

BLUMONT

博诺有限公司

ANNUAL REPORT 2015



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CORPORATE INFORMATION

BOARD COMPOSITION

- **Board of Directors**

Executive Director:

Ng Kim Huatt

Independent Non-Executive Directors:

Calvin Lim Huan Kim

(Lead Independent Director)

Tan Gim Kang, Arran

Farhash Wafa Salvador

Aris Muhammad Rizal

- **Audit Committee**

Calvin Lim Huan Kim

(Chairman)

Tan Gim Kang, Arran

Farhash Wafa Salvador

Aris Muhammad Rizal

- **Remuneration and Compensation Committees**

Calvin Lim Huan Kim

(Chairman)

Tan Gim Kang, Arran

Farhash Wafa Salvador

Aris Muhammad Rizal

- **Nominating Committee**

Tan Gim Kang, Arran

(Chairman)

Calvin Lim Huan Kim

Farhash Wafa Salvador

Aris Muhammad Rizal

COMPANY SECRETARIES

Eileen Koh

Shirley Lim Guat Hua

REGISTRAR

Intertrust Singapore Corporate Services Pte. Ltd.

3 Anson Road, #27-01

Springleaf Tower

Singapore 079909

AUDITORS

Moore Stephens LLP

Certified Public Accountants

10 Anson Road, #29-15

International Plaza

Singapore 079903

Audit Partner in charge

(appointment since year 2012)

Mr Ng Chiou Gee Willy

REGISTERED OFFICE

298 Tiong Bahru Road

#11-03 Central Plaza

Singapore 168730

Tel : (65) 6332 9488

Fax : (65) 6332 9489

OPERATING SUBSIDIARIES

- **Singapore**

G1 Investments Pte. Ltd.

Tria Holdings Pte. Ltd.

Asphere Holdings Pte. Ltd.

Tyzen Holdings Pte. Ltd.

Phelago Holdings Pte. Ltd.

Adroit Innovations Investment

Pte Ltd

Blumont Copper Pte. Ltd.

298 Tiong Bahru Road

#11-03 Central Plaza

Singapore 168730

- **Malaysia**

Raintree Rock Sdn. Bhd.

Trackplus Sdn Bhd

No. 177-3, 3rd Floor,

Jalan Sarjana

Taman Connaught, Cheras

56000 Kuala Lumpur

Malaysia

Gemisuria Corporation
Sdn Bhd

1st Floor, Lot 13

K.K. Chinese Chamber of
Commerce

Kampung Air PO Box 11849

88000 Kota Kinabalu

Sabah, Malaysia

- **Indonesia**

PT Rel-ion Sterilization
Services

Kampung Meriuk RT.002/

RW.002 Gandamekar

Cibitung

Cikarang Barat 17520

Indonesia

- **British Virgin Islands**

Powerlite Ventures Limited

c/o 298 Tiong Bahru Road

#11-03 Central Plaza

Singapore 168730

PRINCIPAL BANKERS

DBS Bank Ltd Singapore

12 Marina Boulevard

Level 3

Marina Bay Financial Centre

Tower 3

Singapore 018982

BOARD OF DIRECTORS

MR. NG KIM HUATT

EXECUTIVE DIRECTOR

Mr. Ng Kim Huatt was re-designated as Executive Director of the Group since 19 July 2014, having been its Independent Non-Executive Director since 23 April 2014. He has 40 years of experience in the entire spectrum of the property and building industry as a professional civil engineer. Mr. Ng had a unique career spanning 10 countries in 3 continents after graduating from the University of Canterbury with a Bachelor in Engineering (Civil) in 1977.

MR. LIM HUAN KIM

LEAD INDEPENDENT DIRECTOR

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

MR. TAN GIM KANG, ARRAN

INDEPENDENT NON-EXECUTIVE DIRECTOR

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

MR. FARHASH Wafa SALVADOR

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Farhash Wafa Salvador is appointed as Independent Non-Executive Director since 18 July 2014. He is the member of Audit Committee, Nominating Committee, Remuneration Committee and Compensation Committee. He graduated in 2007 with a Master of Science in Finance from the University of Portsmouth, United Kingdom. He is the executive chairman and co-founder of multinational tech startup and holds directorship in automotive, development and manufacturing companies.

MR. ARIS MUHAMMAD RIZAL

INDEPENDENT NON-EXECUTIVE DIRECTOR

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

EXECUTIVE DIRECTOR'S STATEMENT

Dear Fellow Shareholders,

On behalf of the Blumont Board, I would like to present and report on the Group's financial results and activities for the year which has ended 31 December 2015.

2015 has been a turbulent year for commodities with a backdrop of global equity market corrections and declining demands of commodities especially from China. The carnage is not over as yet and the market bottom is anybody's guess.

Despite the challenging times not only for this year but has been for the past few years, we have been afforded the unwavering support given by our shareholders and business partners. For that, we are indeed grateful.

THE YEAR 2015

This has been a year of consolidation.

We are adjusting to this mode of asset disposal, trimming off losses and debt repayment. We have been painstakingly managing this phase of consolidation for the past year and shall be spilling over this exercise to next year such that Blumont shall be in a better shape to come in the year 2016.

We express our gratitude to the shareholders for giving us the overwhelming mandate for the recent rights issue.

THE FUTURE AHEAD

Blumont is forward looking and the past is well behind us. In times of crisis, we shall take advantage of the opportunities that lie ahead.

As mentioned, 2015 has been and 2016 will be simply about rebuilding a company.

We have initiated consolidation together with pursuit of debt repayment and thereafter to be back in the business of mining, properties and sterilisation.

Shareholders interest and profit generating is paramount to the Company's survival.

We are and shall be rebuilding, restructuring and re-acquiring in 2016 and beyond.

FINANCIAL REVIEW

The Group's revenue for financial year 2015 was consistent with financial year 2014, with an increase of S\$0.04 million or 1% from S\$3.60 million to S\$3.64 million. Sterilisation segment remained the largest contributor to revenue with 99% (S\$3.59 million) and followed by property segment with 1% (S\$0.05 million).

The Group had a net 'other losses – net' of S\$8.43 million for financial year 2015 as compared to S\$6.93 million in financial year 2014. These losses were mainly due to the impairment loss and loss on disposal of the Group's portfolio of equity investments in companies listed in the Singapore Exchange and Bursa Malaysia relating to the investment holding segment.

EXECUTIVE DIRECTOR'S STATEMENT

In addition, the Group had impairment loss on financial assets, available-for sale of S\$5.89 million in financial year 2015 as compared to S\$18.65 million in financial year 2014, impairment on investment in associate of S\$0.22 million in financial year 2015 as compared to S\$4.35 million in financial year 2014, share of loss of associate of S\$1.72 million in financial year 2015 as compared to S\$1.46 million in financial year 2014 and impairment loss in other receivables – third party of S\$0.65 million in financial year 2015 as compared to S\$0.72 million in financial year 2014, interest expenses on Loan from Wintercrest Advisors LLP of S\$3.86 million in financial year 2015 as compared to S\$2.40 million in financial year 2014 which mainly relates to mineral and energy resources segment.

As a result, the Group recorded a net loss for the financial year 2015 was S\$28.96 million as compared to S\$66.24 million in financial year 2014.

The cash and bank balances decreased by S\$1.94 million or 49% from S\$3.96 million as at 31 December 2014 to S\$2.02 million as at 31 December 2015. During the year, the Group generated cash inflows from placement of shares, rights issue, disposal of assets from the investment holding segment and operating cashflows from sterilisation segment. The decrease in Group's cash and bank balances was mainly contributed by partial repayment of borrowings from rights issue proceeds and dividend paid to non-controlling interest of subsidiary during the financial year.

Net liability value per ordinary share as at 31 December 2015 was 0.31 cents (31 December 2014: net asset value of 0.33 cents) based on issued share capital of 4,514,224,998 (31 December 2014: 2,609,387,832).

FOOTNOTE AND APPRECIATION

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

We shall look forward to your continued support towards a better future for Blumont and its Shareholders in the years to come.

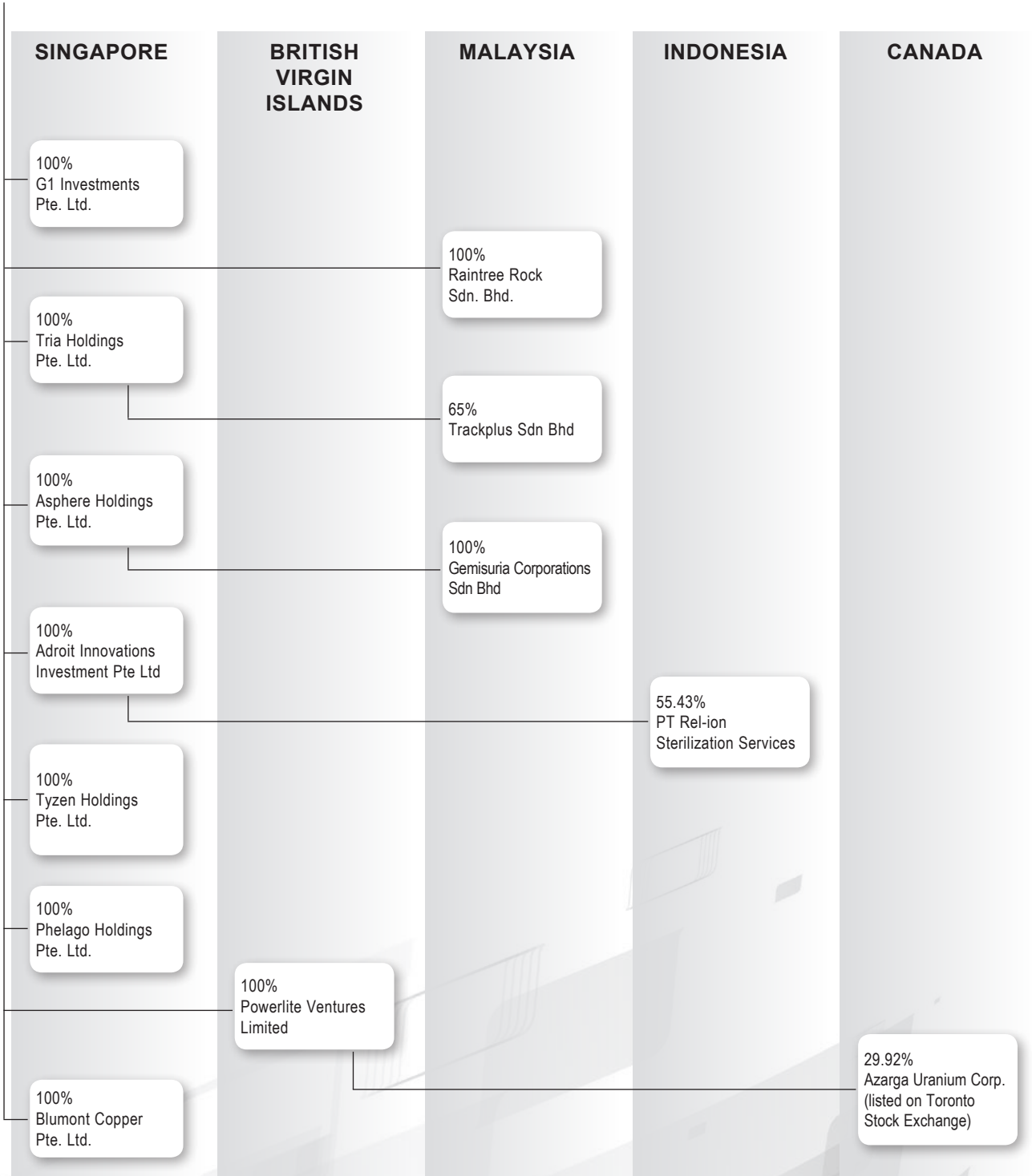
NG KIM HUATT

Executive Director

GROUP STRUCTURE

AS AT 31 MARCH 2016

BLUMONT
博诺有限公司



MISSION STATEMENT AND MANAGEMENT TEAM

MISSION STATEMENT

To continue to re-engineer Blumont Group Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") into a niche strategic investor in businesses with the global market in mind, that can generate opportunities, scalability and growth for the Group.

MANAGEMENT TEAM

SINGAPORE

MR. NG KIM HUATT

Executive Director of Blumont Group Ltd.

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

MALAYSIA

MR. TONY LIM FONG CHUNG

Director of Gemisuria Corporation Sdn Bhd

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

INDONESIA

MR. YUSMAN, SH

Managing Director of PT Rel-ion Sterilization Services

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

AUDITED FINANCIAL YEAR END SUMMARY

The Group

Consolidated Statement of Comprehensive Income – S\$	31 December 2015 12 months	31 December 2014 12 months
Operating Revenue	3,639,643	3,598,401
Other Losses – net	(8,434,159)	(6,931,141)
Total Expenses	(23,720,543)	(62,406,222)
Income Tax Expense	(449,277)	(497,378)
Total Loss: The Group	(28,964,336)	(66,236,340)
– Non-Controlling Interests	596,640	619,447
– Owners of the Company	(29,560,976)	(66,855,787)

The Group

Consolidated Statements of Financial Position – S\$	31 December 2015	31 December 2014
Total Assets	31,715,508	44,968,740
Total Liabilities	(45,808,510)	(36,270,962)
Net (Liabilities)/Assets	(14,093,002)	8,697,778
Intangible Assets	–	–
Net Tangible (Liabilities)/Assets – The Group	(14,093,002)	8,697,778
Equity: The Group	(14,093,002)	8,697,778
– Non-Controlling Interests	4,075,761	4,182,584
– Owners of the Company	(18,168,763)	4,515,194

Owners of the Company

Per Share Computation	31 December 2015	31 December 2014
Number of Shares	4,514,224,998	2,609,387,832
Net (Liabilities)/Assets Value per Share – in cents	(0.40)	0.17
Net Tangible (Liabilities)/Assets per Share – in cents	(0.40)	0.17
		(Restated)*
Weighted Average Number of Shares	3,619,936,142	3,110,796,670
Loss per Share – in cents	(0.82)	(2.15)

The Group

Ratio Computation	31 December 2015	31 December 2014
Return on Assets	(91%)	(147%)
Return on Equity	206%	(762%)

* The Group had restated the comparative earnings per share for financial year ended 31 December 2014 to take into consideration the rights issue in 2015.

MINERAL AND ENERGY RESOURCES INVESTMENTS

AS AT 31 MARCH 2016

Blumont Group Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) holds investments in companies in the business of exploration, exploitation, development and production of mineral and energy resources. The Group presently does not have any direct interest in tenements and its investment in the mineral and energy resources segment is limited to minority stakes in various investee companies. As such, the Group does not directly undertake any exploration, development or production activities.

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

Investee Company	Blumont’s interest	Resource Type/ Location	Project Development Stage/Resource Classification
Celsius Coal Limited	12.56%	Nickel/Western Australia	Exploration and project planning stage
Cokal Limited	12.03%	Coking coal/Indonesia, Tanzania	BBM Project: Exploration and project planning stage; Measured, Indicated and Inferred Mineral Resources Other tenements: Exploration stage
Powerlite Ventures Limited⁽¹⁾	100%	Uranium/USA, Central Asia	Exploration and development stage Dewey Burdock Project: Estimated Indicated and Inferred Mineral Resources Centennial Project: Indicated and Inferred Mineral Resources Aladdin Project: Indicated and Inferred Mineral Resources UrAsia (Kyzyl Ompul Licence): Inferred Mineral Resource
Kidman Resources Limited	6.35%	Gold, Copper, silver, lead, zinc/Australia	Production and exploration stage Burbanks Gold Mine: Development and production stage; Indicated and Inferred Mineral Resource Home of Bullion Project: Inferred and Indicated Mineral Resources Gunga West Deposit: Indicated and Inferred Mineral Resource
Discovery Metals Limited⁽²⁾	5.38%	Copper/Botswana	Production stage Kalahari Copper Belt: Measured, Indicated and Inferred Mineral Resources

MINERAL AND ENERGY RESOURCES INVESTMENTS

AS AT 31 MARCH 2016

Investee Company	Blumont's interest	Resource Type/ Location	Project Development Stage/Resource Classification
Genesis Resources Limited	9.23%	Gold, iron, manganese, uranium, copper-zinc-silver/The Republic of Macedonia, Australia	Exploration stage
Merlin Diamonds Limited	6.25%	Diamonds/Australia	Merlin Project: Development and production stage; Indicated and Inferred Mineral Resources Other tenements: Exploration stage
Elysium Resources Limited	6.43%	Copper, gold/Australia, Indonesia	Exploration stage Burruga Project: Measured, Indicated and Inferred Resources

Notes:

- (1) Blumont's shareholding in Azarga Uranium Corp. is held by Powerlite Ventures Limited, a 100% owned subsidiary of Blumont. Powerlite Ventures Limited holds 18,053,810 ordinary shares in Azarga Uranium Corp. (representing approximately 29.92% of Azarga Uranium Corp.'s total issued share capital). Azarga Uranium Corp. holds 100% of the total issued share capital of Azarga Resources Limited. Azarga Uranium Corp. and Azarga Resources Limited in turn hold various investments in uranium assets.
- (2) Blumont's shareholding in Discovery Metals Limited ("DML") is held by Blumont Copper Pte. Ltd., a 100% owned subsidiary of Blumont. As announced by DML on 10 June 2015, the creditors of DML had resolved by special resolution that DML be wound up. The appointed liquidators of DML have also announced that they have reasonable grounds to believe that there is no likelihood that DML's shareholders will receive any distribution in the course of the winding-up of DML. DML was delisted from the ASX as of 1 September 2015.

NICKEL

CELSIUS COAL LIMITED

The Company has an approximate 12.56% stake in Celsius Coal Limited ("**Celsius**"), a company listed on the Australian Securities Exchange ("**ASX**"), which owns two nickel assets in Western Australia.

On 6 March 2015, the Company entered into a deed with Celsius (the "**Termination Deed**") to terminate the following agreements (collectively, the "**Investment Agreements**"): (a) a convertible note deed dated 6 February 2013 (as amended pursuant to a deed of variation dated 16 May 2014) (the "**Convertible Note Deed**"), pursuant to which the Company had advanced to Celsius an aggregate principal sum of A\$3.5 million and US\$0.3 million; and (b) a subscription agreement dated 6 February 2013 (as amended from time to time), pursuant to which the Company had subscribed for 227,272,727 Celsius shares, representing approximately 8.68% of the total issued share capital of Celsius. In accordance with the Termination Deed, on 9 March 2015, the Company was issued a total of 177,151,526 new Celsius shares, upon conversion of the convertible notes issued under and accrued interest payable under, the Convertible Note Deed. In accordance with the terms of the Termination Deed, with effect from 9 March 2015, the Investment Agreements have been terminated and the Company and Celsius shall have no further obligations under the Investment Agreements.

MINERAL AND ENERGY RESOURCES INVESTMENTS

AS AT 31 MARCH 2016

In April 2015, Celsius announced that the agreements under which Celsius had held tenure over the coal projects in the Krygyz Republic require substantial ongoing commitments which Celsius would be unable to meet both based on its current cash reserves and interest from potential offtake partners. As a result the licences which contained Celsius' coal projects in the Krygyz Republic were forfeited back to the Krygyz Government.

On 26 October 2015, Celsius announced that it was proposing to change its operations to a company focused on operating in the global online gambling industry via the acquisition of 100% of the issued capital of Favourit Global Pty Ltd ("**Favourit**") (the "**Favourit Transaction**"). The Favourit Transaction will be a significant change to the nature and scale of Celsius' business activities which will require re-compliance with the ASX's admission requirements in Chapter 1 and chapter 2 of the ASX Listing Rules. As outlined in the Listing Rules, Celsius will undergo a consolidation on a 1:2,000 basis so that its shares have a deemed value of A\$0.20 (the "**Consolidation**"). Celsius will then issue the Favourit shareholders 57 million fully paid ordinary shares in Celsius on a post-consolidation basis at a deemed price of A\$0.20 as consideration for the acquisition. Celsius will also undertake a post-consolidation raising of A\$5 million at not less than A\$0.20 to be completed under a prospectus. All funds raised are proposed to be applied towards the operation and expansion of Favourit's global sports betting business. Celsius intends to change its name to "Favourit Limited" following completion of the Favourit Transaction. On 28 January 2016, the Celsius shareholders approved this change in Celsius' direction and the Favourit Transaction and the Consolidation was completed, which resulted in the following consolidation of quoted fully paid shares on issue from 3,218,976,874 to 1,609,488. As a result of the shareholder approvals received at the shareholders' meeting, Celsius' shares became suspended from trading whilst Celsius works to re-comply with Chapter 1 and Chapter 2 of the ASX Listing Rules, as required.

Carnilya Hill Joint Venture, Abengo Hill Nickel Project

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

Mincor Resources NL has not advised Celsius of any material results from exploration at the Carnilya Hill Joint Venture during the relevant reporting period. While mining operations at Carnilya Hill ceased in the first quarter of 2012, access to the decline and other mine infrastructure was maintained so that the opportunity to recommence mining remains intact.

Celsius initiated a reassessment the Abengo Hill Nickel Project in 2014. While prospective for both gold and nickel mineralisation, the targets identified are early stage and conceptual in nature and therefore the board of directors of Celsius had determined that intensive exploration is not warranted at this stage and activities on the Abengo Hill Nickel Project will focus on refining and advancing the targets identified through low cost exploration.

Subject to completion of the Favourit Transaction, Celsius is seeking to dispose of its nickel interests at Carnilya Hill.

MINERAL AND ENERGY RESOURCES INVESTMENTS

AS AT 31 MARCH 2016

COAL

COKAL LIMITED

The Company has an approximate 12.03% stake in Cokal Limited ("**Cokal**"), an ASX-listed company with the objective of becoming a metallurgical coal producer with a global presence. Cokal currently has interests in four projects in Central Kalimantan (namely, PT Anugerah Alam Katingan, PT Bumi Barito Mineral, PT Borneo Bara Prima and PT Tambang Benua Alam Raya) and one project (which holds three exploration licences) in West Kalimantan, Indonesia (namely, PT Silangkop Nusa Raya) considered prospective for metallurgical coal. Cokal also has signed a joint venture with Tanzoz Resource Company Limited to explore for coal in Tanzania and a cooperation agreement with Mozambique Government Mining Corporation, EMEM, to explore for coking coal in the emerging coal province of Mozambique.

On 21 March 2016, Cokal announced the completion of the sale of its 75% interest in PT Anugerah Alam Manuhing ("**ANM**") to PT Jinantra Karya Raya, an Indonesian company owning the tenements adjacent to ANM. Cokal considered ANM a non-core tenement located a considerable distance west, in another geological formation, from Cokal's main tenements located in Central Kalimantan.

The Company has also committed to a facility of up to US\$8 million in cash advance to Cokal, of which US\$3.4 million has been drawn down as at 31 March 2016.

(i) BBM Project

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

JORC Code Statements

The main exploration activities conducted to date at the BBM Project include (i) surface mapping of coal and non-coal outcrops and channel sampling of coal outcrops; (ii) shallow drilling using HQ coring for sampling; and (iii) deep drilling (average 400 m depth) for determining the continuity of the coal seams across the BBM East Block.

An updated coal resource statement compliant with the 2012 Edition of the JORC Code released for the eastern portion of the BMM Project, as announced by Cokal on 29 January 2015, indicates a JORC total coal resource of 266.6Mt comprising 19.5Mt Measured, 23.1Mt Indicated and 224Mt Inferred coal resources. The statement was compiled by Yoga Suryanegara (an employee of Cokal), who is a Competent Person (as defined in the JORC Code 2012 Edition) and a member of the Australasian Institute of Mining and Metallurgy, and was independently reviewed and confirmed to be compliant with the JORC Code 2012 Edition by Pat Hanna of Hanna Consulting Services, who is also an Executive Director of Cokal. Measured, Indicated and Inferred Resources have been estimated for the B, C, D and J Seams which have been confirmed as metallurgical coal from analyses conducted in an Australian laboratory. The coal resources of the B, C, D and J Seams comprised 90% coking coal and 10% PCI or semi-soft coking coal. The upgrade of resource to higher JORC categories is primarily due to the additional outcrop mapping and subsequent channel sampling of the coal for Seams B, C and D in the areas covering Pits 1 and 2 in BBM East. These

MINERAL AND ENERGY RESOURCES INVESTMENTS

AS AT 31 MARCH 2016

channel samples gave a reliable representative sample of each coal seam. The BBM Project coal resource includes resources which have the potential to be economically extracted using both open pit and underground mining methods.

The area covered by the current coal resource estimate is 30% of the total area of the BBM Production Izin Usaha Pertambangan (“IUP”) tenement licence.

BBM Project Definitive Feasibility Study Outcomes

The BBM Project definitive feasibility study (“DFS”) was completed in February 2014. During the financial year ended 30 June 2015 further pricing and delivery enquiries were made to ensure that physical delivery and construction would comply with the DFS schedule. The DFS is focused on an initial 2 million tonnes per annum (“Mtpa”) with a direct ship start-up phase. All approvals and government processes have been submitted to allow development of an operation of up to 6Mtpa capacity.

The additional pricing enquiry work carried out confirmed the availability and experience of a pool of key contractors, fabricators and service providers with demonstrable capability to undertake the works at the BBM Project site and who are fully cognizant of the seasonal conditions, productivity effects and logistics requirements of working in Central Kalimantan, Indonesia.

Mine Design

The DFS mining study was completed by Aseanmco, a consultancy with extensive Indonesian and Australian experience working from the geological model comprising the October 2013 JORC update. The mining study resulted in a schedule which generated product coal early in the project life which not only had the lowest cash cost but also delayed any capital requirements associated with coal processing to reduce product ash below the target product specification of 8%.

The mine plan sees early production coming from a single pit extracting the low ash B, C and D seams followed by the opening of three additional pits accessing the J seam and later on the PCI resources of the B, C and D seams. While the geological model identified significant potential for underground mining potential the initial project will focus on a purely low capital cost open cut operation with a life of 10 years. The underground potential would have the effect of increasing the annual production potential and extending the project life.

Haul Road

A key part of the study was the 55km linking to the BBM Project mine site with the dedicated barge loading facility to be constructed at Punarma. The haul road has been designed to provide the trucks with a grade optimised route which allows the coal trucks to maintain high travel speeds, operate efficiently and thereby achieve the lowest unit cost per tonne kilometre. This includes the final bridge design and geotechnical investigations for both the bridges at Osom and Babuat rivers. A hydrological review has also been undertaken to confirm bridge design parameters. The full design covers all cut and fill quantities and identification of certain selected naturally occurring building material along the optimum route.

MINERAL AND ENERGY RESOURCES INVESTMENTS

AS AT 31 MARCH 2016

A land usage and ownership survey for the approximate 55 km of haul road has been completed successfully with positive contributions from the local government and local land owners.

Barge Loading Facility

The barge loading facility to be located at Punarma has been designed to suit the shallow draft push barging system. The design is based on proven and successful facilities operating currently in the United States of America which are characterised by simple low manning operations with minimal double handling of the coal product. Coal handling was paramount in the engineering efforts to minimise product depredation and potential handleability issues. Land acquisition arrangements for the Purnama Port are underway with the majority of the 150 hectares site being identified as available and appropriate for acquisition. Very significant contributions were made by the local community, land owners and local government to ensure this result.

Further geotechnical investigations have been undertaken from both the on-shore and off-shore components.

River Barging

Detailed studies of the river have been completed confirming the practicality of using a river-based shallow draft barging system. A detailed specific push tug and barge combination design to suit the identified navigable channel has been produced. The shallow draft barging system increases the calendar utilisation of the Barito River which has proven to be the main impediment for reliable logistics for the existing operators. While this system is an innovation for Indonesia it forms the basis of bulk material movement for many countries in the world.

