directors prepared the financial statements based on the going concern assumption, and had undertaken the following measures to continue funding the operations:

(i) On 20 August 2013, the Company entered into a conditional subscription agreement with Advance Opportunities Fund (the "ELN Subscriber") and/or Approved Persons as may be notified by the ELN Subscriber pursuant to which the Company propose to issue to the ELN Subscriber 1% equity linked redeemable structured notes ("ELN"), with an aggregate principal amount of up to $50,000,000. As at 31 March 2015, the ELN Subscriber has subscribed $6,000,000 of the ELN.

(ii) On 11 May 2015, the 857,212,000 Scheme Shares had been issued and allotted. Accordingly, the total issued and paid-up shares of the Company increased from 1,109,460,989 Shares to 1,966,672,989 Shares. The Scheme Shares rank pari passu in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of allotment and issuance of the Scheme Shares.

(iii) On 22 May 2015, the Company entered into a term sheet ("Term Sheet") with (i) Right Earth Sdn Bhd ("RESB"); (ii) Casa Lite Sdn Bhd ("CLSB"); (iii) Malaysia Technology Development Corporation Sdn Bhd ("MTDC"); and Mr. Lim Lee Wan (collectively, the "Vendors", and each, a "Vendor"), being the current and potential shareholders of Malaysian Phosphate Additives Sdn Bhd (the "Target" or "MPA", together with its subsidiaries and associated companies, the "Target Group"), to acquire the entire issued and paid up shares ("Target Shares") in the share capital of the Target ("Proposed Acquisition").

The Proposed Acquisition, if undertaken and completed, is expected to result in a very substantial acquisition or a reverse-takeover of the Company pursuant to Rule 1015 of the Listing Manual ("Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Accordingly, the Proposed Acquisition is subject, inter alia, to the approval of the SGX-ST and the shareholders of the Company ("Shareholders") at an extraordinary general meeting of the Company to be convened pursuant to Rule 1015 of the Listing Manual.

Based on the above, there are reasonable grounds to believe that the Company will able to pay its debts as and when they fall due.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Basis of preparation

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

The Company's functional currency is Singapore Dollar ("SGD" or "S$" or "$"). The financial statements are presented in SGD and all values in the tables are rounded to the nearest thousand ($'000) as indicated, unless otherwise stated. The financial statements of the Company are presented in SGD as it is the currency that the Directors of the Group use when controlling and monitoring the performance and financial position of the Group.

In the previous financial years, the financial statements of the Group were presented in United States Dollar ("USD").

The restated comparative figures for the Company and the Group for the financial years ended 31 March 2014, which were previously measured in United States Dollar, have been translated to Singapore Dollar for presentation purposes as reflected in this set of financial statements. In accordance with FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the financial results previously presented in United States Dollar were translated into Singapore Dollar using the following rates:

a) profit and loss items are translated into Singapore Dollar at average rates of exchange for the financial year ended 31 March 2014;

b) assets and liabilities are translated into Singapore Dollar at rates of exchange prevailing on 31 March 2014;

c) all equity items are translated into Singapore Dollar at their respective closing rates of exchange; and

d) all exchange differences resulting from translation arising from the above are recognised in equity.

*Interpretations and amendments to publish standards effective in 2014*

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

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

FRS 112 Disclosures of Interests in Other Entities

The Group has adopted the above new FRS on 1 April 2014. The amendment is applicable for annual periods beginning on or after 1 January 2014. It sets out the required disclosures for entities reporting under the new FRS 110 Consolidated Financial Statements and FRS 111 Joint Arrangements, and replaces the disclosure requirements currently found in FRS 27 (revised 2011) Separate Financial Statements and FRS 28 (revised 2011) Investments in Associates and Joint Ventures.

The Group has applied FRS 112 retrospectively in accordance with the transitional provisions (as amended subsequent to the issuance of FRS 112 in September 2011) in FRS 112 and amended for consolidation exceptions for 'investment entity' from 1 April 2014. The Group has incorporated the additional required disclosures into the financial statements.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.2 Basis of consolidation

(a) Subsidiaries

(i) Consolidation

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

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

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, 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.

(ii) Acquisitions

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

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

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

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

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

(iii) Disposals

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

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

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

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.2 Basis of consolidation (cont'd)

(b) Transactions with non-controlling interests

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

### 3.3 Foreign currency

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

(a) Transactions and balances

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

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

(b) Consolidated financial statements

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

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

### 3.4 Property, plant and equipment

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

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

| | | |
|---|---|---|
| Computers | – | 5 years |
| Leasehold improvement | – | 2 to 6 years |
| Machinery | – | 4 to 5 years |
| Furniture and equipment | – | 2 to 8 years |

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.4 Property, plant and equipment (cont'd)

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

The residual value, useful life and depreciation method are reviewed at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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

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

### 3.5 Intangible assets

(a) Goodwill on acquisition

Goodwill acquired in a business combination and of subsidiaries is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

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

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

(b) Development costs

Research costs are expensed as incurred. Deferred development costs arising from development expenditure on an individual project is recognised when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development.

The carrying value of deferred development costs is reviewed for impairment annually when the asset is not yet in use or more frequently when an indication of impairment arises during the reporting year. Upon completion, development costs are amortised over the estimated useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Product development costs are amortised on a straight line basis over 10 years.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.5 Intangible assets (cont'd)

(c) Other intangible assets

Intangible assets acquired separately are measured initially at cost. Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end.

Brand, customer relationship and technology were acquired through business combination. Amortisation is computed on a straight line basis over the estimated useful lives of the intangible assets as follows:

| | | |
|---|---|---|
| Technology | - | 5 years |
| Software | - | 5 years |
| Brand | - | 5 years |
| Customer relationship | - | 5 years |

### 3.6 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating units fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

### 3.7 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### 3.8 Financial assets

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

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

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

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.8 Financial assets (cont'd)

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

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

(a) Loans and receivables

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

(b) Available-for-sale financial assets

Non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date. Subsequent to the initial recognition, available-for-sale financial assets are subsequently carried at fair value.

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

### 3.9 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

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

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

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

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.9 Impairment of financial assets (cont'd)

(a) Financial assets carried at amortised cost (cont'd)

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

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

(b) Financial assets carried at cost

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

(c) Financial assets carried at fair value

In addition to the objective evidence of impairment disclosed at Note 3.9(a), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

(d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### 3.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For purpose of the consolidated statement of cash flows, these also include bank overdrafts, if any, that form an integral part of the Group's cash management.

### 3.11 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.11 Provisions (cont'd)

Provision for reinstatement costs is recognised for the expected costs for dismantling, removal and restoration for leasehold improvements of office real estate leases the Group entered into that were made over the lease term in order to fulfil the lease agreement which require the property to be returned to the original condition upon termination of the lease. The difference between the actual cost of the reinstatement and the amount of the provision is recognised as an expense.

### 3.12 Financial liabilities

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

All financial liabilities are recognised initially at fair value and in the case of non-derivative financial liabilities, plus directly attributable transaction costs.

Subsequent to initial recognition, non-derivative financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

### 3.13 Trade and other payables

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

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

### 3.14 Convertible bonds

The total proceeds from convertible bonds issued are allocated to the liability component and the equity component, which are separately presented on the balance sheet.

The liability component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible bonds. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion redemption of the bonds.

The difference between the total proceeds and the liability component is allocated to the embedded equity conversion option (equity component), which is presented in equity net of any deferred tax effect. The embedded option is recognised initially at its fair value and subsequently carried at fair value. Any change to the fair value of the embedded option is recognised in profit or loss. The carrying amount of the conversion option is not adjusted in subsequent periods. When the conversion option is exercised, the carrying amounts of the liability and equity components are transferred to the share capital. When the conversion option lapses, its carrying amount is transferred to retained profits.

### 3.15 Employee benefits

(a) Defined contribution plan

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

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.15 Employee benefits (cont'd)

(b) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for estimated liability for annual leave as a result of service rendered by employees up to the balance sheet date.

(c) Share options

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which the share options are granted. In valuing the options, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions'), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in the employee share plan reserve, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied. The share plan reserve is transferred to revenue reserve upon expiry of the options. When the options are exercised, the share plan reserve is transferred to share capital upon issuance of new shares.

Where the terms of the options are modified, as a minimum, an expense is recognised over the remaining vesting period as if the terms had not been modified. Additional expense is recognised for any increase in the total fair value of the options due to the modification, as measured at the date of the modification.

(d) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date in accordance with the provision of the employment contract and/or local labour laws.

### 3.16 Leases – As lessee

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

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

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

### 3.17 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.17 Revenue (cont'd)

(a) Service revenue

Revenue from services rendered for advertising production are recognised when these services have been performed and accepted by customers in accordance to the relevant terms and conditions of the contracts.