A barging joint venture agreement had been previously executed with an Indonesian barging company, MDM Meratus Line. The local government has approved the location of the barge loading facility, with the environmental approval allowing 6Mtpa throughput.

River Trans-loading Station and Intermediate Stockpile

The DFS study also included a detailed design and costing for the river based trans-loading station to transfer coal from the river barging system for the upper Barito, to ocean going barges for delivery to offshore customer vessels via floating crane transshipping systems. The river based trans-loading system has been designed to serve the dual function of performing the in-loading system of the intermediate stockpile facility when it is built. This allows the majority of the capital cost of the intermediate stockpile facility to be delayed enough to be funded out of project cash flows rather than in advance.

Final selection of the site of the trans-loading stockpile facility is currently being carried out and near completion with a number of potential sites available.

BBM Forestry Permit and Port Construction and Operation Approval Updates

On 12 August 2015, Cokal received the “Ijin Pinjam Pakai Kawasan Hutan – Operasi” or “Borrow to Use Forestry Permit – Operation” for the BBM Project. This Forestry Permit will allow Cokal to start construction and mining. The Forestry Permit has been issued for an area covering 1,242 hectares which enables the development of the port, haul road and the initial development of the mine site.

MINERAL AND ENERGY RESOURCES INVESTMENTS

AS AT 31 MARCH 2016

Cokal has proceeded with the application for a Borrow to Use Permit – Exploration for the Western Block of the BBM project and the application is currently being assessed by the Planology Department of the Ministry of Environment and Forestry.

The approval of the PT BBM Port Construction and Operation was received from the National Minister on 24 February 2015. This allows commencement of construction and operation of the port.

The other tenements of Cokal are in the exploration stage.

(ii) *BBP Project*

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

The IUP production/operation (mining lease) licence and the Clean and Clear Certificate are expected to be issued in the first quarter of 2016.

Cokal has submitted its application for the Clean and Clear Certificate Exploration from the Director General of the National Mines & Energy Department formalising the previous award of Clean and Clear status.

(iii) *TBAR Project*

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

Cokal continues to progress the Exploration Forestry Permit for the TBAR Project with the Central Kalimantan Provincial Government. Due to Cokal's focus on fulfilling the administrative requirements to obtaining the IPPKH for the BBM Project, together with workloads within the Provincial Forestry Department, the site visit to the TBAR concession has been delayed and is expected to take place in the first quarter of 2016.

(iv) *AAK Project*

Cokal has a 75% share of the Anugerah Alam Katingan ("**AAK**") Project located in Central, Kalimantan, Indonesia. The AAK Project area consists of 5,000 hectares.

As announced in Cokal's quarterly activities report for the three-months period ended 31 December 2015, applications for the Exploration Forestry Permit ("**IPPKH**") and Clean and Clear Certificate continue to be processed. Following the official handover letter dated 12 January 2016, the AAK IUP is currently on an 'on-hold' status by the Provincial Police Department (Polda Kalteng). It is being decided by police following their investigations regarding certain AAK ownership dispute issues. Cokal has said that it is an aggrieved party and will await the outcome of the police investigation into it.

MINERAL AND ENERGY RESOURCES INVESTMENTS

AS AT 31 MARCH 2016

URANIUM

POWERLITE VENTURES LIMITED

Powerlite Ventures Limited ("**Powerlite**") is a limited liability company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company. Powerlite's sole investment is in Azarga Uranium Corp. ("**Azarga Uranium**") (formerly known as Powertech Uranium Corp.). Azarga Uranium's investments are currently in the exploration and development stage. Azarga Uranium is a Vancouver-based mineral development company listed on the Toronto Stock Exchange (TSX Code: AZZ).

The sole director of Powerlite is Ng Kim Huatt, the Company's Executive Director. Save as disclosed, none of the Company, the Directors, the Controlling Shareholders of the Company, or their respective Associates are related to the Directors or Controlling Shareholders of Powerlite. Ng Kim Huatt is also a non-executive director in Azarga Uranium. Save as disclosed and save through the Company's shareholding in Powerlite, none of the Company, the Directors, the Controlling Shareholders of the Company, or their respective Associates are related to the directors or Controlling Shareholders of Azarga Uranium.

On 22 May 2013, Powerlite entered into a convertible note deed with Azarga Resources (the "**Azarga Resources Convertible Note Deed**") pursuant to which Powerlite agreed to make available to Azarga Resources a facility for the sum of up to US\$15.00 million (the "**Azarga Resources Facility**") for the period up till 22 May 2023 (the "**Azarga Resources Facility Period**"). Following amendments to the Azarga Resources Convertible Note Deed on 28 August 2013 and 28 February 2014, the Azarga Resources Facility has been increased to US\$26.00 million. The Azarga Resources Facility is subject to draw down by Azarga Resources. The additional Azarga Resources Facility of US\$5.0 million is only available for draw down in the year 2015 and may only be undertaken subject to mutual agreement between Powerlite and Azarga Resources. US\$18.0 million (approximately S\$22.7 million) has been drawn down by Azarga Resources from the Azarga Resources Facility.

On 29 October 2014 Azarga Uranium acquired all of the issued and outstanding shares of Azarga Resources Limited ("**Azarga Resources**") in exchange for shares of Azarga Uranium, on an exchange ratio of 3.65 Azarga Uranium shares for each Azarga Resources share to create a merged entity called Azarga Uranium Corp. (the "**Azarga Reverse Takeover**"). Azarga Uranium also completed (a) a consolidation of its outstanding common shares on the basis of one post-consolidation Azarga Uranium share for 10 pre-consolidation Azarga Uranium shares (the "**Azarga Uranium Consolidation**"); and (b) a private placement of its shares for gross proceeds of C\$5.0 million (the "**Azarga Uranium Placement**"). Powertech Uranium Corp. was renamed to Azarga Uranium Corp.

Pursuant to the terms of the Azarga Reverse Takeover and a transaction support agreement amongst Azarga Resources, Azarga Uranium and Powerlite, Powerlite received 18,053,810 ordinary shares in the capital of Azarga Uranium, representing approximately 30.39% of the existing issued share capital of Azarga Uranium as at 30 October 2014 (the date of allotment). The transaction support agreement was entered into amongst Azarga Resources, Azarga Uranium and Powerlite, pursuant to which Powerlite consented to the Azarga Reverse Takeover and the sale of Powerlite's shares in Azarga Resources to Azarga Uranium. Of the 18,053,810 Azarga Uranium shares issued to Powerlite, 25% are subject to escrow restrictions for 12 months and the remaining 75% are subject to escrow restrictions for two years.

Concurrent with the closing of the Azarga Reverse Takeover and the Azarga Uranium Consolidation, Azarga Uranium completed a private placement financing for gross proceeds of approximately C\$5 million through the issuance of 8,338,134 units, each unit consisting of one common share and one-half of a common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of C\$1.00 per share until 28 October 2016. In August 2015, Azarga Uranium further issued 928,581 common shares to settle trade and other payables.

MINERAL AND ENERGY RESOURCES INVESTMENTS

AS AT 31 MARCH 2016

Through its Denver-based subsidiary, Powertech (USA), Inc., Azarga Uranium holds the Dewey Burdock uranium deposit in South Dakota (the “**Dewey Burdock Project**”). Azarga Uranium also owns 70% of the Kyzyl Ompul Project in the Kyrgyz Republic, the Centennial uranium deposit in Colorado (the “**Centennial Project**”) and the Aladdin deposit in Wyoming (the “**Aladdin Project**”).

(i) *The Dewey Burdock Project (100% interest) – South Dakota, USA*

The Dewey Burdock Project is located in Custer and Fall River Counties, South Dakota, USA. Through property purchase agreements, mining leases and/or mining claims, the Dewey Burdock Project is comprised of approximately 13,880 surface acres and 17,900 net mineral acres. The Dewey Burdock Uranium Project is Azarga Uranium’s initial development priority. Azarga Uranium has received the Nuclear Regulatory Commission (“**NRC**”) Licence for the Dewey Burdock Project.

In April 2015, Azarga Uranium filed an updated National Instrument 43-101 (“**NI 43-101**”) compliant independent resource estimate and preliminary economic assessment (“**PEA**”) for the Dewey-Burdock Project prepared by REC, Inc., Douglas H. Graves, P.E., and Roughstock Mining Services, Steve Cutler, P.G (the “**Dewey Burdock PEA**”) with an effective date of January 29, 2015. The Dewey Burdock PEA provides an updated preliminary economic analysis of the Dewey Burdock Uranium Project based on exploration and development work performed subsequent to the PEA filed in April 2012.

The Mineral Resource estimate as extracted from the Dewey Burdock PEA is as follows:

Dewey-Burdock Project In-situ Recovery Mineral Resource estimate

	Estimated Measured Resources	Estimated Indicated Resources	Estimated Measured plus Indicated Resources	Estimated Inferred Resources
Tons	554,000	992,000	1,546,000	586,000
Average grade (% U_3O_8)	0.33	0.21	0.25	0.05
Average thickness (feet)	3.9	6.0	5.2	4.2
Average grade-thickness	1.30	1.28	1.29	0.20
Uranium (pounds)	4,122,000	4,460,000	8,582,000	3,528,000

Note: Resource pounds and grades of U_3O_8 were calculated by individual grade-thickness contours. Tonnages were estimated using average thickness of resources zones multiplied by the total area of those zones.

The Dewey Burdock PEA is preliminary in nature; it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the Dewey Burdock PEA will be realised. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

MINERAL AND ENERGY RESOURCES INVESTMENTS

AS AT 31 MARCH 2016

Regulatory and Licensing

Azarga Uranium continues to be in compliance with all NRC licensing and other permitting/licensing requirements. Prior to commencing construction and operations at the Dewey Burdock Uranium Project, Azarga Uranium requires regulatory approvals from two major agencies, the Environmental Protection Agency (“EPA”) and the South Dakota Department of Environment and Natural Resources (“DENR”). These approvals include the Class III and Class IV underground injection control (“UIC”) permits from the EPA and three state permits to be issued by the South Dakota DENR. Additional requirements that need to be addressed prior to commencing construction and operations at the Dewey Burdock Project include the satisfaction of pre-operational conditions under the NRC Licence and the development and implementation of mitigation plans for protection of cultural resources under a draft Section 106 Programmatic Agreement prepared by the NRC, including resolution of the outstanding consultation with the Oglala Sioux Tribe. The EPA continues to work on the draft Class III and Class V UIC permits and Azarga Uranium currently anticipates the final Class II and Class V UIC permits in the first half of 2016. However, due to the lack of mandated regulatory timelines, the dates may be subject to change.

Azarga Uranium has submitted applications to the South Dakota DENR in 2012 for its Groundwater Disposal Plan (“GDP”), Water Rights (“WR”) and Large Scale Mine Plan (“LSM”) permits. All permit applications have been deemed complete and have been recommended for conditional approval by the DENR staff. The GDP and WR permits are subject to hearing with public participation. The hearing commenced on October 28, 2013 and continued through November 25, 2013, at which point it was determined that the hearing will resume once the NRC and EPA have ruled and set the federal surety. The LSM permit has been finalized subject to continuation of a hearing before the Board of Minerals and Environment, which commenced the week of September 23, 2013 and continued through November 5, 2013, at which point it was determined that the hearing will resume once NRC and EPA have ruled and set the federal surety.

On 8 July 2014, the Bureau of Land Management (“BLM”) requested additional information on Azarga Uranium’s plan of operations for the Dewey Burdock Uranium Project. Azarga Uranium submitted the requested information and anticipates that the BLM will approve the plan of operations for the Dewey Burdock Uranium Project in the first half of 2016, at which point it is also anticipated that the BLM will prepare an environmental assessment and issue its Record of Decision.

Azarga Uranium anticipates the regulatory process with respect to the NRC Commission, the EPA, the South Dakota DENR and the BLM to be completed in the second half of 2016; however, Azarga Uranium remains cautious regarding the anticipated schedule for obtaining the outstanding regulatory approvals because of factors outside Azarga Uranium’s control, including a lack of mandated regulatory timelines for permit issuances and the logistics of scheduling and holding regulatory hearings.

(ii) Centennial Project (100% interest) – Colorado, USA

The Centennial Project is located in the western part of Weld County in northeastern Colorado, USA. Through property purchase and/or lease agreements, the Centennial Uranium Project is comprised of approximately 1,720 acres of surface rights and approximately 6,680 acres of mineral rights.

MINERAL AND ENERGY RESOURCES INVESTMENTS

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All the required environmental surveys and studies have been completed and the draft reports have been received. Azarga Uranium completed its application to the Environment Protection Agency (“EPA”) for a Class I Underground Injection Well (“UIC”) Permit in November 2010. In December 2010, the EPA informed Azarga Uranium that the application was deemed complete. The majority of the major mine permit applications for the Centennial Project have not been prepared or submitted to date.

In August 2010, Azarga Uranium received an independent PEA prepared in accordance with NI 43-101 prepared by SRK Consulting (U.S.), Inc. (“SRK”) and Lyntek Incorporated with an effective date of 2 June 2010 (the “Centennial PEA”). Based on the Centennial PEA, the total estimated resource base within the Centennial Project is as follows:

	2010 Centennial Resources 0.20 GT Cut-off (Voss 2010)			2010 Centennial Resources 0.50 GT Cut-off (Voss 2010)		
	Tons	Average Grade U ₃ O ₈	Points (U ₃ O ₈)	Tons	Average Grade U ₃ O ₈	Points (U ₃ O ₈)
Indicated Resources	6,873,199	0.09% U ₃ O ₈	10,371,571	5,111,154	0.11% U ₃ O ₈	8,120,866
Inferred Resources	1,364,703	0.09% U ₃ O ₈	2,325,514	488,507	0.09% U ₃ O ₈	641,470

The Centennial PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as mineral reserves. There is no certainty that the Centennial PEA will be realised. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Subsequent to the Centennial PEA being completed, certain lease agreements with respect to the Centennial Uranium Project were not renewed; however, the impact to the Centennial PEA is immaterial.

Azarga Uranium continues to analyse development scenarios for the Centennial Project in order to maximise the value that can be extracted from this project.

(iii) Aladdin Project (100% interest) – Wyoming, USA

The Aladdin Project comprises approximately 7,610 acres of mineral rights and 7,860 acres of surface rights located along the Wyoming/South Dakota border on the northwestern flank of the Black Hills Uplift, within sandstones of the Lower Cretaceous-age Inyan Kara Group. The Aladdin Project is approximately 80 miles northwest of the Dewey Burdock Project. Uranium resources at the Aladdin Project have developed within the same host rocks that contain the Dewey Burdock Project uranium resources.

MINERAL AND ENERGY RESOURCES INVESTMENTS

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A NI 43-101-compliant “Technical Report on the Aladdin Uranium Project” dated 21 June 2012 was prepared by Jerry Bush, Certified Professional Geologist – No. 03574 (the “**Aladdin Report**”) and is available on Azarga Uranium’s website. Based on the Aladdin Report, the total resource base within the Aladdin Project are as follows:

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

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

In addition, using the same cut-off, the quantity of mineralisation for the exploration target was determined to be 5.0 to 11.0 million pounds of uranium, averaging 0.11% – 0.12% U₃O₈. In over 80% of the project area, the density of exploration drilling is light and insufficient to calculate resources. In these lightly explored areas, there is sufficient drill hole control for subsurface geochemical mapping and thirteen mineralised trends were identified. This estimation used a range of i) mineralised trend lengths, ii) widths of mineralisation and iii) grades of mineralisation.

The grade and quantity of this exploration target is conceptual in nature and there has been insufficient exploration work performed with respect to the exploration target to define a NI 43-101 compliant resource. It is uncertain whether further exploration of the exploration target will result in the delineation of a NI 43-101 compliant resource.

Subsequent to the NI 43-101 compliant technical report being completed, certain lease agreements/claims were not renewed; however the impact to the Aladdin Report is immaterial.

Azarga Uranium is currently evaluating the Aladdin Project in order to determine how to maximise the value that can be extracted from this project.

MINERAL AND ENERGY RESOURCES INVESTMENTS

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(iv) Kyzyl Ompul Project (70% interest) – Kyrgyz Republic

The uranium deposit/prospects of the Kyzyl Ompul Project are located in the Kyrgyz Republic, approximately 125 km east of the capital of Bishkek. More specifically, the Kyzyl Ompul Project is located in the Kochkor region of the Maryn Oblast and the Issyk-Kul region of the Issyk-Kul Oblast. The Kyzyl Ompul Project is 100% owned and operated by UrAsia in Kyrgyzstan LLC (“**UrAsia**”) in which Azarga Uranium has a 70% interest in, and consists of one exploration licence with an area of 42,379 hectares. The licence, permitting exploration for uranium, expired on 31 December 2015. Azarga Uranium had filed an application to extend the Kyzyl Ompul exploration licence until 31 December 2020.

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

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

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

Note: A conversion factor of 2.20462 was utilised to derive contained U₃O₈ in pounds.

The Kyzyl Report goes on to state as follows:

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

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Please refer to the table below for the details.

Kok Moinok – Exploration Target Area Estimates (using Lower Cut-Off of 100ppm U₃O₈)			
Target Zone	BCM Range	Tonnes Range	Grade Range U₃O₈ ppm
ZoneA = 2	960,000 – 1,600,000	2,400,000 – 4,150,000	180 – 350
ZoneA=3	990,000 – 1,650,000	2,480,000 – 4,300,000	180 – 350
Total	1,950,000 – 3,250,000	4,880,000 – 8,450,000	180 – 350

Note: A range of bulk densities were used from 2.5 to 2.6 t/m³.

The potential quantity and grade of the exploration targets at the Kyzyl Ompul property are conceptual in nature, in that there has been insufficient exploration to define a mineral resource, and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

In 2015, Azarga Uranium completed desktop studies for the Kyzyl Ompul Project in order to apply for an extension of the exploration license. The Kyzyl Ompul exploration license was successfully extended until December 31, 2020. In 2016, the Company will focus on completing desktop studies for the Kyzyl Ompul Project to conserve Azarga Uranium's financial resources.

(v) *Other Investments*

Uranium Resources, Inc.

Azarga Uranium holds a 4.6% stake (as at 12 November 2015) in URI (formerly known as Anatolia Energy Limited ("**Anatolia**") and formerly listed on the Australian Stock Exchange). Anatolia merged with URI on 9 November 2015, pursuant to which each Anatolia shareholder received one new URI share for every 15 Anatolia shares held. URI, a company listed on the NASDAQ Stock market (symbol: NASDAQ: URRE), owns a diverse portfolio of uranium mineral holdings in the USA, including the Kingsville Dome Project and the Rosita Project and advanced exploration and development projects in the central Anatolian region of Turkey, including the Temrezli Uranium Project. Please refer to the URI website at www.uraniumresources.com for further details.

Western Uranium Corporation

Azarga Uranium holds a 4.1% stake (as at 12 November 2015) in Western Uranium Corporation ("**Western Uranium**"), a publicly-listed company on the Canadian Securities Exchange (symbol CSE: WUC) (formerly known as Black Range Minerals Limited). Black Range had merged with Western Uranium on 16 September 2015, pursuant to which each Black Range shareholder received one new Western Uranium share for every 750 Black Range shares held.

Western Uranium owns uranium and vanadium projects in the USA, including the Hansen/Taylor Project, the Sunday Complex Project and the San Rafael Project and has a tolling agreement at the White Mesa mill in Blanding, Utah. Please refer to the Western Uranium website at www.western-uranium.com for further details.

MINERAL AND ENERGY RESOURCES INVESTMENTS

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COPPER

BLUMONT COPPER PTE. LTD.

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

Blumont Copper has an approximate 5.38% stake in DML, a copper exploration and production company incorporated in Australia and formerly listed on the ASX (ASX Code: DML) and Botswana Stock Exchange (BSE Code: DML). As announced by DML on 10 June 2015, the creditors of DML had resolved by special resolution that DML be wound up. The appointed liquidators of DML have also announced that they have reasonable grounds to believe that there is no likelihood that DML's shareholders will receive any distribution in the course of the winding-up of DML. DML was delisted from the ASX as of 1 September 2015.

The Company had announced on 12 June 2015 that the book value of the Group's shares in DML will be written off to the profit or loss account and there will be no changes to cash flow and working capital.

Prior to the appointment of the liquidators, DML was in the exploration and production stages. It was focused on the emerging Kalahari Copper Belt in north-west Botswana and was a copper producer with its 100% owned Boseto Copper Project. DML had prospecting licences covering approximately 36,150 square kilometres in Botswana.

Kalahari Copper Belt

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

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

MINERAL AND ENERGY RESOURCES INVESTMENTS

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Notes:

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

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

Final evaluation of the tender submissions received in the quarter ended 30 June 2014 for the provision of mining services for the Zeta Underground Mine Project was completed in the quarter ended 30 September 2014.

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

GOLD AND COPPER-SILVER-ZINC ASSETS IN MACEDONIA AND AUSTRALIA

KIDMAN RESOURCES LIMITED

Blumont has an approximate 6.35% stake in ASX-listed Kidman Resources Limited (“Kidman”), a diversified resource company currently in production at the Burbanks Gold Mine near Coolgardie in Western Australia.

Kidman also owns advanced exploration projects in the Northern Territory (Home of Bullion Project – Cu, Au, Pb, Zn, Ag/Prospect D – Ni, Cu) and New South Wales.

In New South Wales, Kidman owns the Crowl Creek Project which is host to numerous projects such as Murrys (Au), Blind Calf (Cu, Au) and Three Peaks (Cu, Pb, Ag).

Kidman also owns the Brown’s Reef Project in the southern part of the Cobar Basin (Zn, Pb, Ag and Cu).

MINERAL AND ENERGY RESOURCES INVESTMENTS

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(i) *The Coolgardie Project – Burbanks Gold Mine*

On 18 May 2015, Kidman acquired an 80% interest in Burbanks Gold Mine, situated near Coolgardie, 35 km south west of Kalgoorlie, Western Australia. The project comprises of the operating Birthday Gift underground mine, the Christmas open pit mine and the Gunga West open pit mine. Production at the Burbanks Gold Mine commenced in September 2015.

On 25 August 2015, Kidman announced an initial Mineral Resource of 99,000 ounces at 5.6 gpt gold reported in accordance with the 2012 JORC Code at the Burbanks Gold Mine. The Mineral Resources was estimated by independent consultant Mining Plus Pty Ltd and was based on the 5,612 m Reverse Circulation drilling program completed by Kidman since it acquired the Burbanks Gold Mine in May 2015. Around 80% of this Mineral Resource is contained in the Birthday Gift underground mine with the rest in the associated Christmas open pit. The Mineral Resource estimate is as follows:

Mineral Resource Estimate for the Burbanks Deposit – as of the end of July 2015							
Area	Cut-Off	Indicated			Inferred		
		Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
Open Pit Resource	1.0	30,000	4.5	4,500	10,000	4.7	1,500
Underground Resource	2.5	185,000	5.8	34,500	325,000	5.6	58,500
Total Resource	1.0/2.5	215,000	5.6	39,000	335,000	5.5	60,000

Note: The preceding statements of Mineral Resources conforms to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2012 Edition. All tonnages reported are dry metric tonnes. Minor discrepancies may occur due to rounding to appropriate significant figures.

During September 2015, Kidman completed its first gold pour. A total of 17,037 tonnes of ore was milled over the last two weeks of September, which comprised around 10,000 tonnes of low grade development ore and historic backfill. In the final two weeks of September, 1,340oz of gold was poured generating revenue of A\$2.16 million. Kidman's quarterly production as announced on 30 October 2015 is as follows:

	Units	June Quarter FY2015	September Quarter FY2016	YTD FY2016
Ore Mined	t	Nil	17,307	17,307
Ore Mined Grade – Gold	g/t	N/A	2.57	2.57
Ore Processed	t	Nil	17,307	17,307
Ore Processed Grade – Gold	g/t	Nil	2.57	2.57
Recovery – Gold		N/A	93.8%	93.8%
Gold Production	oz.	Nil	1,341	1,341
Gold Sold	oz.	Nil	1,341	1,341

MINERAL AND ENERGY RESOURCES INVESTMENTS

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Kidman received planning approval for open pit production from the Christmas Pit during the quarter and mining commenced immediately. The open pit will supplement the underground production and will provide additional mill feed during the December quarter.

On 10 November 2015, Kidman announced a maiden Indicated and Inferred Mineral Resource of 73,000 ounces at the Gunga West deposit. Kidman is assessing development options for Gunga West while continuing the drilling program with the aim of upgrading and expanding the overall Burbanks resource. The Mineral Resource, which was estimated by independent consultant Mining Plus Pty Ltd, is based on the 16,647m of Reverse Circulation drilling completed by previous explorers. The Mineral Resource estimate is as follows:

Mineral Resource Estimate for the Gunga West Deposit				
Cut-off	Category	Tonnes	Grade	Ounces
0.6	Inferred	263,000	1.50	12,800
0.6	Indicated	1,069,000	1.70	60,200
Total		1,332,000	1.70	73,000

Note: The preceding statements of Mineral Resources conforms to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2012 Edition. All tonnages reported are dry metric tonnes. Minor discrepancies may occur due to rounding to appropriate significant figures.

On 31 March 2016, Kidman announced that it had signed a binding heads of agreement to sell the Gunga West project to Metals X Limited for up to A\$2.5 million. The sale means that the Gunga West project has been effectively classified as a non-core asset for Kidman. The proceeds of the sale will be combined with those from Kidman's current A\$6.5 million capital raising, giving Kidman substantial cash to underpin its production strategies at the Burbanks Gold Mine and Mt Holland gold field.

On 23 March 2016, Kidman announced that it was continuing to extend the known mineralisation at the Burbanks Gold Mine with more high-grade drilling results from several key lodes. The results will form part of the mine plan currently being devised as part of Kidman's strategy to grow the Burbanks Gold Mine's annual production rate.

The latest intersections, which are located along strike near current development, include:

- 2.55m @ 17.11g/t Au from 197.2m
- 0.65m @ 82g/t Au from 116.45m
- 2m @ 6.51g/t Au from 61m
- 5.5m @ 3.83g/t Au from 34.5m
- 1m @ 14.9 g/t Au from 44m
- 5m @ 6.07g/t Au from 109m
- 3m @ 5.66g/t Au from 113m

MINERAL AND ENERGY RESOURCES INVESTMENTS

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The drilling is expected to underpin an increase to the Burbanks combined Inferred and Indicated Mineral Resource, which stands at 99,000oz (as announced on 25 August 2015). As announced by Kidman on 31 March 2016, Kidman is currently working towards a lift in production at Burbanks and also to upgrade the existing 99,000 oz Resource to underpin a multi-year mine life.

(ii) *The Barrow Creek Project – Home of Bullion deposit*

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

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

No exploration activities were undertaken at the Home of Bullion Project during the September 2015 quarter.

Kidman intends to consider various development and funding options with the aim of increasing the size of its maiden resource at the Home of Bullion deposit. At present numerous exploration targets remain untested at both Home of Bullion and Prospect D (Cu, Ni) with both Main Lower Lode and South Lode open along strike and down dip.

(iii) *Brown's Reef Project*

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

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

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

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

MINERAL AND ENERGY RESOURCES INVESTMENTS

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

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

During the December 2014 quarter Kidman announced that an updated exploration target consisting of 27 to 37 Mt grading at 1.3-1.4% Zn, 0.6-0.7% Pb, 9-10g/t Ag and 0.2-0.3% Cu was modelled, compliant with the JORC Code. The exploration target modelling was undertaken by Geos Mining's Senior Consultant, Llyle Sawyer. The potential quantity and grade is conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.