(b) Interest income

Interest income is recognised using the effective interest method.

### 3.18 Income taxes

(a) Current income tax

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

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

(b) Deferred tax

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

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

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

– In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.18 Income taxes (cont'd)

(b) Deferred tax (cont'd)

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

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

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

### 3.19 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 26, including the factors used to identify the reportable segments and the measurement basis of segment information.

### 3.20 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

### 3.21 Related parties

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

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

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

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

(iii) has joint control over the Group;

(b) The party is an associate;

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

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

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

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

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

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.22 Fair value estimation of financial assets and liabilities

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

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

The fair values of currency forwards are determined using actively quoted forward exchange rates. The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest rates. The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their fair values.

### 3.23 Non-current assets (or disposal group) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss. A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for sale and:

(a) represents a major line of business or geographical area of operations;

(b) is part of a single co-ordinated plan to dispose of a separate line of business or geographical area of operations; or

(c) is a subsidiary acquired exclusively with a view to resale.

## 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

### 4.1 Key sources of estimation uncertainty

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

(a) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

## 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONT'D)

### 4.1 Key sources of estimation uncertainty (cont'd)

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

The carrying amount of the Group's goodwill as at 31 March 2015 is $345,000 (2014: $Nil).

(b) Impairment of financial assets

The determination of impairment of financial assets requires significant judgement. The Group evaluates, among other factors, the duration and extent to which the fair value of a financial asset is less than its cost; and the financial health of a business outlook for the financial asset, including factors such as industry and sector performance, operational and financing cash flow.

## 5 REVENUE

| | Group | |
|---|---|---|
| | 2015 | 2014 |
| | $'000 | $'000 |
| | | (Restated) |
| Services rendered | **2,755** | – |

## 6. OTHER INCOME - NET

| | Group | |
|---|---|---|
| | 2015 | 2014 |
| | $'000 | $'000 |
| | | (Restated) |
| Currency exchange gains - net | **42** | 940 |
| Recovery of bad debts | **177** | – |
| GST refund | **95** | – |
| Reversal of provision for reinstatement costs | **–** | 606 |
| Interest income – short term bank deposits | **19** | – |
| Other | **166** | – |
| | **499** | 1,546 |

## 7. FINANCE EXPENSES

| | Group | |
|---|---|---|
| | 2015 | 2014 |
| | $'000 | $'000 |
| | | (Restated) |
| Interest expense – convertible bonds | **–** | (129) |
| | **–** | (129) |

## 8. PROFIT BEFORE TAXATION

Profit before taxation has been arrived after charging:

| | Group | |
|---|---|---|
| | **2015** | **2014** |
| | **$'000** | **$'000** |
| | | **(Restated)** |
| Bad debts written off | **66** | – |
| Depreciation of property, plant and equipment (Note 12) | **30** | 1 |
| Operating lease expenses | **68** | 59 |
| Fees paid/payable to auditor of the Company for: | | |
| - audit services | **85** | 189 |
| - non-audit services | **197** | – |
| Allowance for impairment of other receivables (Note 15) | **–** | 3,252 |
| Impairment loss on available-for-sale financial asset (Note 16) | **–** | 348 |
| Personnel expense: | | |
| Wages and salaries | **845** | 966 |
| Centre Provident Fund | **36** | – |

## 9. INCOME TAXES

| | Group | |
|---|---|---|
| | **2015** | **2014** |
| | **$'000** | **$'000** |
| | | **(Restated)** |
| Tax expense attributable to profit is made up of: | | |
| Profit for the financial year | | |
| - Current taxation- continuing operations | **33** | – |
| | **33** | – |

(a) ***Major components of income tax expense***

The reconciliation of the taxation of accounting loss multiplied by the applicable corporate tax rate for the financial years ended 31 March is as follows:

| | Group | |
|---|---|---|
| | **2015** | **2014** |
| | **$'000** | **$'000** |
| | | **(Restated)** |
| Profit from continuing operations | **795** | 14,945 |
| Profit/ (loss) from discontinued operations | **320** | (9,491) |
| Profit before taxation | **1,115** | 5,454 |
| Tax at the domestic rates applicable to losses in the countries where the Group operates [(1)] | **(81)** | (2,327) |
| Effect of expenses not deductible for tax purposes | **(166)** | (168) |
| Income not subject to tax | **272** | 3,415 |
| Tax benefits not recognised | **(58)** | (920) |
| | **(33)** | – |

(1) The reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

## 9. INCOME TAXES (CONT'D)

(a) *Major components of income tax expense (cont'd)*

Subject to agreement with the relevant tax authorities, the Group has unabsorbed losses of $Nil (2014: $39,276,000) which is available for offset against future taxable profits provided that the provisions of relevant countries' tax legislations are complied with. These losses can be carried forward for a maximum period of 7 years from the year of assessment when the losses were incurred.

(b) *Deferred tax*

Deferred tax as at 31 March relates to the following:

| | Group | |
|---|---|---|
| | 2015 | 2014 |
| | $'000 | $'000 |
| | | (Restated) |
| Deferred tax liabilities – Intangible assets on acquisition | | |
| - To be settled after one year | – | – |

Movement in deferred income tax account is as follows:

| | Group | |
|---|---|---|
| | 2015 | 2014 |
| | $'000 | $'000 |
| Beginning of financial year | – | 136 |
| Credited to profit or loss – Discontinued operations | | |
| Discontinued operations (Note 10) | – | (136) |
| End of financial year | – | – |

## 10. DISCONTINUED OPERATIONS

On 30 May 2014, the Company entered into a share transfer agreement with Mr Darwin Lim and Mr Oh Chee Eng to dispose of its 82% shareholdings in Transcu Ltd. and its entire equity interests in Transcu Green Tech Pte. Ltd. for a nominal sum of SGD1.00 each. Management is of the view that the disposal has been completed as the Company has effectively transferred its risks and rewards relating to the disposal group to the third parties on 30 May 2014 pursuant to the above agreement.

On 30 June 2014, the Company entered into a share transfer agreement with Mr Darwin Lim to dispose of its remaining 18% shareholdings in Transcu Ltd. for a nominal sum of SGD1.00. Management is of the view that the disposal has been completed as the Company has effectively transferred its risks and rewards relating to the disposal group to the third parties on 30 June 2014 pursuant to the above agreement.

Consequently, management has derecognised the assets and liabilities associated with the disposal groups and recognised a gain on disposal of discontinued operations of $346,000 (2014: $20,084,000).

## 10. DISCONTINUED OPERATIONS (CONT'D)

(a) The results of the discontinued operations are as follows:

| | Group | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 (Restated) |
| Revenue | – | 3,869 |
| Expenses | 320 | (13,360) |
| Profit/(loss) before income tax from discontinued operations | 320 | (9,491) |
| Income tax | – | – |
| Profit/(loss) after tax from discontinued operations | 320 | (9,491) |

| | Group | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 (Restated) |
| Profit attributable to equity holders of the Company relates to: | | |
| Profit from continuing operations | 762 | 14,945 |
| Profit/(loss) from discontinued operations | 320 | (9,491) |
| Total | 1,082 | 5,454 |

(b) The impact of the discontinued operations on the cash flows of the Group is as follows:

| | Group | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 (Restated) |
| Operating cash outflows | (395) | (1,919) |
| Investing cash inflows/(outflows) | 345 | (59) |
| Financing cash inflows | – | 1,014 |
| Total cash outflows | 50 | (964) |

(c) The assets and liabilities of the discontinued operations at the point of disposal are as follows:

| | Group | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 (Restated) |
| *Carrying amounts of assets and liabilities disposed of* | | |
| Cash and cash equivalents | (1) | (55) |
| Trade and other receivables | – | (2,823) |
| Inventories | – | (821) |
| Property, plant and equipment | – | (1,075) |
| Intangible assets | – | (19) |
| Total assets | (1) | (4,793) |
| Trade and other payables | 347 | 14,440 |
| Deferred tax liabilities (Note 9(b)) | – | 136 |
| Deferred income | – | 1,327 |
| Total liabilities | 347 | 15,903 |
| Net liabilities derecognised from discontinued operations/disposed of | 346 | 11,110 |

## 10. DISCONTINUED OPERATIONS (CONT'D)

The aggregate cash outflows arising from the disposal of the discontinued operations were:

| | Group | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 (Restated) |
| *Carrying amounts of assets and liabilities disposed of* | | |
| Net liabilities disposed of (as above) | **(346)** | (11,110) |
| Add: Reclassification of currency translation reserve | **–** | (8,974) |
| | **(346)** | (20,084) |
| Gain on disposal | **346** | 20,084 |
| Less: Cash and cash equivalents in discontinued operations disposed of | **(1)** | (55) |
| Net cash outflow on disposal of discontinued operations | **(1)** | (55) |

## 11. EARNINGS/(LOSS) PER SHARE

The following table reflects the share data used in the computation of basic and diluted loss per share for the financial years ended 31 March:

| | The Group | |
|---|---|---|
| | Total | |
| | 2015 | 2014 |
| Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share ('000) | **911,884** | 4,828,108 |
| Effect of dilutive potential ordinary shares: | | |
| - Convertible bonds ('000) | **12,500** | 718,750 |
| Weighted average number of ordinary shares for the purposes of diluted earnings/(loss) per share ('000 shares) | **924,384** | 5,546,858 |

The outstanding share options as disclosed in Note 25 have not been included in the calculation of diluted earnings per share because the options expired on 13 November 2013.