The Brown's Reef Main deposit extends 2.5 km and remains open in all directions. The last drill hole completed by Kidman, BRD013, in the most recent drilling campaign was collared 550m north of the resource and confirmed both the geological model and the continuity of mineralisation along strike. The next stage of exploration will aim to infill the gap between BRD012 and BRD013 and confirm grade continuity, as well as test for high grade mineralisation further north.

(iv) *Crowl Creek Project*

The Crowl Creek Project is made up of eight exploration licenses located near the township of Condobolin in Central NSW. The project lies in the southern extent of the Cobar basin which hosts deposits such as the Hera and Nymagee Mines (YTC Resources), further north-east the Peak Mine (New Gold) and CSA Mine (Glencore), and positioned adjacent to the tenements is the Cu/Pb/Zn/Au deposit of Mineral Hill (KBL Resources).

Blind Calf Copper Prospect

The Blind Calf prospect is located near the junction of the Gilmore Suture and Crowl Creek Fracture Zone approximately 160km SE of Cobar in central NSW and is centered over the Blind Calf Copper Field, just 4km west of the Mineral Hill Pb-Zn-Cu-Au Mine. Exploration has primarily focused on copper and gold targets located in and around historic workings and production centres. A series of drilling programs completed during 2011 and 2012 delivered best intercepts of KD11-17 23m @ 7.07 % Cu from 24m; and KD11-22 13m @ 2.18% Cu from 72m.

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Murrays Mine Gold Prospect

The Murrays Mine prospect is a saddle reef style mineralised system that has historically been drilled and delineated from surface as a contiguous NW-SE striking lode. The lode remains open to the south and north and open down dip. A recent soil sampling program completed in 2015 identified and extended the mineralised envelope for the system. The gold and arsenic anomalism coincident with structural features highlighted in aeromagnetism clearly delineates several features that will be followed up in future testwork. Historic results reported from the prospect show consistent grades along the ore body with standouts of 14m @ 2g/t Au & 4.8 @ 2.5 g/t Au.

Three Peaks Poly-metallic Prospect

The Three Peaks prospect is located south of the Blind Calf prospect. Within this prospect there are three workings or historical mines called Big Ben (Cu), Melrose (Pb-Ag) and Anaconda (Cu-Zn-Pb). Of these, the Anaconda Copper Mine produced 710t of ore with grades of up to 11.5% Cu in the oxide zone and 3% Cu, 3.8g/t Au and 122g/t Ag within massive sulphides intercepted.

At the Melrose prospect a north-west striking contact between quartzites and slates/phyllites hosts the mineralisation. In both cases the rheological and lithological contrast is an ideal conduit for copper-bearing fluids to travel through and precipitate within. Kidman undertook a successful 'first pass' drill program which included 2m @ 2.1% Cu, 35.5 g/t Ag, 0.5% pb, 0.1% Zn from 14m (Anaconda). Follow up DHEM surveys have identified conductors for a follow up drilling program.

(v) *Mt Holland gold field*

On 1 March 2016, Kidman entered into a binding share sale agreement to acquire the Mt Holland gold field near Southern Cross in Western Australia. The binding share sale agreement is the next step in the process to acquire Mt Holland. It intends to upgrade the existing gold resource at Mt Holland with a budgeted 10,000 metres drilling program, followed by an update to the feasibility study with a view to commencing plan construction in 2017. The acquisition of the Mt Holland goldfield is consistent with Kidman's strategy to become a substantial Australian gold producer by acquiring projects with immediate or near term cash flow potential and strong potential for resource growth.

Mt Holland hosts total combined Inferred, Indicated and Measured Resources of 928,500 ounces of gold – hosted within a 50km-long strike length of the Forrestania greenstone belt south of Southern Cross. Its key deposit, Blue Vein, which at a 3 gpt cut off has a 208,000-ounce Combined Measure, Inferred and Indicated Mineral Resource of 963,000t @ 6.7gpt.

A pre-feasibility study on Blue Vein undertaken in 2013 found the project would generate free cashflow of A\$23 million at a gold price of A\$1,400/oz and production of 43,000 oz per annum over an initial three years. Kidman aims to grow the resource inventory and mine life significantly to enhance the economics of the project.

As announced by Kidman on 31 March 2016, Kidman is also in the process of finalising the purchase of Mt Holland and is planning an extensive drilling campaign to grow the Resource and update the existing pre-feasibility study (scheduled to start later in 2016).

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GENESIS RESOURCES LIMITED

The Company has an approximate 9.23% stake in ASX-listed Genesis Resources Limited ("**Genesis**"), a mineral exploration and development company with a portfolio of quality gold, iron, manganese, uranium and copper-zinc-silver projects in the prospective Proterozoic and Phanerozoic metallogenic provinces of northern and central Australia. It is currently focused on the Plavica Project which is situated within the Carpathian Volcanic Arc, a major epithermal province running through Eastern Europe, which is prospective for gold, copper and silver mineralisation.

(i) *The Plavica Project (Macedonia)*

The Plavica project is located within the (former Yugoslav) Republic of Macedonia (Macedonia) in southeastern Europe, north of Greece.

The Plavica Project is administered through a joint venture company, Silgen Resources International Ltd, Kratovo (the "**Plavica JV Company**"), which is 62% owned by Genesis and 38% owned by the nominee of Mining Industrial Combine – SILEKS joint stock company-Kratovo (the "**Plavica JV Partner**"), pursuant to a joint venture agreement (the "**Plavica JV Agreement**"). Following the parties' incorporation of the Plavica JV Company, the Plavica JV Partner transferred the ownership of all its assets it held in respect of the Plavica tenement (including the concession licence, all exploration results, associated data and the Government-mandated final feasibility study reports) to the Plavica JV Company. The directors of Genesis confirmed that the Macedonian Government had granted a 30-year exploration licence to the Plavica JV Company. As a result, Genesis now has a direct 62% ownership of the Plavica JV Company (subject to the encumbrance described below) which in turn owns all assets in respect of the Plavica tenement, including the granted exploitation licence. Genesis remains responsible under the terms of the Plavica JV Agreement for undertaking infill and extensional drilling and completing a feasibility study in respect of the licence area (as required to obtain funding for mine development) and the costs of those activities. The area covered by the exploitation licence is 16.85km² in total.

The Plavica Project was the site of mining in Roman and Ottoman times and then again during the 1930s, reputedly of high grade gold. Over 80, mostly vertical diamond drill-holes by the Yugoslav Government searching for porphyry copper mineralisation, and 10 angled diamond drill-holes by Rio Tinto and European Minerals searching for gold mineralisation, were drilled prior to Genesis entering into the Plavica JV Agreement. Significant gold-copper-silver intersections were delineated by this drilling.

Following the granting of the exploitation licence at the Plavica Project, drilling commenced to extend the known mineralisation. 10 holes were drilled for 2,732.7 m of HQ drill core. Of these 10 holes, six were drilled at Plavica and four at Maricanski Rid, some 800m to the south of Plavica. A number of both oxide and primary vuggy silica and sulphide-rich zones are intersected. Results are pending.

Work during the financial year ended 30 June 2015 focused on geological mapping at Plavica and identifying new areas of alteration and mineralisation within the Plavica tenement. A number of new areas were discovered and rock-chip sampled. A number of new target areas for scout drilling were discovered. These include rock chip samples up to 9.66 g/t Au 800m to the east of the main mineralisation and rocks up to 3.28 g/t Au some 1.2 km north of the main mineralisation at Plavica.

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A soil sampling program over the eastern half of the Plavica tenement was also completed during the financial year ended 30 June 2015. The western half of the tenement was previously covered in soil samples by Rio Tinto in the 1990s. A large area of gold in soils was returned 1.2 km north of the main Plavica mineralisation with Au up to 1,050 ppb (1 g/t Au).

As announced by Genesis in its quarterly activities report for the three-month period ended 31 December 2015, drilling was focussed in 2015 on extending and better understanding the previously known mineralisation at both the Plavica and Maricanski Rid prospects. 11 holes were drilled during the quarter for 1,837.7m of HQ drill core. Of these 11 holes, results have been returned for all but the two Plavica holes. In addition, results have also been returned for five holes drilled in the last quarter on the Plavica prospect that had not been previously reported.

Results from the follow up extension drilling at Maricanski Rid are encouraging and include:

- MRDD010: 69.6m @ 1.01 g/t Au from 4.4m
- MRDD012: 44m @ 0.83 g/t Au from 19m
- MRDD013: 31m @ 0.85 g/t Au from 58m
- MRDD014: 38.8m @ 5.71 g/t Au from 0m to End of Hole
- MRDD015: 18m @ 3.73 g/t Au from 32 m
- MRDD018: 31m @ 0.76 g/t Au from 132m

All intersections listed above are in oxide material. Hole MRDD014 was terminated early due to poor drilling conditions in vuggy silica and will be re-drilled as it ended in high grade.

Results from five holes drilled over the central part of the Plavica prospect in the September quarter returned encouraging results including:

- PNDD065: 27m @ 0.91% Cu, 0.25 g/t Au & 26 ppm Ag from 211m
- PNDD067: 5m @ 2.72% Cu, 1.05 g/t Au & 48 ppm Ag from 184m

Drilling was suspended at Plavica and Maricanski Rid during the three-month period ended 31 December 2015 due to the onset of winter. Genesis aims to resume drilling and then complete a JORC compliance Resource in early 2016. Genesis then expects to complete a feasibility study before October 2017 and has agreed to commit up to US\$7.5 million for such activities.

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(ii) Alice Springs Project (Australia)

The Alice Springs Project consists of an exploration licence (EL24817) covering 372.59 sq km and lies within the polymetallic Harts Range Minerals field which is prospective for copper, gold, iron, uranium and rare earth element (REE) mineralisation. The property lies 155km northeast of Alice Springs in the Northern Territory. The licence renewal was approved on 13 October 2014 for a further term of two years and will expire on 17 April 2016. A full review of all available data is underway to define targets for Reverse Circulation drill testing during the second quarter of 2016.

Genesis is the current owner of the project which is comprised of one mineral exploration licence (EL24817) covering 372.59 sq km. A CLC Sacred Site Clearance Certificate Application was lodged on 4 February 2014.

(iii) Arltunga Project (Australia)

The Arltunga Project consists of an exploration licence (EL25238) covering 95.2 sq km and is located approximately 110 km north east of Alice Springs in the Northern Territory of Australia. The project borders the Arltunga Historical Reserve on its southern boundary. 33 historical gold mines and prospects are known in the licence area. The licence renewal was approved on 6 February 2015 for a term of two years and will expire on 7 November 2016. A full review of all available data is currently underway, with the aim of defining targets for Reverse Circulation drilling in the second quarter of 2016.

(iv) Fenn Gap Project (Australia)

The Fenn Gap Project consists of an exploration licence (EL24839) covering a total area of 26.93 sq km and is located in the Northern Territory, approximately 25km south west of Alice Springs. The project is 25 km from major infrastructure such as the Stuart Highway and Alice to Adelaide Railway.

The licence renewal was approved on 23 December 2014 for a term of two years and will expire on 5 May 2016. A mining management plan update was lodged on 7 September 2015 and was approved on 16 September 2015. No field work was carried out for the half year period ended 31 December 2015 and a full review of existing data has been completed. A further, more detailed review of drilling data is underway to determine if drilling has adequately tested the known manganese mineralisation.

(v) Gladstone-Mount Miller Project (Australia)

The Gladstone-Mount Miller Manganese Project consists of one exploration licence (EPM15771) covering 63.93 sq km and one mining lease application (MLA80166) covering 32.24 Ha. It is located approximately 15km by road east of Gladstone, a multi-commodity port which is located 550km by road north of Brisbane in Queensland, Australia.

The largest mine on the tenements controlled by Genesis was at Mount Miller. The mine opened in 1895 and operate intermittently until 1916 and then from 1958 to 1960. A total of 21,785 tonnes of ore was mined with a grade which ranged from 71% to 75% MnO₂.

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The licence renewal was approved on 7 May 2013 for a term of five years and will expire on 18 June 2017. The 8th Annual Technical Report was lodged on 15 July 2015. No field work was carried out for the half year period ended 31 December 2015. A full review of all available data is underway to confirm if more drilling is necessary at the Mount Miller mine and if other prospect areas on the tenement require drill testing during the second quarter of 2016.

(vi) *Laura River Project (Australia)*

The Laura River Gold Project consists of one exploration licence for minerals (EPM15242) covering 165.35 sq km is located on the Cape York Peninsula in Queensland, near the township of Laura. Laura is located approximately 210km northwest of Cairns and approximately 88km west of Cooktown in North Queensland. The area is prospective for gold. Several historical alluvial workings are found in the vicinity of the Laura River and tributaries.

The licence renewal was approved on 11 March 2015 for a term of two years and will expire on 23 August 2016. The 8th Annual Technical Report was lodged on 24 August 2015. No field work was carried out for the half year period ended 31 December 2015.

(vii) *McArthur River Project (Australia)*

The McArthur River Manganese Project consists of one mineral exploration licence (EL24814) covering 380.88 sq km and is located in the Northern Territory, approximately 850km south east of Darwin and 450 km north-west of Mount Isa in Queensland. The project area contains the Masterton No2 manganese occurrence. The licence renewal was approved on 13 October 2014 for a term of two years and will expire on 17 April 2016. The Mining Management Plan Update was lodged on 21 October 2015 and was accepted by the Department of Natural Resources and Mines Queensland on 30 October 2015. No field work was carried out for the half year period ended 31 December 2015. A full review of all data available is underway to guide further exploration on the tenement.

(viii) *Pioneer Project (Australia)*

The Pioneer Gold Project consists of one exploration permit minerals (EPM15619) covering 6.23 sq km granted under the Mineral Resources Act 1989 (Qld). It is located approximately 70km by road from Bundaberg via the Bruce Highway in Queensland.

The project lies within the Gaeta Goldfield and has undergone previous exploration for gold, uranium and base metals, with numerous historical gold workings located throughout the area. Historical mining was primarily focused on the Pioneer Reef which was the largest producer, but mining activities also included several other reefs including Gympie, Lord Nelson, West Yorkshire and Happy Jack.

The licence renewal was approved on 15 May 2014 for a term of two years and will expire on 2 August 2016. The 9th Annual Technical Report was lodged on 3 August 2015. No field work was carried out for the half year period ended 31 December 2015. A review of all available data is underway to compile all geological mapping and define targets for drill testing during the second quarter of 2016.

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DIAMOND ASSETS IN AUSTRALIA

MERLIN DIAMONDS LIMITED

The Company has an approximate 6.25% stake in Merlin Diamonds Limited ("**Merlin**"), a company incorporated in Australia whose shares are listed and quoted for trading on the ASX (ASX Code: MED).

(i) Merlin Diamond Project

Merlin wholly owns the Merlin diamond mine located near Borroloola, Northern Territory, Australia. There are 13 known diamond-bearing kimberlite pipe vents on the Merlin mine lease (MLN 1154). 10 of the kimberlite pipe vents have been previously mined by Ashton Mining Ltd ("**Ashton**") and Rio Tinto Ltd ("**Rio**") via nine open pits. Ashton commenced trial mining operations in 1998. Rio completed a takeover of Ashton in 2000 and continued the trial mining until 2003. In 2004, North Australian Diamonds Ltd acquired the project from the Rio Tinto parties and current management took control in 2008. During the 5 years of trial mining operations over 2.2 million tonnes were processed with 507,000 carats of diamonds recovered. Rio's mining records and diamond sales data from this period has enabled Merlin to compile detailed and reliable grade and value models for the kimberlite pipes assessed in the financial statements.

The area is highly prospective for diamond-bearing kimberlite pipes and Merlin continues to undertake exploration on the Merlin mine lease and adjacent tenements. Merlin has over 80 targets identified through geophysical survey and diamond indicator mineral anomalies in the Merlin mine area.

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

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

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The resource and reserve estimates were reported in accordance with the JORC Code 2012 Edition by Mr. Mike Kammermann, a Competent Person (as defined in the JORC Code 2012 Edition). Mr. Kammermann is a member of The Australasian Institute of Geoscientists. Mr. Kammermann was employed by Axis Consultants Pty Ltd and has been engaged by Merlin Diamonds Ltd to prepare the documentation for the Mineral Resource estimates. Mr. Kammermann has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person (as defined in the JORC Code 2012 Edition).

As announced by Merlin in its quarterly activities report for the three-months period ended 31 December 2015, Merlin has completed the final design of the barge and gantry mining arrangement with mechanical clamshell grab (the “**Mining Barge**”) at the Merlin Mine and tenders for procurement and fabrication of the Mining Barge are currently being assessed. No exploration at the Merlin Mine was conducted for the three-month period ended 31 December 2015. The exploration portfolio was reviewed and non-core exploration projects were relinquished. Previous work identified seven drill-ready targets and 74 new exploration target areas remain to be investigated.

(ii) *Arnhem Land Exploration*

Merlin’s Arnhem Land project consists of one granted exploration licence (EL26206). Numerous exploration licences are currently at the application stage and are held by Merlin either directly or under joint venture agreements with other parties.

The licences are located on the North Australian Craton (“**NAC**”) which is a geologically stable block favourable for kimberlite emplacement. The NAC hosts the Merlin kimberlite field, the Abner Range kimberlite and breccia pipes, and the Roper River and Timber Creek kimberlites.

The majority of the licence applications fall on land controlled by the Arnhem Land Aboriginal Land Trust. Merlin has farmed out the non-diamond rights for the majority of the licence applications to Top End Minerals Limited (“**Top End**”). Top End is responsible for negotiations with the Northern Land Council and progress of the licences to grant and to obtain early ground access. Top End has submitted Preliminary Exploration Permit applications to the Northern Land Council, which allow activities such as geological mapping, surface sampling and ground geophysics. These activities will enable Top End to make an early assessment of the prospectivity of some applications and whether to prioritise these for negotiations with the Northern Land Council.

(iii) *Kimberley Diamond Projects*

Merlin holds three mining licences (M80/492, M80/26 and M80/532) in the Kimberley region of Western Australia. The licences host a number of diamondiferous kimberlite pipes, which Merlin has previously evaluated to identify a JORC compliant Inferred Resource of 869,000 carats. Merlin continues to hold the mining licences as they retain commercial potential. The information in the table below was prepared and first disclosed under the JORC Code 2004 Edition. It has not been updated since to comply with the JORC Code 2012 Edition on the basis that the information has not materially changed since it was last reported.

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Kimberley Projects	Inferred Infill Resource (tonnes)	Inferred Kimberlite Resource (tonnes)	Total Inferred Resource (tonnes)	Grade (cpht)	Carats (Mcts)
Ashmore 1	305,000	868,000	1,173,000	3.67	43,000
Ashmore 2	262,000	771,000	1,033,000	6.00	62,000
Ashmore 3	108,000	243,000	351,000	3.42	12,000
Ashmore 4	58,000	100,000	158,000	13.29	21,000
Seppelt 1	214,000	1,101,000	1,315,000	25.9	341,000
Seppelt 2	27,000	146,000	173,000	225	390,000
TOTAL	975,000	3,232,000	4,207,000	21	869,000

Note: Resource grade based recovery using a +0.75 mm square mesh bottom screen and a +0.95 cut-off.

COPPER AND GOLD DEPOSITS IN AUSTRALIA AND INDONESIA

ELYSIUM RESOURCES LIMITED

The Company has an approximate 6.43% stake in Elysium Resources Limited (“**Elysium**”), a company incorporated in Australia whose shares are listed and quoted for trading on the ASX (ASX Code: EYM).

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

(i) Burraga Project (Australia)

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

Proposed Development – EL6463

As announced by Elysium in its quarterly activities report for the three-months period ended 31 December 2015, significant progress was made during the second half of 2015 with the metallurgical test work programs on the fresh ore from the Lloyds Mine deposit completed on the drilling conducted in the first half of 2015. Utilizing the results of the test work, process design was completed to determine the viability of processing the three different ore types as a blended single unit or independently. The results of the process design were used to complete a capital cost estimate for the construction of a processing facility to treat the three ore sources. The capital cost estimate and updated operating costs will be used to complete a full feasibility study. The decision to progress towards a full feasibility study at the historical Lloyds Mine near the township

MINERAL AND ENERGY RESOURCES INVESTMENTS

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of Burraga in New South Wales is based on the preliminary findings of the 2011 prefeasibility study which is available for reading at Elysium's website (www.elysiumresources.com.au). The findings suggested an economically viable operation was plausible within a relatively short period and at a relatively low upfront capital investment. The operation is anticipated to yield a cash-flow to allow Elysium to explore the attractive upside potential across its entire tenement building.

Environmental Impact Study

As announced on 9 April 2014, Elysium engaged Endure Environmental to carry out an environmental impact study ("**EIS**"), pivotal to, and lodged along with, a Development Application to the Oberon Council. Completion of the EIS is a key component in obtaining the mining licence required to commence production at the Burraga Copper Project.

As announced by Elysium in its quarterly activities report for the three-months period ended 31 December 2015, the preparation of the EIS is 78% complete with the nine separate specialist studies that comprise the EIS at various stages of completion. An application for Environmental Assessment Requirements ("**EARs**") was prepared and submitted to NSW Planning and Environment on 5 May 2014. The signed EARs were received on 12 June 2014 and included letters from the following government departments: Oberon Council, Environment Protection Authority, Fisheries NSW, Office of Environment & Heritage, Office of Water and Roads & Maritime Services.

The Surface and Groundwater assessment is the current and remaining project critical component of the EIS and therefore was the focus for the year 2015. The proposed project design criterion is for zero release to the environment. Water requirements for the operation can be sourced from either surface harvesting, dewatering of the Llyods workings or making use of the nearby Burraga Dam; or some combination of these. usage of ground and/or surface water in NSW requires licence which may only be granted once a ground water model is completed.

Eight water monitoring bores were established and groundwater monitoring commenced during December 2014. These water monitoring bores are essential in obtaining the required data to generate a groundwater model which will predict the impacts of the projects activities on the local ground water aquifer. A minimum of one year's data collection from these bores is required to develop a robust groundwater model. Coffey Geotechnics Pty Ltd ("**Coffey**") has assisted Elysium in establishing the bores and during 2015 created the hydrogeological conceptual model and the numerical groundwater model from the data collected during the year from the water monitoring bores. Coffey is a recognised consultancy well-versed in the hydrogeological requirements for mine permitting in NSW.

Based on the results of the two model Coffey demonstrated that they were compliant with what was outlined in the Ground Water Modelling Plan presented in September 2014 and indicates that existing groundwater levels are quite stable and do not respond significantly to rainfall events. Coffey is investigating the possibility of completing the surface water modelling in conjunction with the groundwater modelling to finalise the site water balance and complete these components of the EIS. This work is expected to be completed in the first quarter of 2016.

MINERAL AND ENERGY RESOURCES INVESTMENTS

AS AT 31 MARCH 2016

Proposed Project Development

Resource exploration drilling was undertaken from October 2014 to March 2015 and concluded with a resources estimate in June 2015. As announced on 23 June 2015, Elysium has fulfilled its aim of upgrading slag and tailings to JORC Indicated Resource and the higher grade component of the Lloyds in-situ resource to Indicated or better with the Measured and Indicated Resources available for economic evaluation of 1.36 Mt @ 0.9% Cu. Further details are provided in the table below:

Model		Tonnes	Cu (%)	Au (g/t)	Ag (g/t)	Zn (%)	Cu Metal (t)
Lloyds (0.3% Cu cut-off)	Measured	80,000	1.0	0.1	5	0.2	800
	Indicated	910,000	0.8	0.1	7	0.2	7,130
	Inferred	320,000	0.7	0.1	5	0.1	2,200
	Total	1,310,000	0.8	0.1	6	0.2	10,090
Tailings (0.3% Cu cut-off)	Indicated	280,000	1.2	0.3	9	0.2	3,490
Slag Heaps (0.3 Cu cut-off)	Indicated	90,000	1.3	0.2	7	0.7	1,170
Burrage Combined	Measured	80,000	1.0	0.1	5	0.2	800
	Indicated	1,280,000	0.9	0.1	7	0.2	11,520
	Inferred	320,000	0.7	0.1	5	0.1	2,200
	Total	1,680,000	0.9	0.1	7	0.2	15,120

Note:

Burrage Project Mineral Resources by model and resource category (totals may not appear to sum due to rounding).

While copper prices have changed since the 2011 pre-feasibility study, copper prices in Australian dollar terms along with costs have not significantly changed from those used in the study. A higher (than previously used) nominal grade was used in defining the mineralised envelope for resource estimation. The significant increase in additional data allowed for a coherent definition of the Lloyds mineralisation at a nominal 0.2% Cu grade. Estimated cost data to date has led to the decision to use a 0.3% Cu cut-off grade for the resource statement. The completion of the resource model now allows for pit optimisation.

The initial design of the Stage 1 Tailings Storage Facility (“TSF”) has been completed. It has a crest level of RL 840 and this provides a storage capacity of 375,000 m³. This will be enough storage capacity for the first 18 months of start-up and operations. The purpose of this Stage 1 is to build a TSF to get the project into operation for the lowest capital cost. The additional costs of future stages will be funded from sustaining capital. Building the Stage 1 to the RL 840 level significantly reduces the costs of clay lining the TSF in the early stages of development as a natural clay lining exists in the footprint below this RL 840.

MINERAL AND ENERGY RESOURCES INVESTMENTS

AS AT 31 MARCH 2016

The information relating to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information reviewed or compiled by Neb Zurkic BAppSc (Geol), MSc (Min & Energy Economics), a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy and a Registered Professional Geoscientist with the Australian Institute of Geoscientists. Mr. Zurkic is employed by Zurkic Mining Consultants Pty Ltd. Mr. Zurkic has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as Competent Person (as defined in the JORC Code 2012 Edition).

(ii) *West Australian Projects – Horseshoe South*

As announced on 29 October 2014, Elysium entered into an option agreement with Horseshoe Metals Ltd (ASX Code: HOR).

The option agreement was conditional upon a due diligence process being completed with 30 days to the satisfaction of Elysium. The due diligence was satisfactorily completed as announced on 9 December 2014. HOR advised that the Native Title holders had agreed to a heritage survey being carried out over the area in July 2015. This was completed and the heritage clearance report was issued in November 2015.

As announced by Elysium in its quarterly activities report for the three-month period ended 31 December 2015, HOR has had a change in management and Elysium is awaiting a reply on when the drilling under the option agreement is to be completed.

(iii) *Indonesian Projects – South Malang*

Elysium is earning into the South Malang Copper-Gold Project, located approximately 60km to the south of the city of Malang on the island of Java in Indonesia. Under the agreement with Gata Sumber Daya, Elysium is to provide A\$2 million of exploration funding over a three-year period to earn 67.5%. Preliminary work commenced over the recent dry season specifically designed to target high sulphidation surface epithermal oxide Au-Ag and associated porphyry Au-Cu systems.

No activities were undertaken during the three-months period ended 31 December 2015.

CORPORATE SOCIAL RESPONSIBILITY

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

CORPORATE GOVERNANCE REPORT

INTRODUCTION

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

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

This report describes the Company’s corporate governance practices that were in place throughout the financial year ended 31 December 2015 (“**FY2015**”), with specific reference to the Code. Where there are deviations from the Code, appropriate explanations are provided. The Company has complied with the principles of the Code where appropriate.

The Board confirms the Group has adhered to all principles and guidelines set out in the Code for FY2015 except as otherwise stated.