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

| | The Group | | | | | |
|---|---|---|---|---|---|---|
| | Continuing operations | | Discontinued operations | | Total | |
| | 2015 | 2014 (restated) | 2015 | 2014 (restated) | 2015 | 2014 (restated) |
| Profit/(loss) attributable to equity holders of the Company ($'000) | **720** | 14,681 | **320** | (8,963) | **1,040** | 5,718 |
| Weighted average number of ordinary shares outstanding for basic earnings per share ('000) | **911,884** | 4,828,108 | **911,884** | 4,828,108 | **911,884** | 4,828,108 |
| Basic earnings/ (loss) per share (cents) | **0.08** | 0.30 | **0.04** | (0.19) | **0.11** | 0.11 |

## 11. EARNINGS/(LOSS) PER SHARE (CONT'D)

(b) Diluted earnings/(loss) per share

For the purpose of calculating diluted earnings/(loss) per share, profit/(loss) attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

| | The Group | | | | | |
|---|---|---|---|---|---|---|
| | Continuing operations | | Discontinued operations | | Total | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Profit/(loss) attributable to equity holders of the Company ($'000) | **720** | 14,681 | **320** | (8,963) | **1,040** | (5,718) |
| Weighted average number of ordinary shares outstanding for diluted earnings per share ('000) | **924,384** | 5,546,858 | **924,384** | 5,546,858 | **924,384** | 5,546,858 |
| Diluted earnings/(loss) per share (cents) | **0.08** | 0.26 | **0.03** | (0.19)* | **0.11** | 0.10 |

* As loss was recorded, the dilutive potential shares from convertible bonds are anti-dilutive and no change is made to the diluted loss per share.

## 12. PROPERTY, PLANT AND EQUIPMENT

| | Computers $'000 | Leasehold improvement $'000 | Machinery $'000 | Furniture and Equipment $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| *Cost* | | | | | |
| At 1 April 2013 (Restated) | – | 5,074 | 9,013 | 1,464 | 15,551 |
| Additions - Continuing operations | – | – | – | 5 | 5 |
| Disposal - Discontinued operations | – | (5,074) | (9,013) | (1,464) | (15,551) |
| At 31 March 2014 and 1 April 2014 | **–** | **–** | **–** | **5** | **5** |
| Acquisition of subsidiary (Note 14(d)) | **3** | **10** | **–** | **25** | **38** |
| Additions | **3** | **36** | **–** | **12** | **51** |
| Disposal - Discontinued operations | **–** | **–** | **–** | **(5)** | **(5)** |
| **At 31 March 2015** | **6** | **46** | **–** | **37** | **89** |
| *Accumulated depreciation* | | | | | |
| At 1 April 2013 (Restated) | – | 5,074 | 7,386 | 1,464 | 13,924 |
| Depreciation charge - Continuing operations (Note 8) | – | – | – | 1 | 1 |
| Depreciation charge - Discontinued operations | – | – | 552 | – | 552 |
| Disposal - Discontinued operations | – | (5,074) | (7,938) | (1,464) | (14,476) |
| At 31 March 2014 and 1 April 2014 | – | – | – | 1 | 1 |
| Depreciation charge - Continuing operations (Note 8) | **2** | **5** | **–** | **23** | **30** |
| Depreciation charge - Discontinued operations | **–** | **–** | **–** | **4** | **4** |
| Disposal - Discontinued operations | **–** | **–** | **–** | **(5)** | **(5)** |
| **At 31 March 2015** | **2** | **5** | **–** | **23** | **30** |
| *Net carrying amount* | | | | | |
| At 31 March 2014 | – | – | – | 4 | 4 |
| **At 31 March 2015** | **4** | **41** | **–** | **14** | **59** |

## 13. INTANGIBLE ASSETS

| | Goodwill | Development costs | Technology | Software | Brand | Customer relationship | Total |
|---|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Group** | | | | | | | |
| *Cost* | | | | | | | |
| At 1 April 2013 (Restated) | 4,005 | 9,633 | 1,291 | 757 | 1,035 | 177 | 16,898 |
| Disposal - Discontinued operations | (4,005) | (9,633) | (1,291) | (757) | (1,035) | (177) | (16,898) |
| At 31 March 2014 and 1 April 2014 | – | – | – | – | – | – | – |
| Acquisition of a subsidiary (Note 14(d)) | 345 | – | – | – | – | – | 345 |
| **At 31 March 2015** | **345** | **–** | **–** | **–** | **–** | **–** | **345** |
| *Accumulated amortisation* | | | | | | | |
| At 1 April 2013 (Restated) | 4,005 | 9,633 | 1,291 | 734 | 1,035 | 177 | 16,875 |
| Amortisation for the financial year - Discontinued operations | – | – | – | 4 | – | – | 4 |
| Disposal - Discontinued operations | (4,005) | (9,633) | (1,291) | (738) | (1,035) | (177) | (16,879) |
| **At 31 March 2014 and 31 March 2015** | – | – | – | – | – | – | – |
| *Net carrying amount* | | | | | | | |
| At 31 March 2014 | – | – | – | – | – | – | – |
| **At 31 March 2015** | **345** | **–** | **–** | **–** | **–** | **–** | **345** |

(a) Goodwill arising on consolidation

The carrying amounts of goodwill acquired through business combination allocated to each cash-generating-units ("CGU") is $345,000.

***Impairment tests for intangible assets***

The recoverable amount of a CGU was determined based on value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period were extrapolated using the estimated growth rates stated below. The growth rate did not exceed the long-term average growth rate for the component parts business in which the CGU operates.

Key assumptions used for value-in-use calculations:

| | Group 2015 |
|---|---|
| Gross margin[1] | **27.3%** |
| Gross rate[2] | **3.0%** |
| Discounted rate[3] | **22.5%** |

1 Budgeted gross margin
2 Weighted average growth rate used to extrapolate cash flows beyond the budget period
3 Pre-tax discount rate applied to the pre-tax cash flow projections

These assumptions were used for the analysis of each CGU within the business segment. Management determined budgeted gross margin based on past performance and its expectations of market developments. The weighted average growth rates used were consistent with forecasts included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments.

## 13. INTANGIBLE ASSETS (CONT'D)

(a) Goodwill arising on consolidation (cont'd)

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to countries of operation and business segments.

A segment-level summary of the goodwill allocation is as follows:

| | | Group |
|---|---|---|
| | | 2015 |
| Country | Business segment | $'000 |
| Malaysia | Film and advertising production | 345 |

(b) Development costs, Technology, Software, Brand, Customer relationship

***Amortisation expense***

The following amortisation described below arose from subsidiaries which were disposed or deconsolidated during the previous financial year.

Technology relates to Biomass-to-Liquid gasification technology that was acquired through business combinations and, had it not been fully impaired in the previous financial year has an estimated remaining useful life of Nil at the end of the previous financial year.

Software has an estimated Nil years of remaining useful life as at the end of the previous financial year.

Brand and customer relationship were acquired through business combinations. Brand and customer relationship have, had they not been fully impaired in the previous financial year, an estimated remaining useful life of Nil years at the end of the previous financial year.

Development cost relates to capitalised costs to develop product based on transdermal technology. The transdermal technology was not ready for use and accordingly, no amortisation charge is provided in the financial statements.

## 14. INVESTMENTS IN SUBSIDIARIES

| | Company | |
|---|---|---|
| | 2015 | 2014 |
| | $'000 | $'000 |
| | | (Restated) |
| Unquoted equity investments, at cost | **326,153** | 326,153 |
| Additions | **550** | – |
| Disposals | **(326,153)** | – |
| Impairment loss | **–** | (326,153) |
| | **550** | – |

The subsidiaries incurred net losses for the financial years ended 31 March 2014 and no profit is projected after the financial year ended 31 March 2014. Accordingly, the Directors believe the carrying amount of these assets in the Company's balance sheet exceeded its recoverable amount through its future use or sale, therefore, these assets are fully impaired as at 31 March 2014.