The Code

The Code is divided into four main sections, namely:

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

(A) BOARD MATTERS

Principle 1: The Board’s Conduct of its Affairs

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

As of the date of this report, the Board of the Company comprises five (5) members (“**Directors**”), namely:

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

CORPORATE GOVERNANCE REPORT

The Profile of each Director is presented on page 3 under “Board of Directors” of this Annual Report.

Blumont is headed by competent Board members with diversified backgrounds and they collectively bring with them a wide range of experiences. Each Director brings to the Board specific industry knowledge and expertise.

Newly appointed Directors will be provided with a formal letter, setting out their duties and obligations and first-time Directors will be required to attend relevant training. The Company has in place general orientation-training programmes to ensure that every newly appointed and incoming Director of the Company is familiar with the Group’s operations and governance practices including briefing on the Groups’ financial performance, strategies and action plans, corporate strategic direction, policies and activities. No new members were appointed to the Board during FY2015.

Directors are also briefed and/or updated regularly on accounting and regulatory changes as well as changing commercial risks, where necessary, including but not limited to: (a) amendments to the SGX-ST Listing Manual, (b) changes to the Companies Act, Cap. 50 and (c) changes to the Financial Reporting Standards.

In addition, the Board encourages its members to attend relevant seminars and courses to keep themselves updated on developments and changes in financial and regulatory requirements, and the business environment and outlook.

Role of the Board of Directors

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

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

- provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- establish a framework of prudent and effective controls which enables risk to be assessed and managed including safeguarding of the shareholders’ interest and the Company’s assets;
- review and monitor the performance of Management;
- set the Group’s values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;
- consider sustainability issues, where applicable, in the formulation of its strategies;
- monitor and review the adequacy of the Company’s internal control systems, risk management systems, compliance and financial reporting systems;

CORPORATE GOVERNANCE REPORT

- approve the annual budgets, business plans, major funding proposals, financial restructuring, share issuance, investment and divestment proposals; and
- review the Group's financial performance.

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

Each Director is expected, in the course of carrying out his duties, to act in good faith and consider at all times the interests of the Company.

The Board has established and delegated certain specific responsibilities to the following three (3) Board committees to support the role of the Board:

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

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

The Board accepts that while these Board committees have the authority to examine particular issues and will report to the Board their decisions and recommendations, the ultimate responsibility for the final decision on all matters lies with the entire Board.

Board Meetings Held

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

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

Matters Requiring the Board's Approval

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

- statutory requirements such as approval of annual report and financial statements;
- other requirements such as interim and annual results announcements;
- financial objectives and financial performance of the Group;

CORPORATE GOVERNANCE REPORT

- corporate strategic direction, strategies and action plans;
- the setting of policies and key business initiatives;
- major funding, material acquisition, investments, disposal and divestments and other material transactions; and
- the appointment and removal of the company secretaries.

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

The number of Board and Board Committee meetings held in FY2015 and the attendance of each Director where relevant are as follows:

Name	Board of Directors		Nominating Committee ("NC")		Remuneration Committee ("RC")		Audit Committee ("AC")	
	No. of Meetings		No. of Meetings		No. of Meetings		No. of Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Ng Kim Huatt	5	5	NA	NA	NA	NA	NA	NA
Calvin Lim Huan Kim	5	5	1	1	1	1	4	4
Tan Gim Kang, Arran	5	4	1	1	1	1	4	3
Farhash Wafa Salvador	5	4	1	1	1	1	4	3
Aris Muhammad Rizal	5	5	1	1	1	1	4	4

Principle 2: Board Composition and Guidance

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

Board Composition and Independent Directors

The Board comprises five (5) Directors, one of whom is an Executive Director with the remaining four (4) Directors being Independent Directors.

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

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

Presently, Mr. Calvin Lim Huan Kim ("Mr. Calvin Lim") has served as an Independent Director of the Company for more than nine (9) years since his initial appointment in 2004. The Board has assessed his independence to a particularly rigorous review. Taking into account the views of the NC, the Board concurs that Mr. Calvin Lim continued to demonstrate strong independence in character and judgement in the discharge of his responsibilities as a Director of the Company. Based on the declaration of independence received from Mr. Calvin Lim, he has no association with management that could compromise his independence. After taking into account all these factors, and also having weighed the need for Board's refreshment against tenure for relative benefit, the Board has determined Mr. Calvin Lim continues to be considered an Independent Director, notwithstanding he has served on the Board for more than nine (9) years from the date of his first appointment.

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

Led by the Lead Independent Director, the Independent Directors of the Company would meet periodically, as and when necessary, without the presence of the other Directors, and the Lead Independent Director would provide feedback to the Executive Director after such meetings.

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

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

CORPORATE GOVERNANCE REPORT

- provide and advise the Board in its strategic direction of the Company; and
- promote high standards of corporate governance by ensuring compliance with the Company's guidelines on corporate governance.

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

Principle 4: Board Membership

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

Nominating Committee ("NC")

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

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

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

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

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

- review and assess candidates for directorships (including executive directorships) before making recommendations to the Board for the appointment of Directors;
- review and recommend the re-nomination of Directors in accordance with the Constitution at each annual general meeting and having regard to the Director's contribution and performance;
- ensure that at least half of the Board made up of Independent Directors;
- determine annually whether or not a Director of the Company is independent;
- review of structure, composition and size of the Board;

CORPORATE GOVERNANCE REPORT

- decide how the Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of the Board; and
- assess the performance of the Board as a whole and contribution of each Director to the effectiveness of the Board.

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

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

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

The NC establishes the process for assessing the effectiveness of the Board and for assessing the contribution by each individual Director. It also makes recommendations to the Board on re-appointments of Directors based on their contributions and performance, a review of the range of expertise, skills and attributes of current Board members, and the needs of the Board.

The Board believes that individual director is best placed to determine and ensure that he is able to devote sufficient time and attention to discharge his duties and responsibilities as directors of the Company, bearing in mind his other commitments. In considering, the nomination of directors for re-election and re-appointment, the NC will take into account, amongst others, the competing time commitments faced by the directors with multiple Board memberships.

During FY2015, the NC is satisfied that sufficient time and attention were being given by the Directors to the affairs of the Group, notwithstanding that some of the Directors have multiple board representations, and there is presently no need to implement internal guidelines to address their competing time commitments. The NC is also of the opinion that the current Board size is adequate for the effective functioning of the Board.

Pursuant to the Constitution of the Company, one-third of the Directors are required to retire by rotation and submit themselves for re-election at each annual general meeting of the Company. The Constitution also provides that all the Directors shall retire by rotation at least once every three (3) years and such retiring Director shall be eligible for re-election. According to the Company's Constitution, Mr. Ng Kim Huatt and Mr. Calvin Lim shall retire by rotation and will each submit themselves for re-election at the Company's forthcoming AGM. In making the recommendation, the NC had considered the Directors' overall contributions and performance.

CORPORATE GOVERNANCE REPORT

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

There is no alternate Director on the Board.

The NC has recommended to the Board that Mr. Ng Kim Huatt and Mr. Calvin Lim be nominated for re-election at the forthcoming AGM. The Board has accepted the recommendations and the retiring Directors will be offering themselves for re-election at the forthcoming AGM.

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

Principle 5: Board Performance

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

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

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

During the financial year, the Directors were requested to complete an assessment checklist/form which focuses on the criterion on effectiveness and efficiency on the Board's access to information, evaluation of the size and composition of the Board, the Board's processes, procedures and compliance, and accountability, Board's performance in connection to discharging its responsibilities and duties and Directors' standards of conduct. In addition, the qualitative measures include the effectiveness of the Board in its monitoring role and the attainment of the strategic objectives set by the Board.

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

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

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

CORPORATE GOVERNANCE REPORT

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

Principle 6: Access to Information

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

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

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

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

(B) REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

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

The Company had established a Remuneration Committee ("RC") which comprises four (4) Directors, all of whom are independent Directors.

CORPORATE GOVERNANCE REPORT

The members of the RC are:

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

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

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

- recommend to the Board a framework of remuneration for the Board, Non-Executive Directors, Executive Director, Management and key employees of the Company;
- recommend specific remuneration packages for each Director and the key management personnel of the Group;
- review of service contracts and/or employee contracts, where applicable;
- oversee and review the administration of the Blumont ESOS and Blumont PSP as defined in the Blumont Employee Share Option scheme and Blumont Performance Share Plan, respectively through Compensation Committee (comprise of Mr. Calvin Lim Huan Kim, Mr. Tan Gim Kang, Arran, Mr. Farhash Wafa Salvador and Mr. Aris Muhammad Rizal) which was appointed on 15 December 2015;
- recommend payment of fees to Non-Executive Directors based on the effort, time spent and responsibilities of the individual Director;
- review the Company's obligations arising in the event of termination of the Executive Director, Management and key employees' contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and
- other acts as may be required by the SGX-ST and the Code from time to time.

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

CORPORATE GOVERNANCE REPORT

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

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

During the year, the RC proposed and recommended that the directors' fees for the financial year ending 31 December 2016 is to be fixed at S\$90,000.00, to be paid quarterly in arrears, for shareholders' approval at the forthcoming AGM. The final payment of the directors' fees will be reviewed and, if required, will be tabulated for shareholders' approval in a general meeting, upon the assessment and proposal of the NC and RC, from time to time, and taking into consideration the current search for a replacement of Director and review of the Board composition.

Principle 8: Level and Mix of Remuneration

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

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

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

Principle 9: Disclosure on Remuneration

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

CORPORATE GOVERNANCE REPORT

The Company recognises that a clear disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid/payable to the Directors and the Management personnel. The Company has Blumont Employee Share Option Scheme 2013 ("**Blumont ESOS 2013**") and Performance Share Plan ("**Blumont PSP**") as described below:

Blumont ESOS 2013

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

The Blumont ESOS 2013 is administered by the Compensation Committee which is overseen by the Remuneration Committee.

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

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

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

- (a) fixed at the market price equal to the average of the last dealt prices for the share on the SGX-ST for the three (3) consecutive trading days immediately preceding the date of grant of that option; or
- (b) set at a discount to a market price, provided that the maximum discount shall not exceed twenty per cent (20%) of the market price.

No share options under the Blumont ESOS 2013 have been granted during and as at the financial years ended 31 December 2015 and 2014.

Except as disclosed above,

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

Blumont PSP

At an Extraordinary General Meeting held on 22 April 2013, the members of the Company approved the Blumont PSP, for granting of incentive share awards to employees (including Executive Director) and Non-Executive Directors of the Company.

CORPORATE GOVERNANCE REPORT

The Blumont PSP is administered by the Compensation Committee which is overseen by the Remuneration Committee.

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

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

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

During the financial year, the Company granted 215,000,000 performance shares to directors and employees of the Company on 15 December 2015. The shares were issued and allotted at S\$0.002 per share on 16 December 2015.

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

The remuneration of each Director and Key Management personnel (who are not Directors and/or CEO of the Company) has been disclosed in the respective bands. The Board is of the opinion that given the confidentiality of and commercial sensitivity attached to remuneration matters and to be in line with the interest of the Company, the remuneration will not be disclosed in dollar terms.

A breakdown, showing the level and mix of each individual Director's remuneration for the financial year ended 31 December 2015 is as follows:

Remuneration Band Above S\$250,000

Name	Director Fees	Salary & Allowance	AWS	Bonus	Blumont PSP	Total
Executive Director						
Ng Kim Huatt	–	47%	4%	–	49%	100%

CORPORATE GOVERNANCE REPORT

Remuneration Band Below S\$250,000

Name	Director Fees	Salary & Allowance	AWS	Bonus	Blumont PSP	Total
Independent Non-Executive Directors						
Calvin Lim Huan Kim	43%	—	—	—	57%	100%
Tan Gim Kang, Arran	40%	—	—	—	60%	100%
Farhash Wafa Salvador	40%	—	—	—	60%	100%
Aris Muhammad Rizal	50%	—	—	—	50%	100%
Key Management personnel (who are not Directors and/or CEO of the Company)						
John Lee Yow Meng	—	61%	6%	—	33%	100%
Tony Tan Aik Hong	—	78%	3%	—	18%	100%

For the financial year ended 31 December 2015, there were no employees who are immediate family members of a Director.

(C) ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

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

The Board recognises the importance and aims to provide to the shareholders with a balanced and understandable fair assessment of the Group's performance, position and prospects including accurate, relevant and appropriate information of the financial position, detailed explanatory analysis and the prospects of the Group when it announces the interim and annual financial statements.

The Board furnishes the shareholders with interim financial results within 45 days from the end of each quarter and annual financial results to be released within 60 days from the financial year end, on a timely basis.

In addition, periodic and timely announcement of the Group's developments, price sensitive public reports and information, reports to regulators and all necessary information are provided to the shareholders in order for them to better comprehend the Group's performance, position and prospect. The announcement submitted for shareholders and the public will be in accordance to SGX-ST timeline and regulations.

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

CORPORATE GOVERNANCE REPORT

Principle 11: Risk Management and Internal Controls

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

Internal Control Systems

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

Risk Management

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

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

Principle 12: Audit Committee

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

As at the date of this report, the Audit Committee (the "AC") of the Company comprises four (4) members, all of whom are Independent Directors, namely:

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

The members meet at least four (4) times in a year.

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

- review the audit plan of the Company's independent auditors and, if any, their report on any recommendations on internal accounting controls arising from the statutory audit;
- review the assistance given by the Company's Management to the independent auditors;
- review the quarterly and the annual statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2015 before their submission to the Board of Directors, as well as the independent auditors' report on the statement of financial position of the Company and the consolidated financial statements of the Group;
- review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance;

CORPORATE GOVERNANCE REPORT

- review the effectiveness of the Group's material internal control systems, including financial, operational, compliance, information technology controls and risk management;
- meet with the independent auditors, other committees, and/or the Management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- review the scope and results of the external audit, cost effectiveness and the independence and objectivity of the independent auditors;
- review the nature and extent of non-audit services provided by the independent auditors;
- recommend to the Board the independent auditors to be nominated, approve the compensation and terms of engagement of the independent auditors;
- report actions and minutes of the AC to the Board with such recommendations as the AC considers appropriate; and
- review interested person transactions, if any, in accordance with the requirements of the SGX-ST's Listing Manual.

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

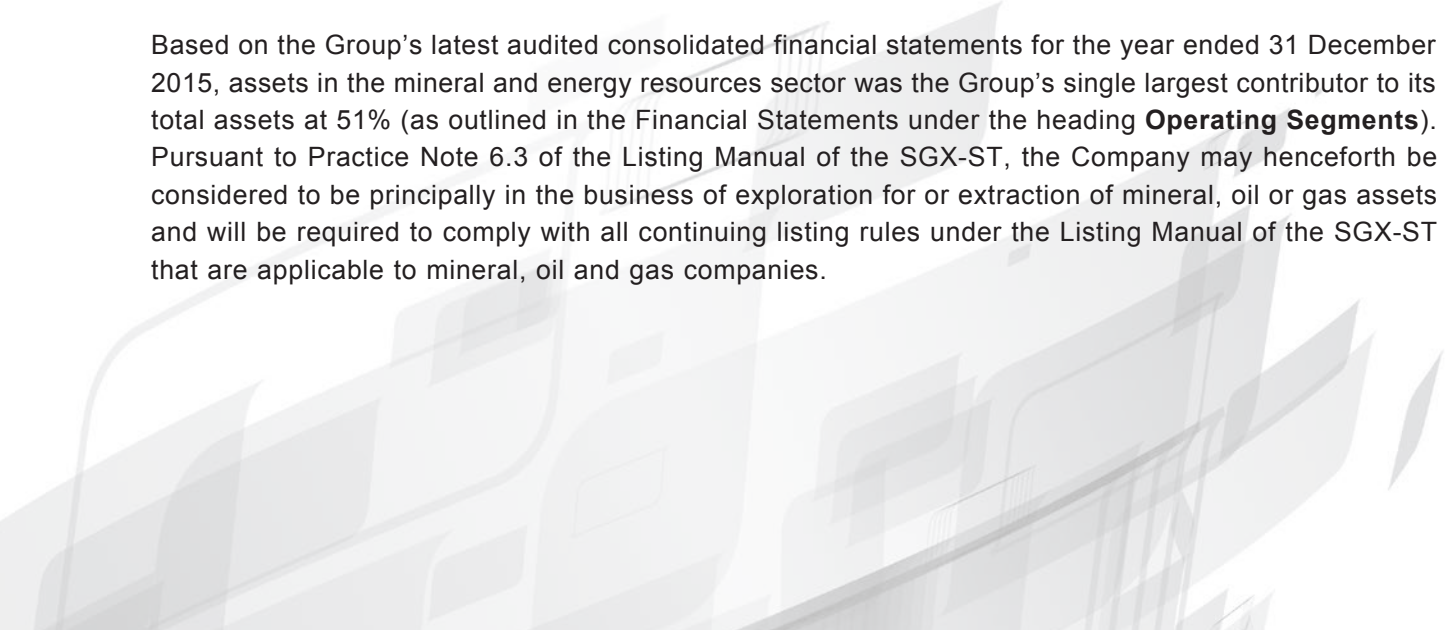
In evaluating the degree of reliance to be placed on the financial statements and auditor's reports on the subsidiaries and associate, Moore Stephens LLP, Singapore may perform certain audit procedures where appropriate for purpose of consolidation.

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

During the financial year under review, the AC, having reviewed for non-audit services provided by the independent auditors to the Group, that would affect the independence of the independent auditors, was of the opinion that there was no non-audit services rendered. The fees paid and/or payable to the independent auditors amounted to approximately S\$169,822, for audit services rendered by independent auditors. During the financial year under review, the AC has met with the Company's independent auditors without the presence of the Management. In addition, the AC has also conducted a review of interested person transaction and was of the opinion that there was no interested person transaction.

Throughout the financial year ended 31 December 2015, the Board has assessed and reviewed, together with the assistance of NC, to ensure that the members of the AC are appropriately qualified to discharge their responsibilities. The Board's view is that adequate and reasonable assistance and support has been properly rendered by the Directors, Management and officers to the AC and that the AC has been effectively and efficiently contributed to the Board and the Group. In addition, at least two (2) of the members of the AC has relevant accounting and related financial management expertise, experience, knowledge related to the business of the Group, as the Board interprets such qualification in its business judgement. During the financial year 2015, the AC had held four (4) meetings to review and undertake the scope of work as set in above. The independent auditors provides regular updates and briefing to the AC on changes or amendments to accounting standards to enable the member of the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

Based on the Group's latest audited consolidated financial statements for the year ended 31 December 2015, assets in the mineral and energy resources sector was the Group's single largest contributor to its total assets at 51% (as outlined in the Financial Statements under the heading **Operating Segments**). Pursuant to Practice Note 6.3 of the Listing Manual of the SGX-ST, the Company may henceforth be considered to be principally in the business of exploration for or extraction of mineral, oil or gas assets and will be required to comply with all continuing listing rules under the Listing Manual of the SGX-ST that are applicable to mineral, oil and gas companies.



CORPORATE GOVERNANCE REPORT

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

Principle 13: Internal Audit

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

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

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

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

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

(D) SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 14:

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

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

CORPORATE GOVERNANCE REPORT

The Company also ensure that the shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders.

The shareholders would be informed of the rules, including voting procedures, that govern general meetings of shareholders of the Company.

The Board has not declared dividend payments for FY2015 after taken into account various factors including:

- the level of the available cash;
- the projected levels of capital expenditure and other investment plans; and
- the losses for the year and the accumulated losses of the Company for the FY2015.

Principle 15: Communication with Shareholders

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

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

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

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

Principle 16: Conduct of shareholder meetings

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

At the AGM, shareholders are given the opportunity to opine their views and seek clarification on questions regarding the Company. The Directors, Management and the external auditors are normally available at the AGM to address any relevant queries from the shareholders. At the shareholders' meeting, each distinct issue is proposed as a separate resolution. The Board considers the AGM as the main forum where dialogue with shareholders can be effectively conducted.

CORPORATE GOVERNANCE REPORT

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

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

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

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

OTHER GOVERNANCE PRACTICES

Material Contracts

There is no material contract of the Company and its subsidiaries, including loans, involving the interests of any Director or the controlling shareholders either still subsisting at the end of FY2015 or if not then subsisting, entered into since the end of the previous financial year, save as for those as announced via SGXNet and as outlined in the Financial Statements.

Interested Person Transactions

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

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

CORPORATE GOVERNANCE REPORT

Except those as announced via SGXNet and as outlined in the Financial Statements under the headings **Trade and Other Payables** and **Related Party Transactions**, there is no other interested person transaction for the financial year ended 31 December 2015 is as follows:

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

Dealing in Securities

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

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

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

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The directors present their statement to the members together with the audited consolidated financial statements of Blumont Group Ltd. (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2015 and the audited statement of financial position of the Company as at 31 December 2015.

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon, as set out on pages 71 to 175, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Group and the Company will be able to pay its debts as and when they fall due as disclosed in Note 3(a) to the financial statements.

1 Directors

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

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

2 Arrangements to Enable Directors to Acquire Shares or Debentures

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

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 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, Chapter 50, an interest in shares of the Company as stated below:

	Shareholdings registered in the name of director			Shareholdings in which director is deemed to have an interest		
	At 1.1.2015	At 31.12.2015	At 21.1.2016	At 1.1.2015	At 31.12.2015	At 21.1.2016
Company:						
Blumont Group Ltd.						
						Ordinary shares
Mr. Ng Kim Huatt	–	100,000,000	100,000,000	–	–	–
Mr. Calvin Lim						
Huan Kim	1,700,000	21,700,000	21,700,000	–	–	–
Mr. Tan Gim Kang,						
Arran	–	15,000,000	15,000,000	–	–	–
Mr. Farhash Wafa						
Salvador	–	15,000,000	15,000,000	224,000	336,000	336,000
Mr. Aris						
Muhammad Rizal	–	10,000,000	10,000,000	–	–	–

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

4 Share Options

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

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

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

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

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

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

4 Share Options (Continued)

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

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

No share options under the Blumont ESOS 2013 have been granted during and as at the financial years ended 31 December 2015 and 2014.

Except as disclosed above,

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

5 Performance Share Plan

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

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

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

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

5 Performance Share Plan (Continued)

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

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

During the financial year, the Company granted 215,000,000 performance shares to directors and employees of the Company on 15 December 2015. The shares were issued and allotted at S\$0.002 per share on 16 December 2015.

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

The details of ordinary shares issued under Blumont PSP granted and issued to each director and employee of the Company who receives 5% or more of the total number of ordinary shares issued during the financial year under review are as follows:

	Ordinary shares granted and issued during the year	Aggregate of ordinary shares granted and issued since commencement of plan to end of financial year
Name of director		
Ng Kim Huatt	100,000,000	100,000,000
Calvin Lim Huan Kim	20,000,000	20,000,000
Tan Gim Kang, Arran	15,000,000	15,000,000
Farhash Wafa Salvador	15,000,000	15,000,000
Aris Muhammad Rizal	10,000,000	10,000,000
Name of employee		
Tan Aik Hong	17,000,000	17,000,000
John Lee Yow Meng	15,000,000	15,000,000
Chia Xilin	12,000,000	12,000,000

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

6 Audit Committee

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

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

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

- (i) reviewed the audit plan of the Company's independent auditors and, if any, their report on any recommendations on internal accounting controls arising from the statutory audit;
- (ii) reviewed the assistance given by the Company's management to the independent auditors;
- (iii) reviewed the quarterly and annual statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2015 before their submission to the Board of Directors, as well as the independent auditors' report on the statement of financial position of the Company and the consolidated financial statements of the Group;
- (iv) reviewed the effectiveness of the Group's material internal controls, including financial, operational and compliance controls and risk management;
- (v) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- (vi) recommended to the Board of Directors the independent auditors to be nominated, approved the compensation to the auditors, and review the scope and results of the audit; and
- (vii) reviewed interested person transactions, if any, in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

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

The AC convened four meetings during the year. The AC has also met with the independent auditors, without the presence of the Company's management, at least once a year. The attendance of the meeting is disclosed in the Report of Corporate Governance in the Company's Annual Report.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

6 Audit Committee (Continued)

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

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

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

7 Independent Auditors

The independent auditors, Moore Stephens LLP, have expressed their willingness to accept reappointment.

On behalf of the Board of Directors,

.....
NG KIM HUATT
Executive Director

.....
CALVIN LIM HUAN KIM
Lead Independent Director

Singapore
4 April 2016



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BLUMONT GROUP LTD. (Incorporated in Singapore)

Report on the Financial Statements

1. We were engaged to audit the accompanying financial statements of Blumont Group Ltd. (the "Company") and its subsidiaries (collectively the "Group"), as set out on pages 71 to 175, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2015, and the consolidated statement of changes in equity, the consolidated statement of comprehensive income, and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with Singapore Standards on Auditing. Because of the matters described in the Basis for Disclaimer of Opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

Appropriateness of Going Concern Assumption

4. As disclosed in Note 3(a) to the financial statements, the Group incurred a net loss of approximately S\$29.0 million and a total comprehensive loss of approximately S\$29.3 million (2014: a net loss of approximately S\$66.2 million and a total comprehensive loss of approximately S\$68.8 million), and a net cash outflow from operating activities of approximately S\$1.8 million (2014: net cash outflow from operating activities of approximately S\$10.5 million). As at 31 December 2015, the Group's and Company's current liabilities exceeded its current assets by approximately S\$34.0 million and S\$44.2 million respectively (2014: approximately S\$16.5 million and S\$32.9 million respectively). Further, the Group and the Company have a shareholders' deficit of approximately S\$14.1 million and S\$20.1 million respectively (2014: shareholders' surplus of approximately S\$8.7 million and S\$0.2 million respectively). These conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Group and the Company to continue as going concerns and to realise their assets and discharge their liabilities in the ordinary course of business.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BLUMONT GROUP LTD. (Incorporated in Singapore)

Basis for Disclaimer of Opinion (Continued)

Appropriateness of Going Concern Assumption (Continued)

5. The financial statements have been prepared on the assumption that the Group and the Company will continue as going concerns. Management has prepared a cash flow forecast and is of the view that the Group will have sufficient cash resources to satisfy its working capital requirements for the next twelve months ending 31 December 2016 and to pay its debts as and when they fall due. The forecast was prepared based on the assumptions disclosed in Note 3(a) to the financial statements. Those assumptions are premised on future events, the outcome of which is inherently uncertain.
6. In view of the material uncertainties as discussed above, we are unable to obtain sufficient appropriate audit assurance regarding the use of the going concern assumption in the preparation of the financial statements. Accordingly, we are unable to form a view as to the use of the going concern assumption in the preparation of these financial statements.
7. In the event the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the ordinary course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the ordinary course of business and at amounts which could differ from the amounts at which they are currently recorded in the statement of financial position. In addition, the Group and the Company may have to provide for further liabilities which may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. No such adjustments have been made to these financial statements.

Disclaimer of Opinion

8. Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs 4 to 7, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion, and accordingly, we do not express an opinion on the financial statements.