## 14. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group

The Company has the following subsidiaries as at 31 March 2015:

| Name | Principal activities | Country of incorporation and place of business | Effective equity held by the Group | |
|---|---|---|---|---|
| | | | 2015 | 2014 |
| | | | % | % |
| ***Held by the Company*** | | | | |
| Transcu Ltd[2] | Research and development, manufacturing, and sales of pharmaceutical and cosmetics products. | Singapore | – | 100 |
| Transcu Green Tech Pte. Ltd.[2] | Investment holding, research and development, manufacturing, sales and marketing and intellectual property management | Singapore | – | 100 |
| Ellebeau Group Pte. Ltd.[1] | Investment holding, sales of marketing pharmaceutical and cosmetics products | Singapore | **100** | 100 |
| ***Held by Ellebeau Group Pte Ltd.*** | | | | |
| Mojo Films Sdn Bhd[3] | Advertising and marketing production | Malaysia | **51** | – |
| ***Held by Transcu Green Tech Pte. Ltd.*** | | | | |
| Transcu Green Fuel Pte. Ltd[2] | Investment holding, research and development, manufacturing sales and marketing and intellectual property management | Singapore | – | 60 |

1 Audited by Nexia TS Public Accounting Corporation, Singapore.

2 Disposed during the financial year.

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

(b) Interest in subsidiaries with material non-controlling interests (NCI)

The Group has the following subsidiaries that have NCI that are material to the Group.

| Name | Country of incorporation and place of business | Proportion of ownership interest held by NCI | Profit/(loss) allocated to NCI during the reporting period | Accumulated NCI at the end of reporting period |
|---|---|---|---|---|
| | | | $'000 | $'000 |
| Mojo Films Sdn Bhd | Malaysia | 49% | 42 | 155 |

## 14. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) Summarised financial information about subsidiary with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material NCI are as follows:

*Summarised balance sheet*

| | As at 31 March 2015 $'000 |
|---|---|
| Current | |
| Assets | 1,541 |
| Liabilities | (1,255) |
| Net current assets | 286 |
| Non-current | |
| Assets | 154 |
| Liabilities | – |
| Net non-current assets | 154 |
| Net assets | 440 |

*Summarised statement of comprehensive income*

| | As at 31 March 2015 $'000 |
|---|---|
| Revenue | 2,755 |
| Operating expenses | (2,596) |
| Profit before income tax | 159 |
| Income tax expense | (33) |
| Profit after tax | 126 |
| Other comprehensive income | – |
| Total comprehensive income | 126 |

*Summarised cash flows*

| | As at 31 March 2015 $'000 |
|---|---|
| Operating cash inflow | 429 |
| Investing cash outflow | (51) |
| Total cash inflow | 378 |

(d) Acquisition of subsidiary

On 1 April 2014 (the "acquisition date"), the Group's subsidiary company, Ellebeau Group Pte. Ltd. acquired a 51% equity interest in Mojo Films Sdn Bhd ("Mojo"), principally engaged in production of films, advertising, consulting and contracting. Upon the acquisition, Mojo became a subsidiary of the Group.

The Group has elected to measure the non-contolling interests at the non-controlling interests' proportionate share of Mojo's net identifiable assets.

## 14. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(d) Acquisition of subsidiary (cont'd)

The fair value of the identifiable assets and liabilities of Mojo as at the acquisition date were:

| | Fair value recognised on acquisition $'000 |
|---|---|
| Property, plant and equipment (Note 12) | 38 |
| Trade and other receivables | 964 |
| Cash and cash equivalents | 53 |
| | 1,055 |
| Trade and other payables | (828) |
| Total identifiable net assets at fair value | 227 |
| Non-controlling interest measured at the non-controlling interests' proportionate share of Mojo's net identifiable assets | (113) |
| Goodwill arising from acquisition (Note 13) | 345 |
| | 459 |
| Consideration transferred for the acquisition of Mojo | |
| Cash paid | 459 |
| Effect of the acquisition of Mojo on cash flows | |
| Total consideration for 51% equity interest acquired | 459 |
| Less: Cash and cash equivalents of subsidiary acquired | (53) |
| Net cash outflow on acquisition | 406 |

*Goodwill arising from acquisition*

The goodwill of $345,000 arising from the acquisition is attributable to the opportunity for the Group to boost its cosmetic business with Mojo's involvement and support for advertisement and promotions.

*Impact of the acquisition on profit or loss*

From the acquisition date, Mojo has contributed $2,755,000 of revenue and $87,000 to the Group's profit for the year. As the date of acquisition is the same as the start of the financial year, there would be no difference in the revenue from continuing operations and the Group's profit from continuing operations, net of tax.

## 15. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 $'000 | 2014 $'000 (Restated) | 2015 $'000 | 2014 $'000 (Restated) |
| Trade receivables – non related parties | **830** | – | **–** | – |
| Other receivables | | | | |
| Deposits | **21** | 13 | **12** | 10 |
| Other receivables – non related parties | **255** | 3,252 | **25** | – |
| | **276** | 3,265 | **37** | 10 |
| Allowance for impairment of other receivables: | | | | |
| Beginning of financial year | **(3,252)** | – | **–** | – |
| Allowance for the year (Note 8) | **–** | (3,252) | **–** | – |
| Utilised during the year | **3,252** | – | **–** | – |
| End of financial year | **–** | (3,252) | **–** | – |
| Total net current receivables and deposits | **276** | 13 | **37** | 10 |
| Total trade and other receivables | **1,106** | 13 | **37** | 10 |

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

Other receivables relates to amount due from a third party which was previously a related party.

Trade and other receivables denominated in foreign currencies are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 $'000 | 2014 $'000 (Restated) | 2015 $'000 | 2014 $'000 (Restated) |
| Malaysia Ringgit | **1,069** | – | **–** | – |

## 16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | Group and Company | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 (Restated) |
| Unquoted equity securities, measured at cost | **19,339** | 18,991 |
| Additions | **–** | 348 |
| | **19,339** | 19,339 |
| Allowance for impairment of available-for-sale financial assets: | | |
| Beginning of financial year | **(19,339)** | (18,991) |
| Allowance for the year (Note 8) | **–** | (348) |
| End of financial year | **(19,339)** | (19,339) |
| | **–** | – |

## 16. AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONT'D)

Unquoted equity securities comprise 6% equity interest in an unquoted company, Forest Pine Group Pte Ltd and additionally in 2014, an equity interest less than 10% in BME previously an indirectly owned subsidiary. Both entities do not have a history of profit and cash flows and are not similar in size and activity to any quoted entities. As such, it is not practicable to determine with sufficient reliability the fair value of the unquoted equity securities. However, the Directors anticipate that the carrying amount of the unquoted equity securities will be significantly in excess of its recoverable amount which is determined to be nil as there are no foreseeable future economic benefits expected to be derived from these assets. Accordingly, the assets have been fully impaired as at 31 March 2014 and 2015.

## 17. AMOUNT DUE FROM/TO RELATED PARTIES (NON-TRADE)

Amount due from/to related parties are interest free, unsecured and repayable on demand.

Amount due from/to related parties are denominated in Singapore Dollar.

## 18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following amounts:

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | $'000 | $'000 (Restated) | $'000 | $'000 (Restated) |
| Cash and bank balances | **4,853** | 3,161 | **4,428** | 3,160 |
| Cash on hand | **6** | – | **–** | – |
| Short-term deposits | **3,000** | – | **3,000** | – |
| | **7,859** | 3,161 | **7,428** | 3,160 |

Cash and bank balances earn interest at floating rates based on daily bank deposit rates.

Cash and bank balances denominated in foreign currencies are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | $'000 | $'000 (Restated) | $'000 | $'000 (Restated) |
| United States Dollar | 10 | – | 10 | – |
| Malaysia Ringgit | 431 | – | – | – |

## 19. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | $'000 | $'000 (Restated) | $'000 | $'000 (Restated) |
| **Non-current** | | | | |
| Amount due to shareholder (Note 28(c)) | – | 3,000 | – | 3,000 |
| **Current** | | | | |
| Accrued expenses | 2,434 | 4,555 | 1,179 | 4,145 |
| Other payables – non related parties | 552 | 1,795 | 334 | 1,489 |
| Amount due to shareholder (Note 28(c)) | – | 4,501 | – | 4,501 |
| Scheme creditors (Note 21) | 8,572 | – | 8,572 | – |
| | 11,558 | 10,851 | 10,085 | 10,135 |

Trade payables are non-interest bearing and are normally settled on 30 to 90 days term.

Trade and other payables denominated in foreign currencies are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | $'000 | $'000 (Restated) | $'000 | $'000 (Restated) |
| Malaysia Ringgit | 1,265 | – | – | – |

## 20. CONVERTIBLE BONDS

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | $'000 | $'000 (Restated) | $'000 | $'000 (Restated) |
| Convertible bonds | 50 | 595 | 50 | 595 |

On 7 November 2012, the Company entered into a conditional subscription agreement with Asia Green Technology ("AGT" or the "Subscriber") and/or Approved Persons as may be notified by the Subscriber pursuant to which the Company propose to issue to the Subscriber 3% equity linked redeemable structured convertible bonds ("Convertible Bonds"), with an aggregate principal amount of up to $13,600,000 (approximately US$10,941,000). No interest shall be payable if the redeemable convertible bonds are automatically converted into ordinary shares.

During the financial year ended 31 March 2014, the Subscriber has subscribed to $7,752,000 of the Convertible Bonds. The Subscriber has, in accordance with the conditions, exercised its right to convert $4,752,000 (approximately US$3,942,000) in value of the Convertible Bonds into 1,437,915,410 new shares of the Company (the "Converted new Shares"). Unconverted Bonds of $3,000,000 were redeemed and there are no AGT Bonds outstanding.

On 20 August 2013, the Company entered into a conditional subscription agreement with Advance Opportunities Fund (the "ELN Subscriber") and/or Approved Persons as may be notified by the ELN Subscriber pursuant to which the Company propose to issue to the ELN Subscriber 1% equity linked redeemable structured convertible bonds (equity-linked notes or "ELN"), with an aggregate principal amount of up to $50,000,000. No interest shall be payable if the redeemable convertible bonds are automatically converted into ordinary shares.

## 20. CONVERTIBLE BONDS (CONT'D)

During the financial year ended 31 March 2014, the ELN Subscriber has subscribed for $5,000,000 of the Convertible Bonds. The ELN Subscriber has, in accordance with the conditions, exercised its right to convert $4,400,000 in value of the Convertible Bonds into 5,002,358,490 new ordinary shares of the Company.

During the financial year ended 31 March 2015, the ELN Subscriber has subscribed for $1,000,000 of the Convertible Bonds. The ELN Subscriber has, in accordance with the conditions, exercised its right to convert $1,550,000 in value of the Convertible Bonds into 805,147,057 new ordinary shares of the Company.

Subsequent to 31 March 2015, the Convertible Bonds' amount of $50,000 remains unconverted. Accordingly, the fair value of the Convertible Bonds at 31 March 2015 is not materially different from the carrying amount.

## 21. SCHEME CREDITORS

| | Group and Company | |
|---|---|---|
| | 2015 | 2014 |
| | $'000 | $'000 |
| Scheme creditors | | |
| - Shareholders (Note 28(c)) | 7,686 | – |
| - Non-related parties | 886 | – |
| | 8,572 | – |

On 31 July 2014, the Company successfully obtained the sanction of the High Court of the Republic of Singapore to enter into scheme of arrangement with its creditors who are proven to have a claim(s) against the Company (the "Scheme Creditors") under section 210 of the Act (the "Creditors Scheme"), pursuant to which:-

(a) 20% of the debts due and owing to entitled Scheme Creditors under the Creditors' Scheme as admitted by the Company or which were proven as against the Company (the "Adjudicated Debts") shall be satisfied in cash by the Company to entitled Scheme Creditors; and

(b) the remaining 80% of the Adjudicated Debts shall be satisfied by way of an allotment and issue of new ordinary shares in the capital of the Company ("Shares") at an issue price of $0.008 per Share to entitled Scheme Creditors (the "Debt-to-Equity Conversion"). Such Shares will be credited as fully paid, free from any liens, charges and other encumbrances and ranking pari passu in all respects with the then existing Shares.

Subsequent to year end, the Company issued Shares as per Note 32(a).

## 22. SHARE CAPITAL

| | 2015 | | 2014 | |
|---|---|---|---|---|
| | No. of shares '000 | Amount $'000 | No. of shares '000 | Amount $'000 (Restated) |
| **Group** | | | | |
| At beginning of financial year | **10,028,642** | **187,835** | 3,588,368 | 176,427 |
| Conversion of convertible bonds (Note 20) | **805,147** | **1,550** | 6,440,274 | 9,152 |
| Issuance of shares pursuant to rights issue | **824,302** | **6,594** | – | – |
| Share consolidation | **(10,551,281)** | **–** | – | – |
| Capital reduction | **–** | **(734,382)** | – | – |
| Issue of shares pursuant to exercise of warrants | **2,651** | **24** | – | – |
| Exchange difference | **–** | **–** | – | 2,256 |
| Change in reserves from disposal of discontinued operations* | **–** | **545,997** | – | – |
| | **1,109,461** | **7,618** | 10,028,642 | 187,835 |

| | 2015 | | 2014 | |
|---|---|---|---|---|
| | No. of shares '000 | Amount $'000 | No. of shares '000 | Amount $'000 (Restated) |
| **Company** | | | | |
| At beginning of financial year | **10,028,642** | **733,832** | 3,588,368 | 724,680 |
| Conversion of convertible bonds (Note 20) | **805,147** | **1,550** | 6,440,274 | 9,152 |
| Issuance of shares pursuant to exercise of warrants | **824,302** | **6,594** | – | – |
| Share consolidation | **(10,551,281)** | **–** | – | – |
| Capital reduction | **–** | **(734,382)** | – | – |
| Issue of shares from exercise of warrants | **2,651** | **24** | – | – |
| | **1,109,461** | **7,618** | 10,028,642 | 733,832 |

* This relates to the share capital of the entities arising from the reverse takeover in FY 31 March 2009. In view of the disposal of the subsidiaries during the year, the share capital of the disposal group was reversed.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value. The newly issued shares rank pari passu in all respects with the previously issued shares.

On 3 April 2014, an aggregate principal amount of $550,000 was converted to 687,500,000 conversion shares at the Floating Conversion rate of $0.0008 per share.

On 25 July 2014, 10,716,141,748 existing ordinary shares in the capital of the Company be consolidated into 164,860,446 ordinary shares in the capital of the Company by consolidating every sixty five (65) existing ordinary shares in the capital of the Company.

On 28 August 2014, the Company has issued and allotted 824,302,230 Rights Shares and 824,302,230 Warrants. Of these, the 824,302,230 Rights shares was fully subscribed and paid up at $0.008 per share by 28th August which has hence resulted in the increase in share capital of $6,594,418.

In connection with the issuance of Rights shares, 824,302,230 free detachable warrants were issued on the basis of one warrants for every one rights share subscribed. The exercise price and period of the warrants to subscribe for one new share is $0.009 each and 3 years respectively. As at the end of the current financial year, 821,650,974 warrants remained unexercised.

## 22. SHARE CAPITAL (CONT'D)

On 22 September 2014, the Company has completed the reduction of its issued and paid up capital from $740,976,332 divided into 989,162,676 ordinary shares to $6,594,420 divided into 989,162,676 ordinary shares by way of writing off the accumulated losses of the Company as at 30 June 2014.

On 26 November 2014, the Company has issued and allotted 2,600,000 new ordinary shares pursuant to the exercise of 2,600,000 warrants at the exercise price of $0.009 each amounting to a total of $23,400.

The Company has completed the convesion of the Fifth sub-tranche of Tranche 1 Notes in the aggregate principal amount of $50,000 into 5,882,352 Conversion Shares on 8 December 2014 at the Floating Conversion Price of $0.0085.

The Company has completed the conversion of the Sixth sub-tranche of Tranche 1 Notes in the aggregate principal amount of $950,000 into 111,764,705 Conversion Shares on 10 December 2014 at the Floating Convesion Price of $0.0085.

On 12 January 2015, the Company has issued and allotted 51,256 new ordinary shares pursuant to the exercise of 51,256 warrants at the exercise price of $0.009 each amounting to a total of $461.

## 23. MERGER RESERVE

Merger reserve represents the difference between the consideration paid and the share capital of a subsidiary restructured under common control. It was reduced to $Nil following the disposal of the discontinued operations (Note 10) in the previous financial year.

## 24. CAPITAL RESERVE

Capital reserve represents gain on dilution in equity interest in a subsidiary as a result of issuance of shares to non-controlling interests. It was reduced to $Nil following the disposal of the discontinued operations (Note 10) the previous financial year.