Report on Other Legal and Regulatory Requirements

9. In our opinion, except for the effects of the matters described in the Basis for Disclaimer of Opinion paragraphs, the accounting and other records required by the Act to be kept by the Company and subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
4 April 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		Group	
	Note	2015 S\$	2014 S\$
Revenue	5	3,639,643	3,598,401
Other losses – net	6	(8,434,159)	(6,931,141)
Expenses			
– Raw materials and consumables used		(98,893)	(117,008)
– Costs of development properties sold		–	(72,690)
– Employee benefits	7	(2,175,022)	(2,028,425)
– Others	8	(9,641,082)	(9,633,785)
– Re-measurement loss on acquisition of investment in an associate	21	–	(21,010,344)
– Impairment loss on financial assets, available-for-sale	21	(5,888,785)	(18,648,365)
– Impairment loss on investment in an associate	19	(216,835)	(4,351,686)
– Dilution gain on investment in an associate	19	180,868	–
– Share of loss of an associate	19	(1,724,507)	(1,462,485)
– Finance costs	9	(4,156,287)	(5,081,434)
Total expenses		(23,720,543)	(62,406,222)
Loss before income tax		(28,515,059)	(65,738,962)
Income tax	10	(449,277)	(497,378)
Loss for the year		(28,964,336)	(66,236,340)
Other comprehensive (loss)/income			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Actuarial loss on defined benefit plans		(46,391)	(44,513)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation loss		(1,485,931)	(776,200)
Net change in fair value of financial assets, available-for-sale	21(b)	1,524,826	–
Cumulative gain in fair value of financial assets, available-for-sale reclassified to profit or loss	21(b)	–	(1,662,096)
Share of other comprehensive loss of an associate	19	(375,614)	(102,917)
Other comprehensive loss, net of tax		(383,110)	(2,585,726)
Total comprehensive loss for the year		(29,347,446)	(68,822,066)
(Loss)/Profit for the year attributable to:			
Owners of the Company		(29,560,976)	(66,855,787)
Non-controlling interests		596,640	619,447
		(28,964,336)	(66,236,340)
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		(29,605,800)	(69,420,293)
Non-controlling interests		258,354	598,227
		(29,347,446)	(68,822,066)
			(Restated)
Loss per share (S\$ cents)	11		
– Basic		(0.82)	(2.15)
– Diluted		(0.82)	(2.15)

The accompanying notes form an integral part of the financial statements

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	Group		Company	
		2015 S\$	2014 S\$	2015 S\$	2014 S\$
ASSETS					
Current assets					
Cash and bank balances	12	2,021,309	3,959,240	64,331	70,308
Financial assets, at fair value through profit or loss	13	1,074,188	7,880,313	1,500	161,250
Trade and other receivables	14	895,847	1,478,806	151,456	971,395
Other current assets	15	722,557	399,577	122,862	208,960
Development property	16	4,749,561	5,425,499	–	–
Assets held for sale	17	1,670,118	–	–	–
		11,133,580	19,143,435	340,149	1,411,913
Non-current assets					
Investments in subsidiaries	18	–	–	4,416,285	4,416,287
Investment in an associate	19	5,151,789	7,607,081	–	–
Loans to subsidiaries	18	–	–	8,682,903	16,614,950
Investment properties	20	–	2,305,190	–	–
Financial assets, available-for-sale	21	10,847,458	13,149,172	10,847,458	11,958,361
Derivative financial assets	22	–	6,193	–	6,193
Property and equipment	23	4,427,140	2,636,113	244,961	240,721
Other non-current assets	15	–	2,469	–	–
Deferred tax assets	28	155,541	119,087	–	–
		20,581,928	25,825,305	24,191,607	33,236,512
Total Assets		31,715,508	44,968,740	24,531,756	34,648,425
LIABILITIES					
Current liabilities					
Trade and other payables	24	17,439,048	7,151,017	16,965,552	6,188,458
Borrowings	25	27,580,647	28,191,848	27,580,647	28,144,886
Current income tax liabilities		89,142	265,493	–	–
		45,108,837	35,608,358	44,546,199	34,333,344
Non-current liabilities					
Employee compensation	27	603,753	502,057	–	–
Borrowings	25	83,941	132,847	83,941	115,526
Deferred tax liabilities	28	11,979	27,700	–	–
		699,673	662,604	83,941	115,526
Total Liabilities		45,808,510	36,270,962	44,630,140	34,448,870
Net (Liabilities)/Assets		(14,093,002)	8,697,778	(20,098,384)	199,555
EQUITY					
Equity attributable to owners of the Company					
Share capital	29	107,095,362	100,173,519	107,095,362	100,173,519
Reserves	30	(4,874,993)	(4,855,884)	1,524,826	–
Accumulated losses		(120,389,132)	(90,802,441)	(128,718,572)	(99,973,964)
		(18,168,763)	4,515,194	(20,098,384)	199,555
Non-controlling interests	31	4,075,761	4,182,584	–	–
Total Equity		(14,093,002)	8,697,778	(20,098,384)	199,555

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Fair value reserve	Currency translation reserve	Other reserves	Accumulated losses	Attributable to owners of the Company		
Note	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Group								
Balance at 1 January 2015	100,173,519	-	(3,371,946)	(1,483,938)	(90,802,441)	4,515,194	4,182,584	8,697,778
(Loss)/Profit for the year	-	-	-	-	(29,560,976)	(29,560,976)	596,640	(28,964,336)
Other comprehensive income/(loss), net of tax	-	-	-	-	-	-	-	-
Foreign currency translation loss	-	-	(1,168,321)	-	-	(1,168,321)	(317,610)	(1,485,931)
Net change in fair value of financial assets, available-for-sale	-	1,524,826	-	-	-	1,524,826	-	1,524,826
Actuarial loss on defined benefit plan	-	-	-	-	(25,715)	(25,715)	(20,676)	(46,391)
Share of other comprehensive loss of an associate	-	-	(375,614)	-	-	(375,614)	-	(375,614)
Total comprehensive income/(loss) for the year	-	1,524,826	(1,543,935)	-	(29,586,691)	(29,605,800)	258,354	(29,347,446)
Issue of shares	29(a) 7,123,215	-	-	-	-	7,123,215	-	7,123,215
Share issue expense	29 (201,372)	-	-	-	-	(201,372)	-	(201,372)
Dividends paid to non-controlling shareholder of a subsidiary	18(f) -	-	-	-	-	-	(365,177)	(365,177)
Balance at 31 December 2015	107,095,362	1,524,826	(4,915,881)	(1,483,938)	(120,389,132)	(18,168,763)	4,075,761	(14,093,002)

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(Continued)

	Note	Attributable to owners of the Company						Non-controlling interests	Total equity
		Share capital	Fair value reserve	Currency translation reserve	Other reserves	Accumulated losses	Attributable to owners of the Company		
		S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Group									
Balance at 1 January 2014		99,042,284	1,662,096	(2,494,210)	—	(23,921,980)	74,288,190	2,622,081	76,910,271
(Loss)/Profit for the year		—	—	—	—	(66,855,787)	(66,855,787)	619,447	(66,236,340)
Other comprehensive (loss)/income, net of tax									
Foreign currency translation loss		—	—	(774,819)	—	—	(774,819)	(1,381)	(776,200)
Net change in fair value of financial assets, available-for-sale		—	(1,662,096)	—	—	—	(1,662,096)	—	(1,662,096)
Actuarial loss on defined benefit plan		—	—	—	—	(24,674)	(24,674)	(19,839)	(44,513)
Share of other comprehensive loss of an associate		—	—	(102,917)	—	—	(102,917)	—	(102,917)
Total comprehensive (loss)/income for the year		—	(1,662,096)	(877,736)	—	(66,880,461)	(69,420,293)	598,227	(68,822,066)
Issue of shares	29(a)	1,163,400	—	—	—	—	1,163,400	—	1,163,400
Share issue expense	29	(32,165)	—	—	—	—	(32,165)	—	(32,165)
Acquisition of additional interest in a subsidiary	18(d)	—	—	—	(962,296)	—	(962,296)	962,276	(20)
Share of post-acquisition reserves of an associate	19	—	—	—	(521,642)	—	(521,642)	—	(521,642)
Balance at 31 December 2014		100,173,519	—	(3,371,946)	(1,483,938)	(90,802,441)	4,515,194	4,182,584	8,697,778

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 S\$	Group 2014 S\$
Cash Flows from Operating Activities			
Loss before income tax		(28,515,059)	(65,738,962)
Adjustments for:			
Share of loss of an associate	19	1,724,507	1,462,485
Unrealised foreign exchange loss/(gain)		1,841,025	(2,649,502)
Property and equipment written off	6	33,443	—
Depreciation of property and equipment	8	411,314	362,836
Allowance for impairment loss of other receivables – third party	14	654,476	714,748
Write-back of impairment loss of other receivables – third party	14(c, e)	(714,748)	—
Re-measurement loss on acquisition of investment in an associate	21(a)	—	21,010,344
Allowance for impairment loss of financial assets, available-for-sale	21(b, d)	5,888,785	18,648,365
Allowance for impairment loss of investment in an associate	19	216,835	4,351,686
Dilution gain on investment in an associate	19	(180,868)	—
Amortisation of deferred loan charges	25	293,496	2,669,434
Write-off of financial assets, available-for-sale	21(b)	665,402	—
Interest expense	9	3,862,791	2,412,000
Interest income	6	(377,174)	(1,749,497)
Loss on disposal of property and equipment	6	1,031	143
Loss on disposal of investment properties and assets held for sale	6	—	57,672
Fair value loss on financial assets, at fair value through profit or loss	13	1,362,653	4,648,522
Fair value loss/(gain) on investment properties	20(c)	360,433	(161,877)
Gain on disposal of financial assets, available-for-sale	21	(498,938)	—
Loss on conversion of financial assets, available-for-sale	6	569,793	—
Share based compensation expenses	29(b)	430,000	—
Write-off of financial assets, at fair value through profit or loss	13	5,547	—
Operating cash flow before working capital changes		(11,965,256)	(13,961,603)
Changes in working capital:			
Financial assets, at fair value through profit or loss		5,437,925	5,860,240
Receivables		(819,979)	(535,537)
Payables		6,199,050	(1,576,145)
Inventories and development properties		(26,368)	(222)
Cash used in operations		(1,174,628)	(10,213,267)
Income tax paid		(589,003)	(295,464)
Net cash used in operating activities		(1,763,631)	(10,508,731)
Cash Flows from Investing Activities			
Proceeds from disposal of property and equipment		13,966	—
Purchase of property and equipment		(2,354,494)	(345,230)
Proceeds from disposal of investment properties and assets held for sale		—	1,460,438
Purchase of financial assets, available-for-sale	36(b)	—	(11,982,975)
Purchase of additional interest in a subsidiary	18(d)	—	(20)
Interest received		75,750	124,895
Net cash used in investing activities		(2,264,778)	(10,742,892)

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(Continued)

	Note	Group 2015 S\$	2014 S\$
Cash Flows from Financing Activities			
Repayment of finance lease liabilities		(92,017)	(73,768)
Repayment of borrowings		(1,740,000)	—
Proceeds from borrowings	25(b)	—	22,731,658
Payment of share issue expenses		(201,372)	(32,165)
Net proceeds from issuance of ordinary shares		4,571,150	—
Interest paid		(6,215)	(12,082)
Dividends paid to non-controlling shareholder of a subsidiary	31	(365,177)	—
Net cash generated from financing activities		2,166,369	22,613,643
Net (decrease)/increase in cash and cash equivalents		(1,862,040)	1,362,020
Cash and cash equivalents at the beginning of the year		3,956,270	2,531,377
Effect of changes in foreign exchange rates on cash and cash equivalents		(75,508)	62,873
Cash and cash equivalents at the end of the year	12	2,018,722	3,956,270

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

1 GENERAL INFORMATION

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

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries and associate are disclosed in Notes 18 and 19.

2 APPLICATION OF NEW/REVISED FINANCIAL REPORTING STANDARDS (“FRSs”) ISSUED

(a) FRSs effective for annual period beginning on or after 1 January 2015

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2015 as follows.

Amendments to FRS 19 *Defined Benefit Plans: Employee Contributions*

These amendments apply to contributions from employees or third parties to defined benefit plans. The amendments aim to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

The adoption of this standard did not have any significant impact to the Group’s financial performance or financial position.

Amendments to FRS 108 *Operating Segments*

The amendments require the disclosure of judgements made by management in deciding whether to combine operating segments for segment reporting purposes, including the economic indicators (e.g. gross margins) that have been assessed in determining whether the aggregated operating segments have similar economic characteristics.

The reconciliation of the total reportable segments’ assets to the entity’s total assets is required to be disclosed only if segment assets are regularly reported to the chief operating decision maker.

As this is a disclosure standard, it has no impact on the financial position or the financial performance of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 APPLICATION OF NEW/REVISED FINANCIAL REPORTING STANDARDS (“FRSs”) ISSUED (Continued)

(a) FRSs effective for annual period beginning on or after 1 January 2015 (Continued)

Amendments to FRS 102 *Share-Based Payments*

Currently, FRS 102 describes the concept of ‘performance condition’ and ‘service condition’ within the definition of ‘vesting conditions’. These amendments clarify the definition of ‘vesting condition’ by separately defining ‘performance condition’ and ‘service condition’ to ensure consistent classification of conditions attached to a share-based payment.

The adoption of this standard did not have any significant impact to the Group’s financial performance or financial position.

Amendments to FRS 103 *Business Combinations*

The amendments clarify that contingent consideration in a business combination that is not classified as equity should be measured at fair value through profit and loss at each reporting date, regardless of whether the contingent consideration is within the scope of FRS 39. Changes in fair value, other than measurement period adjustments, are recognised in profit or loss.

The adoption of this standard did not have any significant impact to the Group’s financial performance or financial position.

Amendments to FRS 24 *Related Party Disclosures*

The amendments clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. The amendments require the amounts incurred by an entity for such services to be included in the related party disclosures. However, this amount need not be split into components required for other key management personnel compensation (e.g. short-term employee benefits, post-employment benefits, etc.).

As this is a disclosure standard, it has no impact on the financial performance or financial position of the Group.

Amendments to FRS 113 *Fair Value Measurement*

The amendments clarify that the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with FRS 39. These contracts need not meet the definitions of financial assets or financial liabilities in FRS 32.

The adoption of this standard did not have any significant impact to the Group’s financial performance or financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 APPLICATION OF NEW/REVISED FINANCIAL REPORTING STANDARDS ("FRSs") ISSUED (Continued)

(a) FRSs effective for annual period beginning on or after 1 January 2015 (Continued)

Amendments to FRS 40 *Investment Property*

The amendments clarify that determining whether a specific transaction meets the definition of both a business combination as defined in FRS 103 and investment property as defined in FRS 40 requires the separate application of both standards independently of each other.

The adoption of this standard did not have any significant impact to the Group's financial performance or financial position.

(b) FRSs issued but not yet effective

At the date of authorisation of these financial statements, the following standards have been issued and are relevant to the Group and the Company but are not yet effective:

Description		Effective for annual periods beginning on or after
Amendments to FRS 1	<i>Disclosure Initiative</i>	1 January 2016
Amendments to FRS 27	<i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRS 107	<i>Financial Instruments: Disclosures</i>	1 January 2016
Amendments to FRS 105	<i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 January 2016
Amendments to FRS 7	<i>Statement of Cash Flows</i>	1 January 2017
FRS 115	<i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 109	<i>Financial Instruments</i>	1 January 2018

With the exception of FRS 115 and FRS 109 which the Group and the Company are currently evaluating, the directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

The amendments provide clarification on various aspects of financial statements presentation. Key clarifications relate to the interpretation of materiality requirements in FRS, the extent of aggregation and disaggregation of financial information presented in the primary financial statements, presentation of sub-totals, and ordering of notes to the financial statements. The amendments also clarify that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss. These amendments are effective for accounting periods beginning on or after 1 January 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 APPLICATION OF NEW/REVISED FINANCIAL REPORTING STANDARDS (“FRSs”) ISSUED (Continued)

(b) FRSs issued but not yet effective (Continued)

Amendments to FRS 27 *Equity Method in Separate Financial Statements*

The amendments to FRS 27 allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in the entities' separate financial statements. This is in addition to the accounting policy choice to account for such investments at cost less impairment, or fair value (in accordance with FRS 39 or FRS 109), which currently exists and will continue to be available. This amendment is effective for accounting periods beginning on or after 1 January 2016.

Amendments to FRS 107 *Financial Instruments: Disclosures*

The amendments clarify whether a servicing contract is considered to be “continuing involvement” in a transferred asset for the purpose of determining whether the disclosures in FRS 107.42A-42H are required. The disclosures need to be made if the servicing contract results in the transferor retaining an interest in the future performance of the transferred financial asset. The amendment is effective for annual periods beginning on or after 1 January 2016.

Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*

The amendments provide guidance on how to account for a reclassification of an asset from held for sale to held for distribution (or vice versa), e.g., when an entity initially intended to sell off an asset but subsequently decided to distribute it as a dividend in kind to shareholders. The amendments also clarify that when an asset no longer meets the held-for-distribution criteria, the accounting requirements are similar to those when held-for-sale assets cease to meet held-for-sale criteria. The amendment is effective for annual periods beginning on or after 1 January 2016.

Amendments to FRS 7 *Statement of Cash Flows*

The amendments require new disclosure about changes in liabilities arising from financing activities in respect of:

- changes from financing cash flows;
- changes arising from obtaining or losing control of subsidiaries or other businesses;
- the effect of changes in foreign exchange rates;
- changes in fair values; and
- other changes.

The above disclosure also applies to changes in financial assets if cash flows from those financial assets are included in cash flows from financing activities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 APPLICATION OF NEW/REVISED FINANCIAL REPORTING STANDARDS (“FRSs”) ISSUED (Continued)

(b) FRSs issued but not yet effective (Continued)

Amendments to FRS 7 *Statement of Cash Flows* (Continued)

The amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Comparative information for earlier periods is not required.

FRS 115 *Revenue from Contracts with Customers*

FRS 115, published in November 2014, establishes a revised framework for revenue recognition based on the following five-step approach:

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

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

FRS 115 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

FRS 109 *Financial Instruments*

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

FRS 109 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The consolidated financial statements of the Group and the statement of financial position of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs"). These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars ("S\$"), which is the functional currency of the Company.

Going Concern Assumption

For the financial year ended 31 December 2015, the Group incurred a net loss of approximately S\$29.0 million and a total comprehensive loss of approximately S\$29.3 million (2014: a net loss of approximately S\$66.2 million and a total comprehensive loss of approximately S\$68.8 million), and a net cash outflow from operating activities of approximately S\$1.8 million (2014: net cash outflow from operating activities of approximately S\$10.5 million). As at 31 December 2015, the Group's and Company's current liabilities exceeded its current assets by approximately S\$34.0 million and S\$44.2 million respectively (2014: approximately S\$16.5 million and S\$32.9 million respectively). Further, the Group and the Company have a shareholders' deficit of approximately S\$14.1 million and S\$20.1 million respectively (2014: shareholders' surplus of approximately S\$8.7 million and S\$0.2 million respectively).

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and of the Company to continue as going concerns and to realise their assets and discharge their liabilities in the ordinary course of business. Nevertheless, the directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 December 2015 remains appropriate after taking into consideration the following factors:

- (i) Management is evaluating various strategies to improve profitability and generate significant positive cash flows from the Group's current business activities. Management has prepared a cash flow forecast which shows that the Group will have sufficient cash resources to satisfy its day-to-day operations for the next twelve months from 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of Preparation (Continued)

Going Concern Assumption (Continued)

- (ii) Subsequent to year end, the Group has forecasted cash inflows arising from the following transactions:
- As disclosed in Note 17 to the financial statements, as at 31 December 2015, the Group is concluding the sale of the Suasana Sentral Condominium located in Malaysia for a total cash consideration of approximately S\$1.18 million. Also at year end, the Group is selling one unit of Clear Water Residence located in Malaysia valued at approximately S\$0.49 million as at 31 December 2015. The Group expects to complete the sale of these investment properties within the financial year ending 31 December 2016.
 - As disclosed in Note 37(a) to the financial statements, on 22 May 2015, the Court of Appeal of New South Wales has adjudicated in favour of the Company and various parties (collectively, the "Consortium") and has been awarded to claim costs incurred totaling approximately S\$0.32 million from Prospect Resources Limited ("PSC"). The Group expects PSC to reimburse the Consortium with the awarded costs within the financial year ending 31 December 2016.
 - As disclosed in Note 16(a) to the financial statements, on 4 December 2015, the Group have entered in a joint venture agreement with a third party developer for the development of the Group's leasehold land. In accordance with the joint venture agreement, the third party developer agree to pay the Group approximately S\$0.2 million as initial sum of the joint venture consideration. The Group expects to receive this initial sum within the financial year ending 31 December 2016.
- (iii) The Group is currently in negotiation with Wintercrest Advisors LLC for the full and final settlement of the financing loan facility with outstanding balance of S\$41.5 million as at 31 December 2015, comprising the principal amount of S\$27.5 million, accrued interest of S\$6.8 million and accrued administrative and extension fees of S\$7.2 million. The aggregate balance is proposed to be settled through a combination of assignment of assets and conversion to equity, subject to regulatory approval.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Group Accounting

(i) Subsidiaries

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

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

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

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

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

Acquisition-related costs are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Group Accounting (Continued)

(i) Subsidiaries (Continued)

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

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

Change in ownership interests in subsidiaries without change of control

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Group Accounting (Continued)

(i) Subsidiaries (Continued)

Disposal of subsidiaries

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

(ii) Associate

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Group Accounting (Continued)

(ii) Associate (Continued)

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

Gains and losses arising from dilution of the Group's interests in associate without any disposals are recognised in profit or loss.

(c) Investments in Subsidiary Companies and Associate

Investments in subsidiary companies and associate are carried at cost less accumulated impairment losses in the statement of financial position of the Company.

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

(d) Revenue Recognition

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

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

(i) Rendering of services

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Revenue Recognition (Continued)

(ii) Sale of development properties

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

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

(iii) Rental income

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

(iv) Property management fees

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

(v) Dividend income

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

(vi) Interest income

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Leases

Lessee – Finance leases

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

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

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

Lessee – Operating leases

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

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

Contingent rents are recognised as an expense in profit or loss when incurred.

Lessor – Operating leases

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

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

Contingent rents are recognised as an income in profit or loss when earned.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Foreign Currencies

(i) Functional and presentation currency

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

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

(ii) Transactions and balances

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Foreign Currencies (Continued)

(iii) Translation of Group entities' financial statements

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

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

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

In addition, in relation to partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposal of associate that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(g) Borrowing Costs

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

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Employee Benefits

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

(i) Defined contribution plans

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

(ii) Provision for employee benefits

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

A subsidiary in the Group has an unfunded defined benefit plan covering substantially all of their eligible permanent employees in accordance with a subsidiary in the Group's Collective Labour Agreement and Labour Law No. 13/2003 of Indonesia. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actual gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur.

Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings/(accumulated losses) and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement of the net defined benefit liability/(asset) in other comprehensive income.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Employee Benefits (Continued)

(iii) Share-based compensation

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Income Tax

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

(i) Current tax

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

(ii) Deferred tax

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Income Tax (Continued)

(ii) Deferred tax (Continued)

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

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

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

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

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

(iii) Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where the current and deferred tax arises from the initial accounting for a business combination, the tax effect is taken into account in the accounting for the business combination.

(j) Property and Equipment

(i) Measurement

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Property and Equipment (Continued)

(ii) Depreciation

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

Depreciation is recognised so as to write off the cost of assets (other than freehold land and construction-in-progress) less their residual values (if any) over their estimated useful lives, using the straight-line method.

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

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

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

The residual value, useful life and depreciation method are reviewed at each financial year and adjusted as appropriate at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

The following useful lives are used in the calculation of depreciation:

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

(iii) Subsequent expenditure

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Property and Equipment (Continued)

(iv) Disposal

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

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

(k) Investment Properties

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

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

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

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

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss in the year of retirement or disposal.

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

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss.

When the property is sold, the related amount in the revaluation reserve is transferred to retained earnings/(accumulated losses).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Impairment of Non-financial Assets

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Development Properties

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

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

(n) Inventories

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

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

(o) Assets Held for Sale

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Assets Held for Sale (Continued)

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

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

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

(p) Financial Assets

(i) Classification

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

Financial assets, at fair value through profit or loss

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

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

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

Loans and receivables

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Financial Assets (Continued)

(i) Classification (Continued)

Loans and receivables (Continued)

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

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

Financial assets, available-for-sale

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

(ii) Recognition and derecognition

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Financial Assets (Continued)

(ii) Recognition and derecognition (Continued)

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

(iii) Initial measurement

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

(iv) Subsequent measurement

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

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

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

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

Gains and losses arising from changes in fair value of available-for-sale debt investments are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses which are recognised directly in profit or loss.

Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in the fair value reserve, together with the related currency translation differences. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Financial Assets (Continued)

(v) Impairment

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

Loans and receivables

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

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

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

Financial assets, available-for-sale

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Combined Financial Instruments

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

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

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

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

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

(r) Provisions

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Provisions (Continued)

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

(s) Financial Liabilities

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

Financial liabilities are recognised initially at fair value. Financial liabilities are classified as “other financial liabilities”.

Other financial liabilities

Other financial liabilities (including borrowing and trade and other payables), are initially measured at fair value, plus transaction costs and are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integrated part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting period.

Derecognition of financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Segment Reporting

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

(u) Cash and Cash Equivalents

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

(v) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are charged to equity, net of any tax effects.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3 above, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

(a) Critical judgments in applying accounting policies

In addition to the going concern assumption disclosed in Note 3(a), the following are the critical judgements that the management has made in the process of applying the Group's accounting policies during the financial year that have the most significant effect on the amounts recognised in the consolidated financial statements:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

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

(i) Impairment of Financial Assets, Available-for-sale

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

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

The carrying amounts of the Group's financial assets, available-for-sale as at 31 December 2015 and the related impairment losses recognised during the financial year is disclosed in Note 21.

(ii) Impairment of Investment in an Associate

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

The carrying amount of the Group's investment in an associate as at 31 December 2015 and the related allowance for impairment loss recognised during the financial year is disclosed in Note 19.

(iii) Impairment of Investments in Subsidiaries

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

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

(iii) Impairment of Investments in Subsidiaries (Continued)

The carrying amounts of the Company's net investments in subsidiaries as at 31 December 2015 and the movements in the relevant allowances for impairment loss during the financial year are disclosed in Note 18.

(iv) Impairment of Trade and Other Receivables

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

During the financial year, the Group has recognised an impairment loss on other receivables of S\$654,476 (2014: S\$714,748) to profit or loss as disclosed in Note 14. The carrying amount of the Group's trade and other receivables as at 31 December 2015 are disclosed in Note 14.

(v) Income Taxes

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

The carrying amount of the Group's current income tax liabilities as at 31 December 2015 is S\$89,142 (2014: S\$265,493). The Group's deferred taxes are disclosed in Note 28. For the financial year ended 31 December 2015, the Group has recognised income tax expense of S\$449,277 (2014: S\$497,378) (Note 10).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

(b) Key sources of estimation uncertainty

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

(i) Employee Compensation

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

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

The carrying amount of the Group's employee compensation as at 31 December 2015 is disclosed in Note 27.