## 25. SHARE PLAN RESERVE

Share plan reserve relates to equity-settled share-based payments for options granted to employees. Under Transcutaneous Technology Inc's (TTI) Stock Incentive Plan (the "Plan") which was approved by TTI's shareholders on 26 May 2004 and 30 May 2005, share acquisition rights ("SAR") were granted to the directors, officers and other key employees. These SAR were replaced with Transcu Options on completion of the restructuring exercise in the financial year ended 31 March 2008. Transcu Options were subsequently replaced with new options of the Company upon completion of the reverse acquisition on 14 November 2008.

The share plan reserve was reduced to $Nil due to expiration of share options on 14 November 2013.

As all options expired on 13 November 2013, there are no options outstanding as at 31 March 2014 and 2015. The rights granted, exercised and cancelled under the Plan during the financial years ended 31 March 2014 are as follows:

Year ended 31 March 2014

| Exercise price per share | Option outstanding at 1.4.2013 | Option granted | Option exercised | Option cancelled /lapsed | Option outstanding at 31.3.2014 | Exercise period |
|---|---|---|---|---|---|---|
| $0.1677 | 108,349,302 | – | – | 108,349,302 | – | 14 November 2008 to 13 November 2013 |

## 26. SEGMENT REPORTING

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

(i) The pharmaceutical segment is engaged in the research and development of transdermal technology and its related applications;

(ii) The cosmetics segment is the business of manufacturing and sales of cosmetic products;

(iii) The green technology segment is engaged in the development and acquisitions of technologies related to the green energy sector;

(iv) The film and advertising segment is engaged in the production of films, advertising, consulting and contracting; and

(v) The corporate segment provides corporate support services to the Group.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit and loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

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

With the disposals made in 2014 and 2015, the remaining segments of the Group as at 31 March 2015 relate to (iv) and (v).

For the financial years ended 31 March 2014 and 2015, there is no single customer of the Group that represented 10% of the Group's revenue.

(a) *Business segments*

The following table presents revenue and capital expenditure information regarding the Group's business segments for the financial years ended 31 March 2014 and 2015.

| | Film and advertising production | Corporate | Total | Continued operations | Discontinued operations | Total operations |
|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **31 March 2015** | | | | | | |
| Revenue | | | | | | |
| Sales to external customer | 2,755 | – | 2,755 | 2,755 | – | 2,755 |
| **Results** | | | | | | |
| Segment profit | 87 | 995 | 1,082 | 762 | 320 | 1,082 |
| Finance income/(expense) | – | 16 | 16 | 19 | (3) | 16 |
| Depreciation of property, plant and equipment | 30 | 4 | 34 | 30 | 4 | 34 |
| **Assets** | | | | | | |
| Segment assets | 1,695 | 7,724 | 9,419 | 9,399 | 20 | N.M |
| **Liabilities** | | | | | | |
| Segment liabilities | 1,255 | 10,599 | 11,854 | 11,598 | 256 | N.M |

## 26. SEGMENT REPORTING (CONT'D)

(a) *Business segments (Cont'd)*

| | Cosmetics $'000 | Green Technology $'000 | Corporate $'000 | Pharmaceutical $'000 | Total $'000 | Continued operations $'000 | Discontinued operations $'000 | Total operations $'000 |
|---|---|---|---|---|---|---|---|---|
| **31 March 2014** | | | | | | | | |
| Revenue | | | | | | | | |
| Sales to external customer | 3,599 | – | – | 270 | 3,869 | – | 3,869 | 3,869 |
| **Results** | | | | | | | | |
| Segment (loss)/profit | (1,572) | (1,386) | 15,152 | (6,740) | 5,454 | 14,945 | (9,491) | 5,454 |
| Finance expense | – | – | (129) | – | (129) | (129) | – | (129) |
| Depreciation of property, plant and equipment | – | – | (1) | – | (1) | (1) | – | (1) |
| **Assets** | | | | | | | | |
| Segment Assets | 1,369 | 335 | 3,209 | 3,107 | 8,020 | 3,209 | 4,811 | 8,020 |
| **Liabilities** | | | | | | | | |
| Segment liabilities | 5,067 | 788 | 14,389 | 10,106 | 30,350 | 14,447 | 15,904 | 30,351 |

## 27. COMMITMENTS

Operating lease commitments – where the Group is a lessee

As at the balance sheet dates, the Group had the following minimum lease payments under operating leases on office buildings with initial or remaining term of one year or more:

| | Group | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| Non-cancellable amounts payable: | | |
| - within 1 year | 82 | 33 |
| - within 2 to 5 year | 20 | – |
| | 102 | 33 |

These operating leases have an average tenure of between 1 to 2 years, and certain leases are cancellable within 6 months to 1 year. Certain leases include options to renew the leases after the expiry of the initial tenure. Lease payments under these leases are usually fixed for the entire initial tenure. There are no restrictions placed upon the lessee by entering into these leases.

## 28. RELATED PARTY DISCLOSURES

(a) *Sale and purchase of goods and services*

An entity or individual is considered a related party of the Group for the purpose of the financial statements if it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa or it is subject to common control or common significant influence.

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

| | 2015<br>$'000 | 2014<br>$'000 |
|---|---|---|
| Management fee | **3** | – |

(b) *Compensation of directors and key management personnel*

| | 2015<br>$'000 | 2014<br>$'000 |
|---|---|---|
| Wages and salaries, representing total compensation paid to directors and key management personnel | **652** | 866 |
| Comprised amounts paid to: | | |
| - Directors of the Company | **534** | 387 |
| - Key management personnel | **118** | 479 |
| | **652** | 866 |

(c) *Amount due to shareholder*

| | Group and Company | |
|---|---|---|
| | 2015<br>$'000 | 2014<br>$'000 |
| Non-current | **–** | 3,000 |
| Current | **7,686** | 4,501 |

Amount due to a shareholder is unsecured, bear interest at average rate of Nil (2014: 1%) and is repayable in full on demand (2014: 2 years).

The fair value amount of the non-current portion is $Nil (2014: $2,941,000) and is determined from the cash flow analysis, discounted at market borrowing rates of equivalent instrument at the balance sheet date which the directors expect to be available to the Group.

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are foreign currency risk, liquidity risk and credit risk. It is the Group's policy not to trade in derivative financial instruments. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below:

### *(a) Foreign currency risk*

The Group is exposed to currency risk as a result of purchases and sales transactions entered into by the Group in currencies other than the functional currency of the operating unit, primarily Malaysian Ringgit ("RM"). The Group does not enter into foreign currency forward contracts to hedge such exposure.

*Sensitivity analysis for foreign currency risk*

The following table demonstrates the sensitivity of the Group's profit/ loss before tax to a reasonably possible change in the Malaysian Ringgit exchange rates (against SGD) by 5% (2014:Nil), with all other variables held constant.

| | Group | |
|---|---|---|
| | 2015 | 2014 |
| | $'000 | $'000 |
| | Profit before tax | Profit before tax |
| Malaysian Ringgit | | |
| - Strengthened | 12 | – |
| - Weakened | (12) | – |

### *(b) Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between the continuity of funding and flexibility through the use of short-term credit facilities and relies primarily on the existing shareholders for financing of its working capital requirements.

The Group's and the Company's financial liabilities as at 31 March 2015 and 2014 have a maturity profile of less than a year at the balance sheet date based on contractual undiscounted payments, except for a portion of the amount due to shareholder as disclosed in Note 28(c).

### *(c) Credit risk*

Credit risk arising from the inability of counterparty to meet the terms of the Group's financial instrument contracts is generally limited to the amounts, if any, by which the counterparty's obligations exceed the obligations of the Group. The Group controls its credit risk by setting credit limits and ensuring that sales are made to customers with an appropriate credit history.

*Surplus funds are placed with reputable banks*

The carrying amounts of trade receivables, other receivables, deposits and cash and cash equivalents represent the Group's maximum exposure to credit risk. There is no significant concentration of credit risk and no other financial assets carry a significant exposure to credit risk.

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

### *(c) Credit risk (cont'd)*

*Credit risk concentration profile*

The Group determines concentrations of credit risk by monitoring the country and business sector profile of its trade receivables on an on-going basis. For the current financial year, the credit risk concentration profile of the Group's trade receivables at balance sheet date is solely in Malaysia and arising from services provided for film and advertising production. The management does not review the Group's trade receivables by any other profile, including by customers.

As at 31 March 2014 and 2015, the Group has no significant concentration of credit risk with any single customer.

*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 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 past due and/or impaired*

There are no classes of financial assets that are past due and/or impaired.

### *(d) Financial instrument by category*

| | Group | | Company | |
|---|---|---|---|---|
| | **2015** | **2014** | **2015** | **2014** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| | | **(Restated)** | | **(Restated)** |
| Loans and receivables | **8,965** | 3,174 | **7,465** | 3,170 |
| Financial liabilities at amortised cost | **11,558** | 10,851 | **10,085** | 10,135 |

## 30. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

As at 31 March 2015, the carrying amounts of all the Group's financial assets and financial liabilities approximate their fair values due to their short-term nature except for a portion of the amount due to a shareholder, the fair value of which is disclosed in Note 28(c).