5 REVENUE

	Group	
	2015 S\$	2014 S\$
Revenue from sterilisation contracts	3,590,330	3,398,656
Revenue from sale of development properties (Note 16)	—	152,895
Rental income (Note 20(b))	25,313	27,869
Revenue from property management fees	24,000	18,981
	3,639,643	3,598,401

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

6 OTHER LOSSES – NET

	Group	
	2015 S\$	2014 S\$
Revenue arising from investment holding:		
Fair value loss on financial assets, at fair value through profit or loss – net (Note 13)	(1,362,653)	(4,648,522)
Write-off of financial assets, at fair value through profit or loss (Note 13)	(5,547)	–
Loss on the disposal of financial assets, at fair value through profit or loss – net	(4,132,519)	(4,260,815)
	(5,500,719)	(8,909,337)
Currency exchange (loss)/gain – net	(2,236,721)	41,957
Fair value (loss)/gain on investment properties (Note 20)	(360,433)	161,877
Interest income		
– Celsius Coal Limited Convertible Note	82,765	506,075
– Azarga Resources Limited Convertible Note	–	962,044
– Cokal Limited Convertible Loan	234,241	197,335
– bank balances	59,852	83,706
– others	316	337
	377,174	1,749,497
Gain on disposal of financial assets, available-for-sale	498,938	–
Write-off of financial assets, available-for-sale (Note 21(b))	(665,402)	–
Loss on conversion of debt instrument to equity, available-for-sale	(569,793)	–
Loss on disposal of property and equipment	(1,031)	(143)
Write-off of property and equipment	(33,443)	–
Loss on disposal of investment properties and assets held for sale	–	(57,672)
Miscellaneous income	57,271	82,680
	(8,434,159)	(6,931,141)

7 EMPLOYEE BENEFITS

	Group	
	2015 S\$	2014 S\$
Short-term employee benefits	2,035,373	1,890,470
Post-employment benefits	47,629	57,759
Other long-term employee benefits (Note 27)	89,300	76,647
Termination costs	2,720	3,549
	2,175,022	2,028,425

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

8 OTHER EXPENSES

	Group	
	2015	2014
	S\$	S\$
Audit fees:		
– auditors of the Company	161,770	157,004
– other auditors	8,052	13,153
Legal, professional and consultancy fees	5,767,586	6,957,316
Allowance for impairment loss on other receivables (Note 14, 33(b)(i))	654,476	714,748
Write-back of impairment loss on other receivables (Note 33(b)(i))	(714,748)	–
Depreciation of property and equipment (Note 23)	411,314	362,836
Rental expense – operating leases	222,966	256,703
Upkeep expenses	279,653	230,824
Directors' fees	154,571	173,488
Travelling expenses	43,643	97,722
Marketing and advertising	442,362	55,121
Transaction costs	12,421	25,278
Withholding tax expense	1,525,471	–
Others	671,545	589,592
	9,641,082	9,633,785

There were no non-audit fees paid/payable to the Company's auditors during the financial year ended 31 December 2015 and 2014.

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

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

Withholding tax expense was incurred in relation to the interest payable to Wintercrest Advisors LLC (Note 25).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

9 FINANCE COSTS

	Group	
	2015 S\$	2014 S\$
Interest expense		
– Wintercrest Financing Loans	3,856,575	2,399,406
– finance lease liabilities	6,216	12,594
Amortisation of deferred loan charges (Note 25(c))	293,496	2,669,434
	4,156,287	5,081,434

10 INCOME TAX

	Group	
	2015 S\$	2014 S\$
Income tax expense/(credit) comprised:		
Current income tax	480,992	489,939
Deferred tax (Note 28)	(38,624)	(20,050)
	442,368	469,889
Under provision in prior years:		
Current income tax	6,909	27,489
	449,277	497,378

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

	Group	
	2015 S\$	2014 S\$
Loss before income tax	(28,515,059)	(65,738,962)
Tax at the statutory tax rate of 17% (2014: 17%)	(4,847,560)	(11,175,623)
Effect of different tax rates in other countries	(76,873)	153,366
Tax effect of non-taxable income*	(343,448)	(218,829)
Tax effect of non-deductible expenses**	1,840,330	10,329,133
Deferred tax assets not recognised	3,869,919	1,381,842
Under provision of income tax in prior years	6,909	27,489
	449,277	497,378

* attributable mainly to gain on disposal of financial assets, available-for-sale and the interest income (2014: interest income) recognised by the Group.

** attributable mainly to the non-tax deductible expenses of Malaysia operations, losses on write-off of financial assets, available-for-sale and various impairment losses (2014: various re-measurement and impairment losses) recognised by the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

10 INCOME TAX (Continued)

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

11 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated on the net loss attributable to owners of the Company of S\$29,560,976 (2014: S\$66,855,787) divided by the weighted average number of ordinary shares of 3,619,936,142 (2014: 3,110,796,670*) in issue during the financial year.

(b) Diluted loss per share

Diluted loss per share is calculated on the net loss attributable to owners of the Company of S\$29,560,976 (2014: S\$66,855,787) divided by the weighted average number of ordinary shares of 3,619,936,142 (2014: 3,110,796,670*) in issue during the financial year after adjustment for the effects of all dilutive potential ordinary shares.

Diluted loss per share is the same as the basic loss per share as there were no dilutive potential ordinary shares outstanding as at 31 December 2015 and 2014.

* In the current financial year, the Group has restated the comparative earnings per share to take into consideration the rights issue in 2015.

12 CASH AND BANK BALANCES

	Group		Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
Cash at bank and on hand	1,384,825	2,893,900	64,331	70,308
Short-term bank deposits	636,484	1,065,340	–	–
Total cash and bank balances	2,021,309	3,959,240	64,331	70,308

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

12 CASH AND BANK BALANCES (Continued)

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

	Group	
	2015 S\$	2014 S\$
Cash and bank balances (as above)	2,021,309	3,959,240
Less: Bank deposits pledged	(2,587)	(2,970)
Cash and cash equivalents as per consolidated statement of cash flows	2,018,722	3,956,270

- (a) As at 31 December 2015, certain bank deposits of the Group amounting to S\$2,587 (2014: S\$2,970) have been pledged as security for the bank guarantee facility granted to the Group, the facility of which has not been utilised by the Group as at the statement of financial position date. The movement in the pledged deposits is due to the effect of changes in foreign exchange rates.
- (b) As at 31 December 2015, the Company's bank balances amounting to S\$48,109 (2014: S\$69,608) have been pledged as collateral for the Wintercrest Financing Loans (Note 25(d)).

13 FINANCIAL ASSETS, AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
Balance at the beginning of the year	7,880,313	18,389,075	161,250	1,342,500
Additions	–	3,858,664	–	–
Disposals	(5,437,925)	(9,718,904)	(150,000)	–
Write-off (Note 6)	(5,547)	–	(1,875)	–
Fair value loss – net (Note 6)	(1,362,653)	(4,648,522)	(7,875)	(1,181,250)
Balance at the end of the year	1,074,188	7,880,313	1,500	161,250
<i>At fair value</i>				
Listed securities:				
Equity securities – Singapore	1,064,809	7,832,924	1,500	161,250
Equity securities – Malaysia	9,379	47,389	–	–
	1,074,188	7,880,313	1,500	161,250

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

14 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
Trade receivables				
– third parties (a)	371,007	399,857	–	–
Other receivables				
– third parties (b)	695,144	110,363	321,760	2,809
– Consideration Advance to MED (c)	–	893,363	–	893,363
– Interest receivables (d)	484,172	789,971	484,172	789,971
	1,179,316	1,793,697	805,932	1,686,143
Less: Allowance for impairment loss (b), (c), (d), (Note 33(b)(i))	(654,476)	(714,748)	(654,476)	(714,748)
Other receivables – net	524,840	1,078,949	151,456	971,395
Total trade and other receivables	895,847	1,478,806	151,456	971,395

- (a) Trade receivables from third parties are non-interest bearing and repayable within the normal trade credit terms of 30 to 60 days (2014: 30 to 60 days).
- (b) As at 31 December 2015, other receivables – third parties include
- (i) a receivable from a third party with a carrying amount of S\$121,701. The Group and the Company has impaired the S\$121,701 based on management's assessment of the recoverable amount of the receivable as at the financial year end; and
 - (ii) the balance of the partial amount subscribed for 40,000,000 shares at A\$0.005 each shares in Elysium Resources Limited ("EYM") of S\$77,445 (equivalent to A\$75,000), which the Group and the Company had agreed to take up two shares in EYM for each five shares which the Group and the Company held in EYM. EYM had not issued shares to the Group and the Company until full subscription. The Group and the Company has impaired S\$48,603 based on management's assessment of the recoverable amount of the partial subscription as at the financial year end.
- (c) As at 31 December 2014, other receivables include the balance of the Consideration Advance of S\$893,363 (equivalent to A\$750,000) due from Merlin Diamond Limited ("MED") in relation to the remaining balance of shares in the capital of MED to be allotted and issued to the Group and the Company. However, in view of the Group's and the Company's withdrawal of the takeover bid of MED subsequent to the financial year end, the Group and the Company impaired S\$173,184 of the balance of the Consideration Advance to MED to profit or loss based on management's assessment of the recoverable amount of the Consideration Advance as at the financial year end.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

14 TRADE AND OTHER RECEIVABLES (Continued)

As at 31 December 2015, MED issued 11,538,461 shares at a market rate equivalent to A\$750,000 (equivalent to S\$789,975) (Note 21(b)). The Group and the Company has written back the impairment loss recognised in the prior year amounting to S\$173,184.

- (d) As at 31 December 2015, other receivables include interest receivables of S\$484,172 (2014: S\$227,970) from the Cokal Convertible Loan (Note 21(d)). The Group and the Company has impaired the S\$484,172 (2014: Nil) interest receivables based on management's assessment of the recoverable amount of the receivable as at the financial year end.
- (e) On 6 March 2015, the Group and the Company entered into a deed to terminate the Convertible Note Deed dated 6 February 2013 (as amended pursuant to a deed of variation dated 16 May 2014 (Note 21(c)(i)) with Celsius Coal Limited ("Celsius"). Subsequently, the Group and the Company has written back the impairment loss recognised in the prior year amounting to S\$541,564. The Group and the Company had fully converted the interest receivables to shares in Celsius.
- (f) As at 31 December 2014, certain of the Group's and the Company's other receivables with a carrying amount of S\$968,586 were pledged as collateral for the Wintercrest Financing Loans (Note 25(d)).

15 OTHER ASSETS

	Group		Company	
	2015	2014	2015	2014
	S\$	S\$	S\$	S\$
<u>Current</u>				
Inventories	1,199	1,198	—	—
Deposits (a)	653,610	192,926	94,281	146,423
Prepayments	67,748	205,453	28,581	62,537
	722,557	399,577	122,862	208,960
<u>Non-current</u>				
Prepayments	—	2,469	—	—
Total other assets	722,557	402,046	122,862	208,960

The cost of inventories recognised as an expense and included in "Raw materials and consumables used" amounted to S\$98,893 (2014: S\$117,008) during the financial year.

- (a) As at 31 December 2015, other assets include a deposit for the proposed acquisition of the 50% equity interest in Net Data Investments Limited ("Net Data") amounting to S\$500,000 (2014: Nil) subject to regulatory approval. Net Data is a non-controlling shareholder of PT Rel-ion Sterelization Services, a 55.43% owned subsidiary of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

16 DEVELOPMENT PROPERTY

	Group	
	2015	2014
	S\$	S\$
Properties for development representing leasehold land, at cost ^(b)	4,749,561	5,425,499

Details of the Group's development property is as follows:

Description and Location	Usage	Tenure, (unexpired terms) and Land Area (square metre)	Stage of Completion and (Expected Year of Completion)	Effective Interest in Property	Net Book Value	
					2015	2014
					S\$	S\$
Leasehold land	Commercial	Leasehold, (86 years) 7,863 sq. metre	— ^(a)	65	4,749,561	5,425,499

Malaysia

H.S. (D) 181352, P.T.
No. 948, Section 13,
Town of Shah Alam,
District of Petaling,
Selangor

(a) On 4 December 2015, the Group entered into a joint venture arrangement ("JVA") with a third party (the "Developer") to undertake a mixed development on a piece of leasehold land held by the Group. The Developer has agreed to pay the Group 20% of the gross sales value from the project or the sum of RM25.0 million (equivalent to S\$8.2 million) guaranteed minimum consideration whichever is higher (the "JV Consideration"). The JV Consideration shall be paid by the Developer on or before the project completion date.

The JVA also provides that the Developer shall pay the Group an initial sum of RM0.5 million (S\$0.2 million) which shall constitute part of the JV Consideration.

(b) As at 31 December 2014, the Group disposed the 1 unit shop lot, for a total cash consideration of S\$152,895, which has been included as revenue in profit or loss (Note 5).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

17 ASSETS HELD FOR SALE

	Group	
	2015	2014
	S\$	S\$
Balance at the beginning of the year	–	2,002,877
Transferred from/(to) investment properties (Note 20)	1,670,118	(522,180)
Disposals	–	(1,475,680)
Currency translation differences	–	(5,017)
Balance at end of the year	1,670,118	–

On 15 September 2015, the Group entered into a sales and purchase agreement for the disposal of the Suasana Sentral Condominium, unit number B-37-01 for a total cash consideration of RM3,600,000 (approximately S\$1,184,760). The sale was not concluded as at 31 December 2015. Accordingly, this was reclassified from investment properties to assets held for sale.

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

As at 31 December 2015, the parcel 5-11 (Type B1) has been advertised for sale and the management is in the opinion that sale of this property, barring unforeseen circumstances should be highly probable and was reclassified from investment properties to assets held for sale.

18 INVESTMENTS IN SUBSIDIARIES/LOANS RECEIVABLES FROM SUBSIDIARIES

	Company	
	2015	2014
	S\$	S\$
Investments in subsidiaries (a)	5,390,836	5,390,838
Less: Allowance for impairment loss	(974,551)	(974,551)
	4,416,285	4,416,287
Loans receivables from subsidiaries (b)	59,802,209	62,886,396
Less: Allowance for impairment loss	(51,119,306)	(46,271,446)
	8,682,903	16,614,950

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

18 INVESTMENTS IN SUBSIDIARIES/LOANS RECEIVABLES FROM SUBSIDIARIES (Continued)**(a) Investments in subsidiaries**

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

	Company	
	2015	2014
	S\$	S\$
<i>Unquoted equity shares, at cost</i>		
Balance at the beginning of the year	5,390,838	5,390,818
Addition during the year (d)	–	20
Written off during the year	(2)	–
Balance at the end of the year	5,390,836	5,390,838
<i>Allowance for impairment loss</i>		
Balance at the beginning of the year	974,551	4
Impairment recognised during the year	2	974,547
Allowance written off during the year	(2)	–
Balance at the end of the year	974,551	974,551
Carrying amount of investments in subsidiaries	4,416,285	4,416,287

- (i) As at 31 December 2015, the Company has impaired S\$2 (2014: S\$974,547) of its investments in subsidiaries to profit or loss based on management's judgement of the fair value of the relevant subsidiaries' net assets and liabilities as at the financial year end.
- (ii) As at 31 December 2015, the Company has written off the allowance for impairment loss of S\$2 (2014: Nil) in relation to its investment in a subsidiary that had been struck off the Register.

As at 31 December 2015, certain of the Company's investments in subsidiaries with a carrying amount of S\$3,311,831 (2014: S\$3,311,831) have been pledged as collateral for the Wintercrest Financing Loans (Note 25(d)).

(b) Loans receivables from subsidiaries

As at 31 December 2015, the loans receivables from subsidiaries consist of interest-free loan receivables of S\$59,802,209 (2014: S\$62,886,396).

The loans receivables are interest-free, unsecured and settlement is neither planned nor likely to occur in the foreseeable future. As the amounts are, in substance, a part of the Company's net investments in the equity of the subsidiaries, they are stated at cost less impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

18 INVESTMENTS IN SUBSIDIARIES/LOANS RECEIVABLES FROM SUBSIDIARIES (Continued)

(b) Loans receivables from subsidiaries (Continued)

As at 31 December 2015, certain of the Company's loans receivables from subsidiaries with a carrying amount of S\$11,491 (2014: S\$1,186,016) have been pledged as collateral for the Wintercrest Financing Loans (Note 25(d)).

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

	Company	
	2015 S\$	2014 S\$
Balance at the beginning of the year	46,271,446	7,011,200
Impairment recognised during the year	6,595,052	39,260,246
Allowance written off during the year	(1,747,192)	—
Balance at the end of the year	51,119,306	46,271,446

As at 31 December 2015, the Company has impaired S\$6,595,052 (2014: S\$39,260,246) of its loans receivables from subsidiaries to profit or loss based on management's judgement of the recoverable amount of the loan receivables from the relevant subsidiaries as at the financial year end.

As at 31 December 2015, the Company had written-off an allowance for impairment loss of S\$1,747,192 (2014: Nil) in relation to its investment in a subsidiary that had been struck off the Register.

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

Name of companies		Effective equity	
Country of business/incorporation	Principal activities	held by the Group	
		2015	2014
		%	%
Held by the Company			
Adroit Innovations Investment Pte Ltd ^(a) Singapore	Investment holding	100	100
G1 Investments Pte. Ltd. ^(a) Singapore	Investment holding	100	100
Tria Holdings Pte. Ltd. ^(a) Singapore	Investment holding	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

18 INVESTMENTS IN SUBSIDIARIES/LOANS RECEIVABLES FROM SUBSIDIARIES (Continued)

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

Name of companies Country of business/incorporation	Principal activities	Effective equity held by the Group	
		2015 %	2014 %
Asphere Holdings Pte. Ltd. ^(a) Singapore	Investment holding	100	100
Tyzen Holdings Pte. Ltd. ^(f) Singapore	Investment holding	100	100
Phelago Holdings Pte. Ltd. ^(a) Singapore	Investment holding	100	100
Raintree Rock Sdn. Bhd. ^(b) Malaysia	Investment holding	100	100
Powerlite Ventures Limited ^(e) British Virgin Islands	Investment holding	100	100
Blumont Copper Pte. Ltd. ^(a) Singapore	Investment holding and copper mining	100	100
<u>Held by Adroit Innovations Investment Pte Ltd</u>			
PT Rel-ion Sterilization Services ^(c) Indonesia	Sterilisation and polymerisation services	55.43	55.43
<u>Held by Tria Holdings Pte. Ltd.</u>			
Trackplus Sdn Bhd ^(b) Malaysia	Property development	65	65
<u>Held by Asphere Holdings Pte. Ltd.</u>			
Gemisuria Corporation Sdn Bhd ^(d) Malaysia	Property development	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

18 INVESTMENTS IN SUBSIDIARIES/LOANS RECEIVABLES FROM SUBSIDIARIES (Continued)

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

- (a) Audited by Moore Stephens LLP, Singapore.
- (b) Audited by Moore Stephens Associates PLT, Malaysia, a member firm of Moore Stephens International Limited of which Moore Stephens LLP is also a member.
- (c) Audited by Paul Hadiwinata, Hidajat, Arsono, Achmad, Suharli & Rekan, Indonesia.
- (d) Audited by KBCF Tan, Malaysia.
- (e) No audit requirement in the country of incorporation.
- (f) Filed for strike-off during the financial year, and pending for de-registration notice at these financial statements date.

(d) Acquisition of additional interest in a subsidiary

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

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

	Group 2014 S\$
Consideration paid for acquisition of non-controlling interest (a)	20
Fair value of acquired non-controlling interest (Note 31)	962,276
Acquisition of additional interest in a subsidiary	962,296

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

18 INVESTMENTS IN SUBSIDIARIES/LOANS RECEIVABLES FROM SUBSIDIARIES (Continued)**(e) Disposal of a subsidiary**

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

	Group 2014 S\$
<u>Analysis of assets and liabilities over which control was lost</u>	
Current assets	2
Non-current assets	–
Current liabilities	–
Non-current liabilities	–
Net assets disposed of	<u>2</u>
<u>Gains on disposal of subsidiary</u>	
Consideration receivable	2
Net assets disposed of	<u>(2)</u>
Gain on disposal of subsidiary	<u>–</u>

The disposal of subsidiary has no material impact on the Group's profit or loss and cash flows for the financial year ended 31 December 2014.

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

Name of companies (Country of business/ incorporation)	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2015	2014	2015	2014	2015	2014
	%	%	S\$	S\$	S\$	S\$
PT Rel-ion Sterilization Services (Indonesia)	44.57	44.57	610,974	684,168	2,930,784	2,340,486
Trackplus Sdn Bhd (Malaysia)	35	35	(14,333)	(38,998)	490,502	504,835

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

18 INVESTMENTS IN SUBSIDIARIES/LOANS RECEIVABLES FROM SUBSIDIARIES (Continued)

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

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

	2015 S\$	2014 S\$
<u>PT Rel-ion Sterilization Services</u>		
Current assets	2,218,905	3,888,334
Non-current assets	4,284,772	2,228,951
Current liabilities	(140,904)	(347,100)
Non-current liabilities	(603,753)	(518,926)
Equity attributable to owners of the Company	3,192,225	2,910,773
Non-controlling interests	2,566,795	2,340,486
Revenue	3,590,330	3,398,656
Profit for the year	1,370,818	1,535,042
Profit attributable to owners of the Company	759,844	850,874
Profit attributable to non-controlling interests	610,974	684,168
Profit for the year	1,370,818	1,535,042
Other comprehensive loss attributable to owners of the Company	(25,715)	(18,505)
Other comprehensive loss attributable to non-controlling interests	(20,676)	(14,879)
Other comprehensive loss for the year	(46,391)	(33,384)
Total comprehensive income attributable to owners of the Company	734,128	832,369
Total comprehensive income attributable to the non-controlling interests	590,298	669,289
Total comprehensive income for the year	1,324,426	1,501,658
Net cash inflow from operating activities	546,948	1,978,173
Net cash outflow from investing activities	(2,235,020)	(321,890)
Net cash outflow from financing activities	(47,760)	(31,949)
Net cash (outflow)/inflow for the year	(1,735,832)	1,624,334

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

18 INVESTMENTS IN SUBSIDIARIES/LOANS RECEIVABLES FROM SUBSIDIARIES (Continued)

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

	2015 S\$	2014 S\$
<u>Trackplus Sdn Bhd</u>		
Current assets	1,674,513	1,888,267
Non-current assets	—	—
Current liabilities	(423,631)	(445,881)
Non-current liabilities	—	—
Equity attributable to owners of the Company	813,073	937,551
Non-controlling interests	437,809	504,835
Revenue	—	—
Loss for the year	(40,952)	(87,498)
Loss attributable to owners of the Company	(26,619)	(48,500)
Loss attributable to non-controlling interests	(14,333)	(38,998)
Loss for the year	(40,952)	(87,498)
Other comprehensive income attributable to owners of the Company	—	—
Other comprehensive income attributable to the non-controlling interests	—	—
Other comprehensive income for the year	—	—
Total comprehensive loss attributable to owners of the Company	(26,619)	(48,500)
Total comprehensive loss attributable to the non-controlling interests	(14,333)	(38,998)
Total comprehensive loss for the year	(40,952)	(87,498)
Net cash outflow from operating activities	(41,766)	(32,258)
Net cash inflow from financing activities	41,004	3,779
Net cash outflow for the year	(762)	(28,479)

During the financial year ended 31 December 2015, the Group paid dividends of S\$365,177 (2014: Nil) to a non-controlling shareholder of a subsidiary (Note 31).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

19 INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
Balance at the beginning of the year	11,958,767	–	–	–
Addition during the year (Note 21(a))	–	12,635,270	–	–
Share of loss of an associate	(1,724,507)	(1,462,485)	–	–
Dilution gain	180,868	–	–	–
Share of other comprehensive loss of an associate	(375,614)	(102,917)	–	–
Share of post-acquisition reserves (Note 30(b)(iii))	–	(521,642)	–	–
Currency translation differences	(319,204)	1,410,541	–	–
Balance at the end of the year	9,720,310	11,958,767	–	–
Less: Allowance for impairment loss	(4,568,521)	(4,351,686)	–	–
	5,151,789	7,607,081	–	–

In 2014, the Azarga Resources Convertible Note was fully converted into ordinary shares in Azarga Resources Limited (“Azarga Resources”) at the agreed conversion price of US\$0.50 per share (see Note 21(c)(ii)). Prior to the conversion, the Group held an equity investment in Azarga Resources accounted for as unquoted equity investment under financial assets, available-for-sale (see Note 21(a)), which represented an approximately 17.65% shareholding interest in Azarga Resources. Consequently, after the aforesaid conversion, the Group’s shareholding interest in Azarga Resources was increased to approximately 43.08%.

Subsequently as announced by the Company on 29 October 2014, the acquisition of Azarga Resources with Toronto Stock Exchange listed Powertech Uranium Corp. (“Powertech”) has been completed which resulted in Powertech having purchased all of the Group’s shares in Azarga Resources in exchange for shares in Powertech – renamed as Azarga Uranium Corp. (“Azarga Uranium”). Consequently, the Group owns approximately 30.39% of the total issued share capital of Azarga Uranium, and accordingly, accounted for as an associate of the Group.

The Group has also recognised a re-measurement loss on the pre-existing investment in Azarga Resources amounting to S\$21,010,344 (see Note 21(a)) as a result of the exchange of the Group’s share in Azarga Resources for the shares in Azarga Uranium mentioned above.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

19 INVESTMENT IN AN ASSOCIATE (Continued)

During the financial year ended 31 December 2015, Azarga Uranium issued shares resulting in a dilution of the Group's shareholding to 29.92%. The Group recognised a dilution gain amounting to S\$180,868.

Details of the Group's associate is as follows:

Name of company (Country of business/incorporation)	Principal activities	Effective equity held by the Group	
		2015	2014
Azarga Uranium Corp. (Canada) ^(a)	Uranium exploration and development	29.92%	30.39%

(a) Audited by BDO Canada LLP

As at 31 December 2015, the Group has impaired S\$216,835 (2014: S\$4,351,686) of its investment in an associate to profit or loss, the recoverable amount of which was determined based on the market value of those quoted shares held in the associate as at 31 December 2015.

As at 31 December 2015, the carrying amount of the Group's investment in an associate amounting to S\$5,151,789 (2014: S\$7,607,081) has been pledged as collateral for the Wintercrest Financing Loans (Note 25(d)).

Summarised financial information in respect of the Group's investment in an associate is set out below.

Summarised statement of financial position:

	Group	
	2015 S\$	2014 S\$
Current assets	4,276,595	4,861,743
Non-current assets	52,765,043	55,298,568
	57,041,638	60,160,311
Current liabilities	(3,842,839)	(6,932,617)
Non-current liabilities	(11,832,054)	(13,876,701)
	(15,674,893)	20,809,318
Net assets	41,366,745	39,350,993

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

19 INVESTMENT IN AN ASSOCIATE (Continued)

Summarised statement of comprehensive income:

	Group	
	2015 S\$	2014 S\$
Revenue	–	–
Loss for the year	(5,159,221)	(1,840,229)
Other comprehensive loss	(1,255,394)	(912,713)
Total comprehensive loss	(6,414,615)	(2,752,942)
Fair value of investment in associate for which there is a published price quotation – Level 1 as defined in Note 33(d)	5,151,789	7,607,081

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in an associate is as follows:

	Group	
	2015 S\$	2014 S\$
Net assets as at 31 December	41,366,745	39,350,993
Proportion of the Group's ownership	29.92%	30.39%
Group's share of net assets	12,376,930	11,958,767
Less: Allowance for impairment loss	(4,568,521)	(4,351,686)
Other adjustments	(2,656,620)	–
Carrying amount of the investment in an associate	5,151,789	7,607,081

There were no dividends received from the associate during the financial years ended 31 December 2015 and 2014.

20 INVESTMENT PROPERTIES

	Group	
	2015 S\$	2014 S\$
<i>At fair value</i>		
Balance at the beginning of the year	2,305,190	1,658,080
Fair value (loss)/gain recognised in profit or loss (Note 6)	(360,433)	161,877
Currency translation differences	(274,639)	(36,947)
Transferred (to)/from assets held for sale (Note 17)	(1,670,118)	522,180
Balance at the end of the year	–	2,305,190

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

20 INVESTMENT PROPERTIES (Continued)

- (a) Details of the Group's investment properties are as follows:

Description and Location	Usage	Tenure, (unexpired terms)	Fair value	
			2015 S\$	2014 S\$
Nil (2014: 1) condominium unit Malaysia B-37-01, 37 th Floor, Block B Suasana Sentral Condominium, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur	Residential	Freehold	–	1,738,340
Nil (2014: 1) condominium unit Malaysia 5-11 Clear Water Residence, Changkat Semantan, Damansara Heights, 50490 Kuala Lumpur	Residential	Freehold	–	566,850
			–	2,305,190

- (b) Investment properties are leased to non-related parties under operating leases.