## 31. CAPITAL MANAGEMENT

The Group's objectives when managing capital, defined as share capital, retained earnings, amount due to shareholder and convertible bonds, are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, buy back issued new shares or obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on gearing ratio. The Group's strategies remained unchanged from 2014.

## 32. SUBSEQUENT EVENTS

(a) On 11 May 2015, the Company issued and allotted 857,212,000 Scheme Shares. Accordingly, the total issued and paid-up shares of the Company increased from 1,109,460,989 Shares to 1,966,672,989 Shares.

The Scheme Shares rank pari passu in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of allotment and issuance of the Scheme Shares.

Upon the completion of the issued and allotted Scheme Shares, the financial impact is a reduction of the Group's and Company's current liabilities by $6,858,000.

(b) On 22 May 2015, the Company entered into a term sheet ("Term Sheet") with (i) Right Earth Sdn Bhd ("RESB"); (ii) Casa Lite Sdn Bhd ("CLSB"); (iii) Malaysia Technology Development Corporation Sdn Bhd ("MTDC"); and Mr. Lim Lee Wan (collectively, the "Vendors", and each, a "Vendor"), being the current and potential shareholders of Malaysian Phosphate Additives Sdn Bhd (the "Target" or "MPA", together with its subsidiaries and associated companies, the "Target Group"), to acquire the entire issued and paid up shares ("Target Shares") in the share capital of the Target ("Proposed Acquisition").

The Proposed Acquisition, if undertaken and completed, is expected to result in a very substantial acquisition or a reverse-takeover of the Company pursuant to Rule 1015 of the Listing Manual ("Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Accordingly, the Proposed Acquisition is subject, inter alia, to the approval of the SGX-ST and the shareholders of the Company ("Shareholders") at an extraordinary general meeting of the Company to be convened pursuant to Rule 1015 of the Listing Manual.

## 33. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

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

*Effective for annual periods beginning on or after 1 July 2014*
- FRS 19 Defined Benefit Plan: Employee Contributions

*Effective for annual periods beginning on or after 1 January 2015*
- Improvements to FRSs (January 2014)
    - Amendments to FRS 102 Share-based payment
    - FRS 103 Business Combinations
    - FRS 108 Business Segments
    - FRS 16 Property, Plant and Equipment
    - FRS 24 Related Party Disclosures
    - FRS 38 Intangible Assets
- Improvements to FRSs (February 2014)
    - FRS 103 Business Combinations
    - FRS 113 Fair Value Measurement
    - Amendment to FRS 40 Investment Property

*Effective for annual periods beginning on or after 1 January 2015*
- Amendments to FRS 1: Disclosure Initiative
- Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- FRS 114 Regulatory Deferral Accounts
- Amendments to FRS 110, FRS 112 and FRS 28:Investment Entities: Applying the Consolidation Exception
- Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants
- Improvements to FRSs (November 2014)
    - FRS 107 Financial Instruments: Disclosures
    - FRS 19 Employee Benefits

## 33. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONT'D)

*Effective for annual periods beginning on or after 1 January 2017*

- FRS 115 Revenue from Contracts with Customers

*Effective for annual periods beginning on or after 1 January 2018*

- FRS 109 Financial Instruments

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

## 34. AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements for the financial year ended 31 March 2015 was authorised for issue in accordance with a resolution of the Board of Directors on 25 June 2015.

# ANALYSIS OF SHAREHOLDINGS

As at 15 June 2015

| | | |
|---|---|---|
| ISSUED AND FULLY PAID-UP CAPITAL | : | $14,475,986 |
| NO. OF SHARES ISSUED | : | 1,966,673,974 |
| CLASS OF SHARES | : | ORDINARY SHARES |
| VOTING RIGHTS | : | ONE VOTE PER SHARE |
| TREASURY SHARES | : | NIL |

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | % | NO. OF SHARES | % |
|---|---|---|---|---|
| 1 - 99 | 1,740 | 24.79 | 52,911 | 0.00 |
| 100 - 1,000 | 1,607 | 22.90 | 875,336 | 0.05 |
| 1,001 - 10,000 | 1,694 | 24.13 | 6,870,378 | 0.35 |
| 10,001 - 1,000,000 | 1,825 | 26.00 | 281,057,011 | 14.29 |
| 1,000,001 & above | 153 | 2.18 | 1,677,818,338 | 85.31 |
| TOTAL | 7,019 | 100.00 | 1,966,673,974 | 100.00 |

| TOP TWENTY SHAREHOLDERS | NO. OF SHARES | % |
|---|---|---|
| CIMB SECURITIES (SINGAPORE) PTE LTD | 995,170,787 | 50.60 |
| STAMFORD LAW CORPORATION | 67,071,000 | 3.41 |
| CHUA SUAN CHAI | 21,000,000 | 1.07 |
| KOO AH SEANG | 19,957,000 | 1.01 |
| CITIBANK NOMINEES SINGAPORE PTE LTD | 15,544,975 | 0.79 |
| ONG SOO YONG | 15,450,000 | 0.79 |
| TAN YOO HENG | 15,438,847 | 0.79 |
| TEO LI LIAN (ZHANG LILIAN) | 15,000,000 | 0.76 |
| UNITED OVERSEAS BANK NOMINEES PTE LTD | 14,892,043 | 0.76 |
| RAFFLES NOMINEES (PTE) LTD | 14,722,139 | 0.75 |
| OCBC SECURITIES PRIVATE LTD | 14,564,076 | 0.74 |
| DBS NOMINEES PTE LTD | 14,354,337 | 0.73 |
| PHILLIP SECURITIES PTE LTD | 13,993,750 | 0.71 |
| PUAY MENG HO | 13,480,000 | 0.69 |
| PHOON WUI NYEN (PAN WEIYUAN) | 13,000,000 | 0.66 |
| TENG CHEE WAI | 12,480,000 | 0.63 |
| KULKARNI SACHIN SHRIKANT | 12,148,614 | 0.62 |
| MAYBANK KIM ENG SECURITIES PTE LTD | 11,864,042 | 0.60 |
| ENG WAH HOLDINGS PTE LTD | 11,631,476 | 0.59 |
| BALA SUPRAMANIAM S/O KRISHNA THANGEVELOO | 10,000,000 | 0.51 |
| TOTAL | 1,321,763,086 | 67.21 |

## SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 15 June 2015)

| | | Direct Interest | | Deemed Interest | |
|---|---|---|---|---|---|
| No | Name | No. of Shares | % | No. of Shares | % |
| 1 | Advance Opportunities Fund | 896,784,057[1] | 45.60 | – | – |

Note 1: The 896,784,057 shares are registered and held through CIMB Securities (Singapore) Pte. Ltd.

## SHARES HELD BY PUBLIC

As at 15 June 2015, the percentage of shareholdings held in the public hands was approximately 53.39% and Rule 723 of the Listing Manual has been complied with.

## DISTRIBUTION OF WARRANTHOLDERS BY SIZE OF WARRANTHOLDINGS AS AT 15 JUNE 2015

| SIZE OF WARRANTHOLDINGS | NO. OF WARRANTHOLDERS | % | NO. OF WARRANTS | % |
|---|---|---|---|---|
| 1 - 99 | 46 | 1.89 | 2,614 | 0.00 |
| 100 - 1,000 | 411 | 16.89 | 363,021 | 0.04 |
| 1,001 - 10,000 | 537 | 22.07 | 2,752,865 | 0.34 |
| 10,001 - 1,000,000 | 1,323 | 54.38 | 189,783,685 | 23.10 |
| 1,000,001 & above | 116 | 4.77 | 628,747,804 | 76.52 |
| TOTAL | 2,433 | 100.00 | 821,649,989 | 100.00 |

| TOP TWENTY WARRANTHOLDERS | NO. OF WARRANTS | % |
|---|---|---|
| CIMB SECURITIES (SINGAPORE) PTE LTD | 90,629,545 | 11.03 |
| ONG SOO YONG | 35,000,000 | 4.26 |
| FOK CHEE CHEONG @ FOOK CHEE CHIONG | 22,550,000 | 2.74 |
| PHILLIP SECURITIES PTE LTD | 19,391,388 | 2.36 |
| KULKARNI SACHIN SHRIKANT | 19,025,045 | 2.31 |
| TAN YOO HENG | 18,438,847 | 2.24 |
| LEE SIEW HONG KATHELIN | 17,411,077 | 2.12 |
| LEE BERNARD | 16,000,000 | 1.95 |
| CHUA SUAN KEOW | 15,589,900 | 1.90 |
| YONG KIN SEN | 15,000,000 | 1.83 |
| CHUA SUAN CHAI | 14,410,100 | 1.75 |
| LIN SIEW KIM | 13,286,893 | 1.62 |
| PUAY MENG HO | 13,280,000 | 1.62 |
| OCBC SECURITIES PRIVATE LTD | 12,568,875 | 1.53 |
| RAFFLES NOMINEES (PTE) LTD | 12,425,565 | 1.51 |
| LEE LIE CHIN | 10,715,215 | 1.30 |
| TEH KAH CHAN | 10,026,616 | 1.22 |
| KWAN WAI KEONG | 10,000,000 | 1.22 |
| ENG WAH HOLDINGS PTE LTD | 9,693,000 | 1.18 |
| UOB KAY HIAN PTE LTD | 9,517,172 | 1.16 |
| TOTAL | 384,959,238 | 46.85 |

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of OLS ENTERPRISE LTD. (the "Company") will be held at YMCA @ one orchard, One Orchard Road, Singapore 238824, on Wednesday, 15 July 2015 at 3 p.m., for the purpose of transacting the following business:

## As Ordinary Business:

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 March 2015 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of $113,750 for the financial year ended 31 March 2015. (2014: US$72,000). **(Resolution 2)**

3. To approve the payment of Directors' fees of $120,000 for the financial year ending 31 March 2016 to be paid quarterly in arrears. **(Resolution 3)**

4. To re-elect Mr Geoffrey Ng Ching Fung, who is retiring pursuant to Article 92 of the Company's Articles of Association.
[See Explanatory Note (i)] **(Resolution 4)**

5. To re-appoint Messrs Nexia TS Public Accounting Corporation as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

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

## As Special Business:

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions, with or without any modifications:

7. Authority to Allot and issue shares (the "Share Issue Mandate") **(Resolution 6)**

"That pursuant to Section 161 of the Companies Act, Cap. 50, and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") and notwithstanding the provisions of the Articles of Association of the Company, authority be and is hereby given to the Directors of the Company to:

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

(ii) make or grant offers, agreements or options (collectively, "instruments") that may or would require shares to be issued, including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any instrument made or granted by the Directors while this Resolution was in force,

provided that:

(i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company with registered addresses in Singapore (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed twenty per cent (20%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below);

(ii) for the purpose of determining the aggregate number of shares that may be issued under subparagraph (i) above, the percentage of the total number of issued shares excluding treasury shares of the Company shall be calculated based on the total number of issued shares excluding treasury shares of the Company at the time of the passing of this Resolution, after adjusting for:

(1) new shares arising from the conversion or exercise of any convertible securities;

(2) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(3) any subsequent bonus issue, consolidation or subdivision of shares;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(iv) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."
[See Explanatory Note (ii)]

8. Authority to issue shares at a discount **(Resolution 7)**

"That subject to and pursuant to the share issue mandate in Resolution 6 above being obtained, authority be and is hereby given to the Directors of the Company to issue new shares other than on a pro-rata basis to shareholders of the Company at an issue price per new share which shall be determined by the Directors in their absolute discretion provided that such price shall not represent more than ten per cent (10%) discount to the weighted average price per share determined in accordance with the requirements of the SGX-ST."
[See Explanatory Note (iii)]

BY ORDER OF THE BOARD

Teo Meng Keong
Company Secretary
Singapore
30 June 2015

**Explanatory Notes:**

(i) Mr Geoffrey Ng Ching Fung will, upon re-election as a Director of the Company, remain as the Chairman of the Audit and the Nominating Committees and a member of the Remuneration Committee. The Board considered him to be independent for the purpose of Rule 704(8) of the Listing Manual of SGX-ST.

(ii) Ordinary Resolution 6 is to empower the Directors to issue shares in the capital of the Company and/or instruments (as defined above). The aggregate number of shares to be issued pursuant to Ordinary Resolution 6 (including shares to be issued in pursuance of instruments made or granted) shall not exceed fifty per cent (50%) of the total number of issued shares excluding treasury shares of the company, with a sub-limit of twenty per cent (20%) for shares issued other than on a pro-rata basis (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) to shareholders with registered addresses in Singapore. For the purpose of determining the aggregate number of shares that may be issued, the percentage of the total number of issued shares excluding treasury shares of the Company will be calculated based on the total number of issued shares excluding treasury shares of the Company at the time of the passing of Ordinary Resolution 6, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities; (ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of Ordinary Resolution 6, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of SGX-ST; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.

(iii) The Ordinary Resolution 7 is to authorise the Directors to allot and issue new shares on a non pro-rata basis at a discount not exceeding ten per cent (10%). This authority will continue in force until the next Annual General Meeting.

**Notes:**

1. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a Member of the Company.

2. The instrument appointing a proxy must be deposited at the registered office situated at 80 Robinson Road, #02-00, Singapore 068898, not less than forty-eight hours (48) before the time for holding the Annual General Meeting. Completion and return of the proxy form by a member will not prevent him from attending and voting at the Annual General Meeting if he so wishes. In such event, the relevant proxy form will be deemed to be revoked.

3. The instrument appointing a proxy must be signed by the appointor or his attorney duly authorized in writing. Where the instruction appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.

**Personal data privacy:**

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

**PROXY FORM**

# OLS ENTERPRISE LTD.

(Incorporated in the Republic of Singapore)
(Reg. No. 196800320E)

*(Please see notes overleaf before completing this form)*

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

I/We, _____ (full name in capital letters)

NRIC No./Passport No./Company No. _____

of _____ (full address)

being a member/members of OLS ENTERPRISE LTD. (the "Company"), hereby appoint :

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

and/or (delete as appropriate)

| | | | | |
|---|---|---|---|---|
| | | | | |

or failing him/her, the Chairman of the Meeting, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held at YMCA @ one orchard, One Orchard Road, Singapore 238824, on 15 July 2015 at 3 p.m. and at any adjournment thereof.

The proxy/proxies is/are to vote on the Resolutions before the Meeting as indicated below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion, on any other matter arising at the Meeting or at any adjournment thereof. If no person is named in the above boxes, the Chairman of the Meeting shall be my/our proxy to vote, for or against the Resolutions to be proposed at the Meeting as indicated hereunder for me/us and on my/our behalf at the Meeting and at any adjournment thereof.

| Ordinary Resolution No. | ORDINARY BUSINESS | For | Against |
|---|---|---|---|
| Resolution 1 | To adopt the Audited Financial Statements of the Company for the financial year ended 31 March 2015. | | |
| Resolution 2 | To approve the payment of Directors' fees of $113,750 for the financial year ended 31 March 2015. | | |
| Resolution 3 | To approve the payment of Directors' fees of $120,000 for the financial year ending 31 March 2016 to be paid quarterly in arrears. | | |
| Resolution 4 | To re-elect Mr Geoffrey Ng Ching Fung as a Director of the Company. | | |
| Resolution 5 | To re-appoint Messrs Nexia TS Public Accounting Corporation as Auditors of the Company and to authorise the Directors to fix their remuneration. | | |
| | **SPECIAL BUSINESS** | **For** | **Against** |
| Resolution 6 | To authorise the Directors to allot and issue shares pursuant to Section 161 of the Companies Act, Cap. 50 (Share Issue Mandate). | | |
| Resolution 7 | To authorise the Directors to issue shares at a discount of up to 10% under Share Issue Mandate. | | |

(Please indicate with a cross [X] in the space provided whether you wish your vote(s) to be cast for or against the Resolutions as set out in the Notice of the Meeting).

Dated this _____ day of _____ 2015

| Total Number of Shares held in : | No. of Shares |
|---|---|
| CDP Register | |
| Register of Members | |

_____

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

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

**NOTES:**

1. A member should insert the total number of shares held by him. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

2. A member of the Company entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint one or, if he holds two or more shares, not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the member must specify the proportion of shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100 per cent of the shareholdings of his appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.

4. If the instrument appointing a proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.

5. If the appointor is an individual, the instrument appointing a proxy shall be signed by the appointor or his attorney.

6. If the appointor is a corporation, the instrument appointing a proxy shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Chapter 50.

7. The signature on the instrument appointing a proxy need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing a proxy, failing which the instrument may be treated as invalid.

8. The instrument appointing a proxy must be deposited at the registered office situated at 80 Robinson Road, #02-00, Singapore 068898, not less than 48 hours before the time appointed for holding of the Annual General Meeting.

**General:**

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

**Personal Data Privacy:**

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

**OLS ENTERPRISE LTD.**

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