	Group	
	2015 S\$	2014 S\$
The following amounts are recognised in profit or loss:		
Rental income from investment properties (Note 5)	25,313	27,869
Direct operating expenses (including repairs and maintenance) arising from rental generating properties	15,770	23,203

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

20 INVESTMENT PROPERTIES (Continued)

- (c) Investment properties are carried at fair value as at the statement of financial position date as determined by reference to market evidence of transaction prices of similar properties in the vicinity and/or independent professional valuers, which use the Direct Comparison Method.

The fair value of the Group's investment properties as at the statement of financial position date has been arrived at on the basis of a valuation carried out at that date by Messrs Suleiman & Co Property Consultants Sdn Bhd, independent valuers not related to the Group. The independent valuers are members of the Board of Valuers, Appraisers and Estate Agents Malaysia, and they have appropriate recognised professional qualifications and relevant experiences in the locations and type of investment properties being valued. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

During the financial year, management has determined the fair value of investment properties held and recognised a fair value loss of S\$360,433 (31 December 2014: fair value gain of S\$161,877) in profit or loss. The fair value of investment properties was classified under Level 3 of the fair value hierarchy, as defined in Note 33(d). As at 31 December 2015, the investment properties were reclassified as asset held for sale in Note 17.

The following table shows the significant unobservable input used in the valuation model:

Description	Valuation technique	Significant unobservable input
Investment properties	Direct Comparison Method	Adopted per square meter*

* Any significant isolated increases/(decreases) in the input would result in a significant higher/(lower) fair value measurement.

- (d) For the purposes of measuring deferred taxes for investment properties that are measured using a fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. Management has reviewed the Group's investment property portfolio and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the management has determined that the 'sale' presumption is not rebutted. As a result, the Group did not recognise any deferred taxes on changes in fair value of the investment properties, as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

21 FINANCIAL ASSETS, AVAILABLE-FOR-SALE

	Group		Company	
	2015	2014	2015	2014
	S\$	S\$	S\$	S\$
Unquoted equity investments (a)	–	–	–	–
Quoted equity investments (b)	10,847,458	8,495,550	10,847,458	7,304,739
Celsius Convertible (c)(i)	–	161,202	–	161,202
Cokal Convertible loan (d)	–	4,492,420	–	4,492,420
Total financial assets, available-for-sale	10,847,458	13,149,172	10,847,458	11,958,361

As at 31 December 2015, the carrying amount of the Group's financial assets, available-for-sale amounting to S\$10,847,458 (2014: S\$13,149,172) have been pledged as collateral for the Wintercrest Financing Loans (Note 25(d)).

As at 31 December 2015, the Group disposed of certain financial assets, available-for-sale with a carrying amount of S\$576,232 (2014: Nil) and has recognised a gain on disposal of financial assets, available-for-sale of S\$498,938 (2014: Nil).

As at 31 December 2015, the Group wrote off certain financial assets, available-for-sale amounting to S\$665,402 (2014: Nil).

(a) Unquoted equity investments

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

	Group		Company	
	2015	2014	2015	2014
	S\$	S\$	S\$	S\$
<i>Unquoted equity investments, at cost</i>				
Balance at the beginning of the year	–	10,368,763	–	405,715
Additions during the year	–	311,250	–	311,250
Addition from conversion of Azarga Resources Convertible (c)(ii)	–	22,446,000	–	–
Addition from conversion of interest receivables (c)(ii)	–	1,379,489	–	–
	–	23,825,489	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

21 FINANCIAL ASSETS, AVAILABLE-FOR-SALE (Continued)

(a) Unquoted equity investments (Continued)

	Group		Company	
	2015	2014	2015	2014
	S\$	S\$	S\$	S\$
Less: Re-measurement loss on acquisition of investment in associate by the exchange of certain financial assets, available-for-sale (Note 19)	-	(21,010,344)	-	-
Acquisition of investment in associate by the exchange of certain financial assets, available-for-sale (Note 19)	-	(12,635,270)	-	-
Investments written off	-	(716,965)	-	(716,965)
Currency translation differences	-	(142,923)	-	-
Balance at the end of the year	-	-	-	-
<i>Allowance for impairment loss</i>				
Balance at the beginning of the year	-	(405,715)	-	(405,715)
Impairment recognised during the year	-	(311,250)	-	(311,250)
Allowance written off during the year	-	716,965	-	716,965
Balance at the end of the year	-	-	-	-
Unquoted equity investments – net	-	-	-	-

As at 31 December 2014, the Group had impaired S\$311,250 of its unquoted equity investments to profit or loss due to significant adverse changes in the economic environment in which the investee companies operate.

As at 31 December 2014, the Group fully wrote off all its unquoted equity investments amounted to S\$716,965 together with the relevant allowance for impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

21 FINANCIAL ASSETS, AVAILABLE-FOR-SALE (Continued)**(b) Quoted equity investments**

Movements in quoted equity investments during the financial year are as follows:

	Group		Company	
	2015	2014	2015	2014
	S\$	S\$	S\$	S\$
<i>Quoted equity investments, at fair value</i>				
Balance at the beginning of the year	8,495,550	21,863,564	7,304,739	17,996,421
Additions during the year (Note 29(a)(ii))	2,122,065	2,550,075	2,122,065	2,550,075
Disposal during the year	(576,232)	—	—	—
Written off during the year (Note 6)	(665,402)	—	—	—
Addition from conversion of Celsius convertible note (c)(i)	165,530	—	165,530	—
Addition from conversion of Celsius convertible note interest receivables (c)(i)	23,207	—	23,207	—
	188,737	—	188,737	—
Addition through conversion of debt owed by MED (Note 14(c))	789,975	—	789,975	—
Cumulative fair value gain/ (loss) recognised in other comprehensive income (Note 30(b)(i)))	1,524,826	(1,662,096)	1,524,827	(1,662,096)
Impairment recognised during the year	(1,082,885)	(14,319,721)	(1,082,885)	(11,579,661)
Currency translation differences	50,824	63,728	—	—
Balance at the end of the year	10,847,458	8,495,550	10,847,458	7,304,739

During the financial year, the Group has impaired S\$1,082,885 (2014: S\$15,981,817) of its quoted equity investments to profit or loss as a result of a significant or prolonged decline in the fair value these investments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

21 FINANCIAL ASSETS, AVAILABLE-FOR-SALE (Continued)

(c) (i) Celsius Convertible Note

	Group		Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
Balance at the beginning of the year	167,395	2,708,543	167,395	2,708,543
Additions during the year	–	1,527,800	–	1,527,800
Conversion to shares (b)	(165,530)	–	(165,530)	–
Impairment recognised during the year	–	(4,017,394)	–	(4,017,394)
Currency translation differences	(1,865)	(51,554)	(1,865)	(51,554)
Balance at the end of the year	–	167,395	–	167,395
<i>Presented as</i>				
Financial assets, available-for-sale	–	161,202	–	161,202
Derivative financial assets (Note 22)	–	6,193	–	6,193
	–	167,395	–	167,395

On 6 February 2013, the Group entered into a convertible note agreement with Celsius Coal Limited (“Celsius”), a company incorporated in Australia and listed on the Australian Stock Exchange, under which the Group made available to Celsius a loan facility for the sum of up to A\$5,000,000 at an interest rate of 12.5% per annum. The Group has the right to convert in part or in full, within 10 years after the first drawdown date, of both the principal amount and accrued interest into ordinary shares of Celsius at the conversion price pursuant to the terms of the loan facility. On 15 May 2014, the Group entered into a deed variation with Celsius to amend and vary the terms of the convertible note agreement. Pursuant to the deed variation, the Group and Celsius agreed to reduce the loan facility limit from A\$5,000,000 to the aggregated amounts of A\$3,500,000 and US\$750,000.

In 2014, an additional A\$1,000,000 and US\$300,000 (total equivalent to S\$1,527,800) (2013: A\$2,500,000 (equivalent to S\$2,842,000)) of the loan facility had been drawn down by Celsius.

As at 31 December 2014, in view of the Company’s Termination Deed with Celsius on 6 March 2015, the Group had impaired S\$4,017,394 of the Celsius Convertible Note to profit or loss based on management’s assessment of the recoverable amount of the Celsius Convertible Note.

During the financial year, the Group fully converted the Celsius Convertible Notes into Celsius shares at the agreed conversion price of S\$0.001. The consideration for the Celsius Convertible Notes converted comprised the principal amount of S\$165,530 and the accrued interest of S\$23,207.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

21 FINANCIAL ASSETS, AVAILABLE-FOR-SALE (Continued)**(c) (ii) Azarga Resources Convertible Note**

	Group		Company	
	2015	2014	2015	2014
	S\$	S\$	S\$	S\$
Balance at the beginning of the year	–	14,745,637	–	–
Additions during the year	–	7,617,600	–	–
Conversion to shares (a)	–	(22,446,000)	–	–
Impairment loss	–	82,763	–	–
Balance at the end of the year	–	–	–	–

On 28 August 2013, the Group entered into an amendment to the convertible note deed dated 22 May 2013 with Azarga Resources under which the Group made available to Azarga Resources a loan facility for the sum of up to US\$21,000,000 at an interest rate of 10% per annum. The Group has the right to convert in part or in full, within 10 years after the first drawdown date, of both the principal amount and accrued interest into ordinary shares of Azarga Resources at the conversion price pursuant to the terms of the loan facility.

On 27 February 2014, the Group entered into a second amendment to the convertible note deed with Azarga Resources to increase the loan facility from US\$21,000,000 to US\$26,000,000. The incremental loan facility amount of US\$5,000,000 agreed could only be drawn in 2015 and was subject to a mutual agreed upon drawdown schedule to be agreed in writing. As at 31 December 2014, a drawdown schedule had not yet been agreed.

In 2014, an additional US\$6,000,000 (equivalent to S\$7,617,600) of the loan facility was drawn down by Azarga Resources.

Pursuant to the conversion notice from Azarga Resources, the Azarga Resources Convertible Note was fully converted into ordinary shares in Azarga Resources at the agreed conversion price of US\$0.50 per share in 2014. The consideration for the Azarga Resources Convertible Note converted comprised the principal amount of US\$18,000,000 (equivalent to S\$22,446,000) and accrued interest of US\$1,106,247 (equivalent to S\$1,379,489).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

21 FINANCIAL ASSETS, AVAILABLE-FOR-SALE (Continued)

(d) Cokal Convertible Loan

	Group		Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
<i>At cost</i>				
Balance at the beginning of the year	4,492,420	3,160,000	4,492,420	3,160,000
Additions during the year	–	1,139,650	–	1,139,650
Impairment recognised during the year	(4,805,900)	–	(4,805,900)	–
Currency translation differences	313,480	192,770	313,480	192,770
Balance at the end of the year	–	4,492,420	–	4,492,420

On 7 October 2013, the Group entered into a convertible loan facility agreement with Cokal Limited (“Cokal”), a company incorporated in Australia and listed on the Australian Stock Exchange, under which the Group made available to Cokal a loan facility of the sum up to US\$8,000,000 at an interest rate of 5% per annum. The loan facility is secured on, for every US\$1,600,000 drawn down, a first ranking, fixed charge over Cokal’s shareholdings in Cokal Holdings Pte. Ltd, equivalent to 1% or the total number of issued ordinary shares of Cokal Holdings Pte. Ltd. This loan facility includes a conversion option into ordinary shares of Cokal upon mutual agreement with Cokal and the Group.

During the financial year, the Group impaired S\$4,805,900 (2014: Nil) of the Cokal Convertible Loan to profit or loss based on management’s assessment of the recoverable amount of the Cokal Convertible Loan.

During the financial year, no loan facility has been drawn down by Cokal (2014: US\$900,000 (equivalent to S\$1,139,650)).

22 DERIVATIVE FINANCIAL ASSETS

	Group		Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
<i>At fair value</i>				
Celsius Convertible Note (Note 21(c)(i))	–	6,193	–	6,193

Derivative financial assets pertained to the fair value of the equity component of the convertible notes classified under financial assets, available-for-sale and were presented as non-current assets as the remaining maturity of the instrument is more than twelve months.

NOTES TO THE FINANCIAL STATEMENTS

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23 PROPERTY AND EQUIPMENT

	Freehold land S\$	Freehold building S\$	Renovations S\$	Furniture and fittings S\$	Office, computer and other equipment S\$	Cobalt isotope S\$	Motor vehicles S\$	Construction in-progress S\$	Total S\$
Group									
2015									
Cost									
At 1 January	904,743	714,327	56,939	14,049	1,130,861	1,460,843	1,023,685	–	5,305,447
Additions	–	162,669	64,919	5,000	151,387	1,805,413	39,389	125,717	2,354,494
Disposals/Write-off	–	–	(41,587)	(9,710)	(174,693)	–	(80,134)	–	(306,124)
Currency translation differences	(34,142)	(32,405)	(673)	(82)	(38,252)	(62,471)	(39,655)	–	(207,680)
At 31 December	870,601	844,591	79,598	9,257	1,069,303	3,203,785	943,285	125,717	7,146,137
Accumulated depreciation									
At 1 January	–	292,536	44,342	13,763	824,563	1,097,860	396,270	–	2,669,334
Depreciation during the year (Note 8)	–	37,751	19,222	863	67,393	167,229	118,856	–	411,314
Disposals/Write-off	–	–	(30,180)	(9,453)	(168,783)	–	(49,268)	–	(257,684)
Currency translation differences	–	(12,295)	(672)	(83)	(27,116)	(42,110)	(21,691)	–	(103,967)
At 31 December	–	317,992	32,712	5,090	696,057	1,222,979	444,167	–	2,718,997
Net carrying amount									
At 31 December	870,601	526,599	46,886	4,167	373,246	1,980,806	499,118	125,717	4,427,140

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

23 PROPERTY AND EQUIPMENT (Continued)

	Freehold land S\$	Freehold building S\$	Renovations S\$	Furniture and fittings S\$	Office, computer and other equipment S\$	Cobalt isotope S\$	Motor vehicles S\$	Total S\$
Group								
2014								
<u>Cost</u>								
At 1 January	887,672	612,661	57,045	14,062	1,060,168	1,433,280	823,597	4,888,485
Additions	–	92,919	–	–	53,970	–	198,341	345,230
Disposals/Write-off	–	–	–	–	(149)	–	–	(149)
Currency translation differences	17,071	8,747	(106)	(13)	16,872	27,563	1,747	71,881
At 31 December	904,743	714,327	56,939	14,049	1,130,861	1,460,843	1,023,685	5,305,447
<u>Accumulated depreciation</u>								
At 1 January	–	259,682	37,311	13,597	751,055	933,817	280,011	2,275,473
Depreciation during the year (Note 8)	–	28,499	7,137	179	62,557	147,577	116,887	362,836
Disposals/Write-off	–	–	–	–	(6)	–	–	(6)
Currency translation differences	–	4,355	(106)	(13)	10,957	16,466	(628)	31,031
At 31 December	–	292,536	44,342	13,763	824,563	1,097,860	396,270	2,669,334
<u>Net carrying amount</u>								
At 31 December	904,743	421,791	12,597	286	306,298	362,983	627,415	2,636,113

NOTES TO THE FINANCIAL STATEMENTS

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23 PROPERTY AND EQUIPMENT (Continued)

	Renovations S\$	Furniture and fittings S\$	Office, computer and other equipment S\$	Motor vehicle S\$	Total S\$
Company					
2015					
<u>Cost</u>					
At 1 January	51,737	13,410	157,701	323,488	546,336
Additions	64,919	5,000	26,973	–	96,892
Disposal/Write-off	(41,587)	(9,710)	(132,909)	–	(184,206)
At 31 December	75,069	8,700	51,765	323,488	459,022
<u>Accumulated depreciation</u>					
At 1 January	39,140	13,123	137,822	115,530	305,615
Depreciation during the year	19,223	863	9,826	46,214	76,126
Disposal/Write-off	(30,180)	(9,453)	(128,047)	–	(167,680)
At 31 December	28,183	4,533	19,601	161,744	214,061
<u>Net carrying amount</u>					
At 31 December	46,886	4,167	32,164	161,744	244,961
2014					
<u>Cost</u>					
At 1 January	51,737	13,410	137,799	323,488	526,434
Additions	–	–	20,051	–	20,051
Disposal/Write-off	–	–	(149)	–	(149)
At 31 December	51,737	13,410	157,701	323,488	546,336
<u>Accumulated depreciation</u>					
At 1 January	32,003	12,944	130,439	69,318	244,704
Depreciation during the year	7,137	179	7,389	46,212	60,917
Disposal/Write-off	–	–	(6)	–	(6)
At 31 December	39,140	13,123	137,822	115,530	305,615
<u>Net carrying amount</u>					
At 31 December	12,597	287	19,879	207,958	240,721

As at 31 December 2015, the carrying amount of the Group's motor vehicles held under finance leases amounted to S\$161,744 (2014: S\$353,832).

NOTES TO THE FINANCIAL STATEMENTS

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24 TRADE AND OTHER PAYABLES

	Group		Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
Other payables (a)	1,636,858	318,515	1,247,369	252,877
Amounts due to a shareholder/director (b)	22,500	250,882	22,500	136,025
Non-trade payable to a shareholder (c)	–	712,182	–	–
Accrued operating expenses (d)	8,983,316	3,212,304	8,899,309	3,142,422
Interest payable – Wintercrest Financing Loans	6,796,374	2,657,134	6,796,374	2,657,134
Total trade and other payables	17,439,048	7,151,017	16,965,552	6,188,458

- (a) Other payables include professional fees which are mainly for the Wintercrest Financing Loans, the conversion of Celsius Convertible Note and the subscription of Elysium Resources Limited shares.
- (b) The amounts due to a shareholder/director are advances to the Group which are unsecured, interest-free and repayable on demand in cash.
- (c) As at 31 December 2014, the non-trade payable to a shareholder relates to the balance of the advances outstanding as disclosed in Note 34(b)). The amount is unsecured, interest-free and repayable on demand in cash. The amount has been fully repaid in the current financial year.
- (d) Accrued operating expenses include administrative fees and extension fees in relation to the Wintercrest Financing Loans totalling approximately S\$7.2 million as at 31 December 2015 (2014: S\$2.4 million). The amount also includes provision for withholding tax in relation to the Wintercrest Financing Loans interest payables amounting to S\$1.4 million (2014: Nil).

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25 BORROWINGS

	Group		Company	
	2015	2014	2015	2014
	S\$	S\$	S\$	S\$
<u>Current</u>				
Finance lease liabilities				
(a), (Note 26)	31,584	77,394	31,584	30,432
Wintercrest Financing				
Loans				
Principal amount	27,549,063	28,407,950	27,549,063	28,407,950
Less: Deferred loan charges	–	(293,496)	–	(293,496)
Wintercrest Financing				
Loans, net (b)	27,549,063	28,114,454	27,549,063	28,114,454
	27,580,647	28,191,848	27,580,647	28,144,886
<u>Non-current</u>				
Finance lease liabilities				
(a), (Note 26)	83,941	132,847	83,941	115,526
Total borrowings	27,664,588	28,324,695	27,664,588	28,260,412

- (a) Finance lease liabilities are effectively secured over the leased motor vehicles of the Group (Note 23), as the legal title is retained by the lessors and will be transferred to the Group upon full settlement of the finance lease liabilities. The weighted average effective interest rates of the finance lease liabilities ranges from 3.66% – 7.76% (2014: 3.66% – 7.76%) per annum during the financial year.
- (b) On 24 December 2013, the Company entered into a financing loan facility agreement with Wintercrest Advisors LLC (“Wintercrest”), under which Wintercrest made available to the Company a financing loan facility of the sum up to US\$30,000,000 at an interest rate of 10% per annum. The financing loan facility is secured by certain financial assets, available-for-sale of the Group and the maturity period of the financial loan facility was 30 June 2014.

On 29 May 2014, the Company entered into a supplemental agreement with Wintercrest (the “Supplemental Agreement”) to reduce the financing loan facility from US\$30,000,000 to US\$23,500,000. The maturity period of the financing loan facility was also extended from 30 June 2014 to 15 March 2015 and the interest rate increased from 10% to 12% per annum. The Supplemental Agreement also required additional financial assets, available-for-sale of the Group as security.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

25 BORROWINGS (Continued)

On 13 March 2015, Wintercrest agreed to extend the maturity date of the Wintercrest Loan Facility for a further 12 months from 15 March 2015 to 15 March 2016. All amounts due under the Wintercrest Loan Facility will be payable on or before 15 March 2016, and in accordance with the repayment schedule set out in the supplemental agreement dated 13 March 2015 (the "Second Supplemental Agreement"). It has been agreed that the Company shall repay at least 50% of the drawdown Wintercrest Loan Facility (and accrued interest and fees) within 6 months from 13 March 2015, and at least another 25% of the drawdown Wintercrest Loan Facility (and accrued interest and fees) within 9 months from 13 March 2015.

At the date of these financial statements, the Company has not settled the outstanding amount and is negotiating with Wintercrest on a full settlement arrangement, which will be subjected to regulatory approval.

- (c) As at 31 December 2014, US\$21,500,000 (equivalent to S\$28,407,950) of the financing loan facility has been drawn down by the Company, with a net proceeds of US\$19,145,000 (equivalent to S\$25,445,020) after deducting drawdown and legal fees of US\$2,355,000 (equivalent to S\$2,962,930), to be amortised up to the maturity period of the financing loan facility. The drawdown financing loan facility shall hereinafter be referred to as the "Wintercrest Financing Loans".
- (d) As at 31 December 2015, the Wintercrest Financing Loans is secured by:
- (i) all investments owned by the Company whose principal activities consist of exploration for or extraction of minerals, oil or gas (excluding any company that purely provides services or equipment to other companies engaged in such activities) (see Notes 18(a), 19 and 21);
 - (ii) the Company's net investments in certain wholly owned subsidiaries (see Note 18);
 - (iii) certain of the Company's bank accounts (Note 12); and
 - (iv) certain of the Company's monetary claims (Note 14(f), 18(b))

(e) Fair Value of Non-current Borrowings

	Group		Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
Finance lease liabilities	80,347	126,422	80,347	109,938

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

25 BORROWINGS (Continued)

(e) Fair Value of Non-current Borrowings (Continued)

The above fair values of finance lease liabilities were determined from cash flow analyses, discounted at market borrowing rates of an equivalent instrument as at the date of the statement of financial position which management expects to be available to the Group and the Company as follows:

	Group		Company	
	2015 %	2014 %	2015 %	2014 %
Finance lease liabilities	<u>5.00</u>	<u>5.00 – 8.50</u>	<u>5.00</u>	<u>5.00</u>

26 FINANCE LEASE LIABILITIES (SECURED)

	Group		Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
Not later than one year	<u>35,088</u>	<u>85,133</u>	<u>35,088</u>	<u>35,088</u>
Later than one year but not later than five years	<u>87,661</u>	<u>140,608</u>	<u>87,661</u>	<u>122,749</u>
	<u>122,749</u>	<u>225,741</u>	<u>122,749</u>	<u>157,837</u>
Less: Future finance charges	<u>(7,224)</u>	<u>(15,500)</u>	<u>(7,224)</u>	<u>(11,879)</u>
Present value of finance lease liabilities	<u>115,525</u>	<u>210,241</u>	<u>115,525</u>	<u>145,958</u>
Presented as:				
Current (Note 25)	<u>31,584</u>	<u>77,394</u>	<u>31,584</u>	<u>30,432</u>
Non-current (Note 25)	<u>83,941</u>	<u>132,847</u>	<u>83,941</u>	<u>115,526</u>
	<u>115,525</u>	<u>210,241</u>	<u>115,525</u>	<u>145,958</u>

27 EMPLOYEE COMPENSATION

	Group	
	2015 S\$	2014 S\$
Present value of unfunded obligations	<u>603,753</u>	<u>502,057</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

27 EMPLOYEE COMPENSATION (Continued)

Movements in the present value of the defined benefit obligations during the financial year are as follows:

	Group	
	2015	2014
	S\$	S\$
Defined benefit obligations at the beginning of the year	502,057	391,393
Benefits paid by the plan	(29,899)	(16,796)
Current service costs	48,068	40,377
Interest on obligations	41,232	36,270
Actuarial loss recognised in other comprehensive income	46,391	44,513
Currency translation differences	(4,096)	6,300
Defined benefit obligations at the end of the year	603,753	502,057

The amounts recognised in profit or loss during the financial year are as follows:

	Group	
	2015	2014
	S\$	S\$
Current service costs	48,068	40,377
Interest on obligations	41,232	36,270
Total, included in "Employee Benefits" (Note 7)	89,300	76,647

Actuarial loss recognised in other comprehensive income during the financial year are as follows:

	Group	
	2015	2014
	S\$	S\$
Amount accumulated in accumulated gains/(losses) at the beginning of the year	43,528	(524)
Recognised during the year	46,391	44,513
Currency translation differences	(3,894)	(461)
Amount accumulated in accumulated gains at the end of the year	86,025	43,528

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

27 EMPLOYEE COMPENSATION (Continued)

Principal actuarial assumptions at the end of the financial year are as follows:

	Group 2015 and 2014
Valuation method	Projected Unit Credit based on Actuarial Cost Method
Mortality rate	TMI 2011 (2014: CS01980)
Discount rate	9.0% (2014: 8.5%)
Future salary increase	10%
Disability rate	1% from TMI 2011 (2014: 10% or mortality rate)
Resignation rate	3% per annum up to age 25 years old, reducing linearly to 1% per annum at age 45 years old and thereafter
Normal retirement age	55 years old
Retirement rate	100% at normal retirement age

The Group has no significant exposure from changes in the principal actuarial assumptions disclosed above. Thus, no sensitivity analysis is presented.

28 DEFERRED TAXES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position as follows:

	Group	
	2015 S\$	2014 S\$
To be settled after one year		
– Deferred tax assets	(155,541)	(119,087)
– Deferred tax liabilities	11,979	27,700
Net balance at the end of the year	(143,562)	(91,387)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

28 DEFERRED TAXES (Continued)

The movements in the deferred tax assets and liabilities (on an aggregated basis) during the financial year are as follows:

	Group	
	2015 S\$	2014 S\$
Balance at the beginning of the year	(91,387)	(58,296)
Tax credited to:		
– profit or loss (Note 10)	(38,624)	(20,050)
– other comprehensive income	(15,464)	(11,128)
	(54,088)	(31,178)
Currency translation differences	1,913	(1,913)
Balance at the end of the year	(143,562)	(91,387)

Deferred tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of related tax benefits through future taxable profits is probable. The Group and the Company had the following unrecognised tax losses and capital allowances which can be carried forward and used to offset against future taxable income subject to meeting certain statutory tax requirements by those group entities in their respective countries of incorporation:

	Group		Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
Capital allowances	72,401	71,801	–	–
Tax losses	62,330,988	39,566,757	54,905,572	30,777,660
	62,403,389	39,638,558	54,905,572	30,777,660

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

28 DEFERRED TAXES (Continued)

The movements in the deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year are as follows:

Deferred tax assets:

	Provisions S\$
Group	
2015	
Balance at the beginning of the year	(125,632)
Currency translation differences	4,878
Tax (credited) to:	
– profit or loss	(18,487)
– other comprehensive income	(15,464)
	(33,951)
Balance at the end of the year	(154,705)
2014	
Balance at the beginning of the year	(97,978)
Currency translation differences	(1,621)
Tax (credited) to:	
– profit or loss	(14,905)
– other comprehensive income	(11,128)
	(26,033)
Balance at the end of the year	(125,632)

Deferred tax liabilities:

	Accelerated tax depreciation S\$	Fair value gains of investment properties S\$	Total S\$
Group			
2015			
Balance at the beginning of the year	6,545	27,700	34,245
Currency translation differences	(217)	(2,748)	(2,965)
Credited to profit or loss	(7,164)	(12,973)	(20,137)
Balance at the end of the year	(836)	11,979	11,143
2014			
Balance at the beginning of the year	11,418	28,264	39,682
Currency translation differences	272	(564)	(292)
Credited to profit or loss	(5,145)	–	(5,145)
Balance at the end of the year	6,545	27,700	34,245

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

29 SHARE CAPITAL

	Group and Company			
	2015		2014	
	Number of ordinary shares	S\$	Number of ordinary shares	S\$
<i>Ordinary shares issued and fully paid</i>				
Balance at the beginning of the year	2,609,387,832	100,173,519	2,583,006,879	99,042,284
Issue of shares	1,904,837,166	7,123,215	26,380,953	1,163,400
Share issue expense	—	(201,372)	—	(32,165)
Balance at the end of the year	4,514,224,998	107,095,362	2,609,387,832	100,173,519

(a) Issue of shares

- (i) The Company entered into a placement agreement with Dr. Vigneswaran T Subramaniam (the “Subscriber”), pursuant to which the Subscriber has agreed to subscribe for, and the Company has agreed to allot and issue to the Subscriber, one hundred million (100,000,000) new ordinary shares in the capital of the Company (the “Placement Shares”) at S\$0.01705 for each Placement Share (the “Placement”).

On 5 February 2015, the Placement was completed which raised net proceeds of approximately S\$1.7 million.

- (ii) On 31 March 2015, the Company allotted and issued 156,762,167 new ordinary shares at an issue price of S\$0.0135 per share for aggregate proceeds of S\$2,122,065. The issued shares was used as consideration shares for the takeover bid of Genesis Resources Limited, classified as financial assets, available-for-sale of the Group as disclosed in Note 21(b). The newly issued ordinary shares rank pari passu in all respects with the previously issued shares.
- (iii) On 4 November 2015, the Company allotted and issued 1,433,074,999 new ordinary shares (the “Rights Shares”) at an issue price of S\$0.002 for each Rights Share for aggregate proceeds of S\$2,866,150. The rights proceeds were used for the Group’s working capital and partial repayment to Wintercrest. The newly issued ordinary shares ranked pari passu in all respects with the previously issued shares.
- (iv) On 25 August 2014, the Company allotted and issued 26,380,953 new ordinary shares at an issue price of S\$0.0441 per share for aggregate proceeds of S\$1,163,400. The issued shares were used as consideration shares for the acquisition of certain financial assets, available for sale of the Group as disclosed in Note 36(b)(i). The newly issued ordinary shares rank pari passu in all respects with the previously issued shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

29 SHARE CAPITAL (Continued)

(b) Share options

Blumont Employee Share Option Scheme 2013 (the “Blumont ESOS 2013”)

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

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

The Blumont ESOS 2013 shall continue to be in force at the discretion of the Compensation Committee for a period of 10 years from 22 April 2013. However, the period may be extended or terminated with the approval of shareholders at a general meeting of the Company and any relevant approvals which may then be required.

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

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

- fixed at the market price equal to the average of the last dealt prices for the share on the Singapore Exchange Securities Trading Limited (“SGX-ST”) for the three (3) consecutive trading days immediately preceding the date of grant of that option; or
- set at a discount to a market price, provided that the maximum discount shall not exceed twenty per cent (20%) of the market price.

No share options under the Blumont ESOS 2013 have been granted during and as at the financial year ended 31 December 2015 (2014: Nil).

Blumont Performance Share Plan

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

29 SHARE CAPITAL (Continued)

(b) Share options (Continued)

Blumont Performance Share Plan (Continued)

The Blumont PSP shall continue to be in force at the discretion of the Compensation Committee for a period of 10 years from 22 April 2013. However, the period may be extended or terminated with the approval of shareholders at a general meeting of the Company and any relevant approvals which may then be required.

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

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

During the financial year, the Company granted 215,000,000 performance shares to directors and employees of the Company on 15 December 2015. The shares were issued and allotted at S\$0.002 per share on 16 December 2015.

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

(c) Capital management

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising share capital, reserves, accumulated losses and net debts, which includes borrowings net of cash and bank balances.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

29 SHARE CAPITAL (Continued)

(c) Capital management (Continued)

Consistently, the Group monitors capital on the basis of the net debt-to-adjusted capital ratio. This ratio is calculated as net debt ÷ adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less income tax and deferred tax liabilities and cash and bank balances. Adjusted capital comprises all components of equity attributable to owners of the Company (i.e. share capital, reserves and accumulated losses).

There were no changes in the Group's approach to capital management during the current and previous financial years.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The Group's net debt-to-adjusted capital ratio as at the statement of financial position date is as follows:

	Group		Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
Net debt	43,686,080	32,018,529	44,565,809	34,378,562
Total equity	(18,168,763)	4,515,194	(20,098,384)	199,555
Adjusted capital	25,517,317	36,533,723	24,467,425	34,578,117
Net debt-to-adjusted capital ratio	171.2%	87.6%	182.1%	99.4%

30 RESERVES

	Group		Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
(a) Composition:				
Fair value reserve	1,524,826	—	1,524,826	—
Currency translation reserve	(4,915,881)	(3,371,946)	—	—
Other reserves	(1,483,938)	(1,483,938)	—	—
	(4,874,993)	(4,855,884)	1,524,826	—

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

30 RESERVES (Continued)

(b) Movements during the financial year are as follows:

	Group		Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
(i) <u>Fair value reserve</u>				
Balance at the beginning of the year	–	1,662,096	–	1,662,096
Net change in fair value of financial assets, available-for-sale (Note 21(b))	1,524,826	–	1,524,826	–
Cumulative fair value gain reclassified to profit or loss (Note 21(b))	–	(1,662,096)	–	(1,662,096)
Balance at the end of the year	1,524,826	–	1,524,826	–
(ii) <u>Currency translation reserve</u>				
Balance at the beginning of the year	(3,371,946)	(2,494,210)	–	–
Foreign exchange translation loss	(1,168,321)	(774,819)	–	–
Share of other comprehensive loss of associate	(375,614)	(102,917)	–	–
Balance at the end of the year	(4,915,881)	(3,371,946)	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

30 RESERVES (Continued)

	Group		Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
(iii) <u>Other reserves</u>				
Balance at the beginning of the year	(1,483,938)	—	—	—
Acquisition of additional interest in a subsidiary (Note 18(d))	—	(962,296)	—	—
Share of post-acquisition reserves of associate (Note 19)	—	(521,642)	—	—
Balance at the end of the year	(1,483,938)	(1,483,938)	—	—

31 NON-CONTROLLING INTERESTS

	Group	
	2015 S\$	2014 S\$
Balance at the beginning of the year	4,182,584	2,622,081
Share of comprehensive income for the year	258,354	598,227
Dividend paid to non-controlling shareholder of a subsidiary (Note 18(f))	(365,177)	—
Acquisition of additional interest in a subsidiary (Note 18(d))	—	962,276
Balance at the end of the year	4,075,761	4,182,584

32 COMMITMENTS

(a) Operating Lease Commitments – where the Group is a lessee

The Group leases an office and certain office equipment from non-related parties under non-cancellable operating leases. The operating lease expenses charged to profit or loss during the financial year is disclosed in Note 8.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

32 COMMITMENTS (Continued)

(a) Operating Lease Commitments – where the Group is a lessee (Continued)

The future aggregate minimum lease payable under non-cancellable operating leases contracted for as at the statement of financial position date but not recognised as liabilities in the financial statements are analysed as follows:

	Group	
	2015 S\$	2014 S\$
Not later than one year	234,056	198,179
Later than one year but not later than five years	299,954	538,771
	534,010	736,950

The leases entered into by the Group do not include any contingent rentals, renewal purchase option or any escalation clauses.

(b) Capital Commitments

Commitments not recognised as at the statement of financial position date in the financial statements are as follows:

	Group		Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
Undrawn loan facilities	6,631,175	10,636,565	6,631,175	6,672,565

As at 31 December 2015, included in the Group's and the Company's undrawn loan facilities are those balance subscription in Elysium Resources Limited in accordance to the Take-Up Deed dated 14 November 2014 of A\$125,000 (S\$129,075) (Note 14(b)), Cokal Convertible Loan amounting to US\$4,600,000 (S\$6,502,100) (Note 21(d)),

As at 31 December 2014, included in the Group's undrawn loan facilities were Celsius Convertible Note, Cokal Convertible Loan and Azarga Resources Convertible Notes amounting to US\$450,000 (S\$594,585), US\$4,600,000 (S\$6,077,980) and US\$3,000,000 (S\$3,964,000), respectively (Note 21(c)(i), (ii) and (d)).

As at 31 December 2014, included in the Company's undrawn loan facilities were Celsius Convertible Note and Cokal Convertible Loan amounting to US\$450,000 (S\$594,585) and US\$4,600,000 (S\$6,077,980), respectively (Note 21(c)(i), (ii) and (d)).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

32 COMMITMENTS (Continued)

(c) Others

The Company has given an undertaking to provide continuing financial support to certain subsidiaries of the Group for the next twelve months from the date of authorisation of their financial statements.

33 FINANCIAL RISK MANAGEMENT

The Group's activities is exposed to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk arising in the normal course of the Group's business. The Group's overall risk management strategy seeks to minimise potential adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Risk management is carried out by the Group's executive management.

(a) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rate, interest rate and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

The Group operates internationally and is subject to various currency exposures, primarily with respect to the Indonesian Rupiah (IDR), Malaysian Ringgit (RM), United States Dollar (USD), and Australian Dollar (AUD). Currency risk arises from recognised assets and liabilities and net investments in foreign operations.

The Group has certain investments in foreign operations, whose net assets are exposed to currency translation risk. Currency exposures to the net assets of the Group's foreign operations in Malaysia and Indonesia are kept at a minimal level. The Group does not presently hedge this foreign exchange exposure.

Generally, recognised assets and liabilities are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily Singapore Dollar, but also IDR, RM, USD and AUD. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances. The Group monitors exposure of foreign currency risk on an ongoing basis by reviewing the liquid assets and liabilities held in currencies other than the Singapore Dollar to ensure that the net exposure are within acceptable parameters.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

33 FINANCIAL RISK MANAGEMENT (Continued)

(a) **Market Risk (Continued)**

(i) Currency risk (Continued)

The Group's and the Company's currency exposure based on the information provided to key management as at the statement of financial position date is as follows:

	2015			2014		
	Indonesian Rupiah \$	Malaysian Ringgit \$	Australian Dollar \$	Indonesian Rupiah \$	Malaysian Ringgit \$	Australian Dollar \$
Group						
Trade and other receivables	634,404	37,830	148,685	329,454	103,040	229,030
Cash and bank balances	1,343,626	101,244	—	1,469,593	234,597	1,926,973
Other financial assets	—	9,379	10,847,458	—	47,389	4,508,280
Trade and other payables	(51,762)	(386,332)	—	(49,369)	(158,008)	(2,670,934)
Other financial liabilities	(603,753)	—	—	(551,690)	(14,650)	(28,114,453)
	<u>1,322,515</u>	<u>(237,879)</u>	<u>10,996,143</u>	<u>1,197,988</u>	<u>212,368</u>	<u>9,386,642</u>
Company						
Trade and other receivables	—	—	148,685	—	—	229,030
Cash and bank balances	—	—	—	—	—	—
Other financial assets	—	—	10,847,458	—	—	4,508,280
Trade and other payables	—	—	—	—	—	(2,657,134)
Other financial liabilities	—	—	—	—	—	(28,114,453)
	—	—	<u>10,996,143</u>	—	—	<u>(26,034,277)</u>
						8,195,831

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

33 FINANCIAL RISK MANAGEMENT (Continued)**(a) Market Risk (Continued)****(i) Currency risk (Continued)**

A 1% strengthening of the Singapore Dollar against the following foreign currencies at the statement of financial position date would (decrease)/increase loss before tax and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest and tax rates, remain constant. The analysis was performed on the same basis for 2014, as indicated below:

	Group		Company	
	Loss before tax S\$	Equity S\$	Loss before tax S\$	Equity S\$
<u>2015</u>				
Indonesian Rupiah	(13,225)	—	—	—
Malaysian Ringgit	2,379	—	—	—
United States Dollar	414,249	—	416,341	—
Australian Dollar	(1,487)	(108,475)	1,487	(108,475)
<u>2014</u>				
Indonesian Rupiah	(11,980)	—	—	—
Malaysian Ringgit	(2,124)	—	—	—
United States Dollar	(241,211)	—	(260,343)	—
Australian Dollar	8,911	84,956	8,911	73,047

A 1% weakening of the Singapore Dollar against the above foreign currencies would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables, in particular interest and tax rates, remain constant.

(ii) Price risk

The Group is exposed to equity securities price risk from its investments held, which are classified on the statement of financial position as financial assets, at fair value through profit or loss or available-for-sale. These equity securities are mostly listed in Singapore, Malaysia, and Australia. The market value of these investments are affected, amongst others, by changes in market prices as a result of changes in global economic conditions, macro and micro economic factors affecting the relevant countries, where the investments are quoted, and factors specific to investee corporations. The fluctuations in market prices due to the above factors are unforeseen and the Group monitors these changes to respond to them as and when appropriate and necessary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

33 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market Risk (Continued)

(ii) Price risk (Continued)

A 1% increase in the underlying equity prices at the statement of financial position date with all other variables, including the tax rate, being held constant would (decrease)/increase loss before tax or equity in both years by the following amounts:

	Group		Company	
	2015	2014	2015	2014
	S\$	S\$	S\$	S\$
Equity	108,475	84,956	108,475	73,047
Loss before tax	10,742	78,803	15	1,613

A 1% decrease in the underlying equity prices would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables, including the tax rate, remain constant.

(iii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to interest rates arises relates from fixed interest-earning financial assets and fixed interest-bearing financial liabilities. Fixed interest-bearing financial assets primarily relates to financial assets, available-for-sale and cash and bank balances while fixed interest-bearing financial liabilities mainly relates to financing facilities. The interest rates and repayment terms are disclosed in the respective notes to the financial statements. The Group has no significant exposure from all of these financial assets and financial liabilities as these mainly bear fixed interest rates. Thus, no sensitivity analysis is presented.

(b) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group, and arises principally from the Group's receivables from customers, bank deposits and investment securities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

33 FINANCIAL RISK MANAGEMENT (Continued)**(b) Credit Risk (Continued)**

The carrying amount of financial assets in the statement of financial position represents the Group's and the Company's respective maximum exposure to credit risk, before taking into account any collateral held. For trade and other receivables, the Group has a credit policy in place and monitors credit evaluation and exposure to credit risk on an ongoing basis. The counterparty's payment pattern and credit exposure are continuously monitored at the entity level by the respective management and at the Group level.

(i) Trade and other receivables

The Group does not require any collateral in respect of trade and other receivables.

The maximum exposure to credit risk for trade and other receivables as at the statement of financial position date by geographic region is as follows:

	Group		Company	
	2015	2014	2015	2014
	S\$	S\$	S\$	S\$
Singapore	74,928	77,726	2,771	2,809
Malaysia	37,830	103,040	—	—
Indonesia	634,404	329,454	—	—
United States of America	—	229,030	—	229,030
Australia	148,685	739,556	148,685	739,556
	895,847	1,478,806	151,456	971,395

The trade and other receivables of the Group comprised 11 debtors (2014: 5 debtors) that individually represent 33% (2014: 72%) of trade and other receivables. There is no concentration of customer risk at the Company level.

The aging of trade and other receivables that were past due but not impaired as at the statement of financial position date is as follows:

	Group		Company	
	2015	2014	2015	2014
	S\$	S\$	S\$	S\$
Past due less than 2 months	128,257	128,637	—	—
Past due more than 2 months	4,934	5,128	—	—
	133,191	133,765	—	—

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

33 FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit Risk (Continued)

(i) Trade and other receivables (Continued)

Management believed that the unimpaired amounts that are past due are still collectible, based on historical payment behaviour and analysis of customer credit risk, including underlying customers' credit rating, where applicable.

The Group establishes an allowance for impairment loss that represents incurred losses in respect of trade and other receivables based on expected collectivity of the receivables. The movements in the allowance for impairment loss in respect of trade and other receivables based on individual impairments during the financial year are as follows:

	Group		Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
Balance at the beginning of the year	714,748	2,837,500	714,748	2,837,500
Impairment loss recognised during the year (Note 8)	654,476	714,748	654,476	714,748
Allowance written back during the year (Note 8)	(714,748)	–	(714,748)	–
Allowance written off during the year (Note 8)	–	(2,837,500)	–	(2,837,500)
Balance at the end of the year	654,476	714,748	654,476	714,748

Based on management's monitoring of customer credit risk, management believed that, apart from the above, no impairment allowance is necessary in respect of trade and other receivables.

The allowances account in respect of trade and other receivables is used to record impairment losses unless the Group and the Company is satisfied that no recovery of the amounts owing are possible, at that point, the amounts are considered irrecoverable and are written off against the financial assets directly.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

33 FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit Risk (Continued)

(ii) Investments

The Group limits its exposure to credit risk on investments held by investing only in liquid marketable securities and with counterparties that have a good credit ratings. Management does not expect any counterparty to fail to meet its obligations, except for certain impaired financial assets, available-for-sale as disclosed in Note 21.

The allowance account in respect of financial assets, available-for-sale is used to record impairment losses unless the Group/Company is satisfied that no recovery of the investments held are possible, at that point, the investments are considered irrecoverable and are written off against the financial assets directly.

(iii) Cash and bank balances

The Group and the Company held cash and bank balances of S\$2,021,309 and S\$64,331 respectively as at 31 December 2015 (2014: S\$3,959,240 and S\$70,308 respectively), which represents their maximum credit exposure on these assets. The cash at bank are held with banks with good credit ratings.

(c) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meets its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk by maintaining sufficient cash and marketable securities and the ability to close out market positions at a short notice. Where necessary, fund raising exercise will be considered through right issues and private placements. Further discussion on the Group's liquidity risk is disclosed in Note 3(a).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

33 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity Risk (Continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the statement of financial position date based on contractual undiscounted payments.

	Carrying amounts S\$	Contractual amounts S\$	< 1 year S\$	1 – 5 years S\$	> 5 years S\$	Total S\$
Group						
<u>2015</u>						
Trade and other payables	17,439,048	17,439,048	17,439,048	–	–	17,439,048
Borrowings	27,664,588	30,970,475	30,886,533	83,942	–	30,970,475
Undrawn loan facilities						
commitments (Note 32(b))	6,631,175	6,631,175	6,631,175	–	–	6,631,175
	<u>51,734,811</u>	<u>55,040,698</u>	<u>54,956,756</u>	<u>83,942</u>	<u>–</u>	<u>55,040,698</u>
<u>2014</u>						
Trade and other payables	7,151,017	7,151,017	7,151,017	–	–	7,151,017
Borrowings	28,324,695	31,991,554	31,850,947	140,607	–	31,991,554
Undrawn loan facilities						
commitments (Note 32(b))	10,636,565	10,636,565	10,636,565	–	–	10,636,565
	<u>46,112,277</u>	<u>49,779,136</u>	<u>49,638,529</u>	<u>140,607</u>	<u>–</u>	<u>49,779,136</u>
Company						
<u>2015</u>						
Trade and other payables	16,965,552	16,965,552	16,965,552	–	–	16,965,552
Borrowings	27,664,588	30,970,475	30,886,533	83,942	–	30,970,475
Undrawn loan facilities						
commitments (Note 32(b))	6,631,175	6,631,175	6,631,175	–	–	6,631,175
	<u>51,261,315</u>	<u>54,567,202</u>	<u>54,483,260</u>	<u>83,942</u>	<u>–</u>	<u>54,567,202</u>
<u>2014</u>						
Trade and other payables	6,188,458	6,188,458	6,188,458	–	–	6,188,458
Borrowings	28,260,412	31,923,651	31,800,902	122,749	–	31,923,651
Undrawn loan facilities						
commitments (Note 32(b))	6,672,565	6,672,565	6,672,565	–	–	6,672,565
	<u>41,121,435</u>	<u>44,784,674</u>	<u>44,661,925</u>	<u>122,749</u>	<u>–</u>	<u>44,784,674</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

33 FINANCIAL RISK MANAGEMENT (Continued)**(d) Fair Value of the Group's Financial Assets and Liabilities that are Measured at Fair Value on a Recurring Basis**

The Group categorises fair value measurement using a fair values hierarchy that is dependent on the valuation inputs used as follows:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Other than the Group's investment properties disclosed in Note 20(c), the following table presents the Group's/Company's financial assets and financial liabilities measured at fair value as at the statement of financial position date by level of the fair value measurement hierarchy:

	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
Group				
2015				
Financial assets at fair value through profit or loss				
– Trading securities	1,074,188	–	–	1,074,188
Financial assets, available-for-sale				
– Quoted equity investments	10,847,458	–	–	10,847,458
2014				
Financial assets at fair value through profit or loss				
– Trading securities	7,880,313	–	–	7,880,313
Financial assets, available-for-sale				
– Quoted equity investments	8,495,550	–	–	8,495,550
– Celsius Convertible Note	–	–	161,202	161,202
Derivative financial assets	–	–	6,193	6,193

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

33 FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair Value of the Group's Financial Assets and Liabilities that are Measured at Fair Value on a Recurring Basis (Continued)

	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
Company				
2015				
Financial assets at fair value through profit or loss				
– Trading securities	1,500	–	–	1,500
Financial assets, available-for-sale				
– Quoted equity investments	10,847,458	–	–	10,847,458
2014				
Financial assets at fair value through profit or loss				
– Trading securities	161,250	–	–	161,250
Financial assets, available-for-sale				
– Quoted equity investments	7,304,739	–	–	7,304,739
– Celsius Convertible Note	–	–	161,202	161,202
Derivative financial assets	–	–	6,193	6,193

The fair value of financial instruments traded in active markets (such as trading securities) is based on quoted market prices as at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price. If third party information, such as broker quotes or pricing services, is used to measure fair value, then the valuation team assess and review the evidence obtained from the third parties to support the conclusion that such valuation meet the requirements of FRS, including the level in fair value hierarchy the resulting fair value estimate should be classified. These financial instruments are included in Level 1.

As at the date of these financial statements, based on the prevailing quoted market prices, the Group's listed securities classified under financial assets, at fair value through profit or loss and quoted equity investments classified under financial assets, available-for-sale as at the statement of financial position date, are exposed to net fair value losses arising from changes in fair value amounting to approximately S\$788,000 (2014: S\$5,123,000) and S\$6,571,000 (2014: S\$1,049,000), respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

33 FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair Value of the Group's Financial Assets and Liabilities that are Measured at Fair Value on a Recurring Basis (Continued)

Other than as disclosed in Note 20(c), the following table shows the significant unobservable input used in Level 3:

Description	Valuation technique	Significant unobservable input
Financial assets, available-for-sale – unquoted equity securities/ derivative assets	Discounted cash flow	Most advantageous equivalent borrowing rates*

* Any significant isolated increases/(decreases) in the input would result in a significant lower/(higher) fair value measurement.

(e) Fair Value of the Group's Financial Assets and Liabilities that are not Measured at Fair Value on a Recurring Basis (but Fair Value Disclosure is Required)

(i) Non-derivative financial liabilities

The carrying amounts of borrowings approximate its fair value as they bear interest at rates which approximate the current incremental borrowing rate for similar type of lending and borrowing arrangements.

(ii) Other financial assets and liabilities

The carrying amounts of financial assets and financial liabilities with a maturity of less than one year (including trade and other receivables, cash and bank balances, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

(f) Valuation Policies and Procedures

The Group has established control framework with respect to the measurement of fair values. This frame includes a valuation team that reports directly to the Chief Financial Officer, and has overall responsibility for all significant fair value measurements, including Level 3 fair values.

The valuation team regularly reviews significantly unobservable inputs and valuation adjustments. If third party confirmation, such as broker quotes or pricing services, is used to measure fair value, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

Significant valuation issues are reported to the Company's Audit Committee.

NOTES TO THE FINANCIAL STATEMENTS

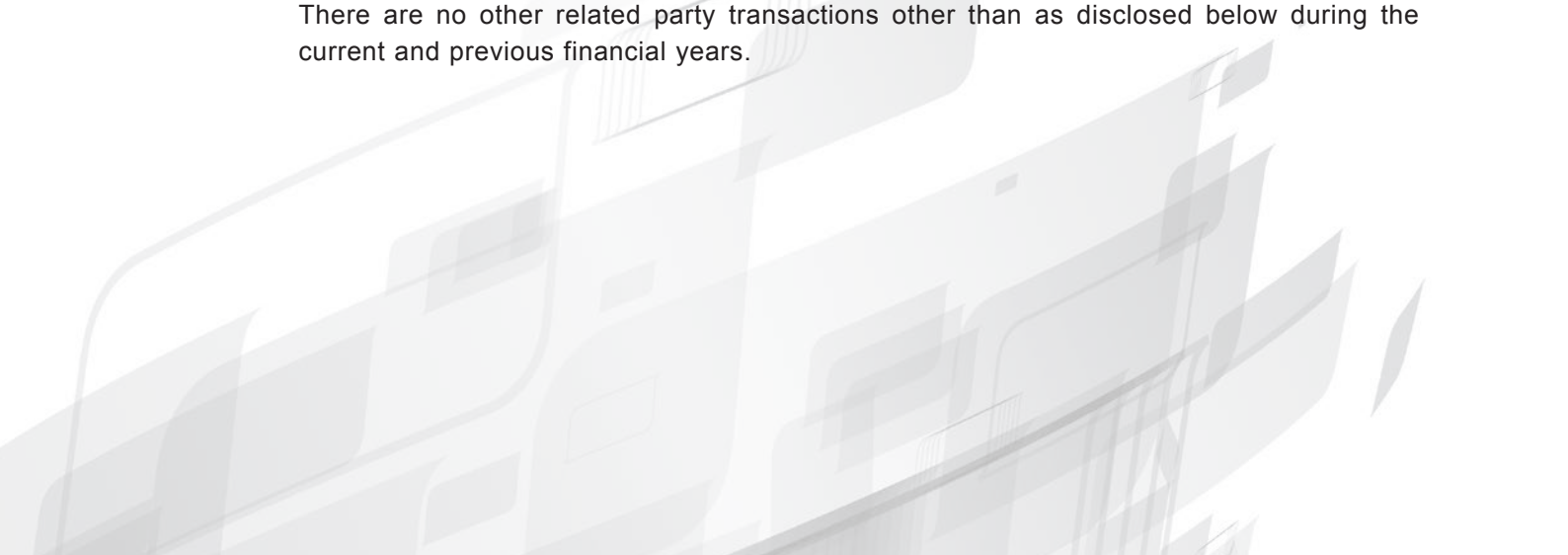
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

34 RELATED PARTY TRANSACTIONS

A related party is defined as follows:

- (i) A person or a close member of that person's family is related to the Group and the Company if that person:
 - Has control or joint control over the Company;
 - Has significant influence over the Company; or
 - Is a member of the key management personnel of the Group or the Company or of a parent of the Company.
- (ii) An entity is related to the Group and the Company if any of the following conditions apply:
 - The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - Both entities are joint venture of the same third party.
 - One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
 - The entity is controlled or jointly controlled by a person identified in (a).
 - A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

There are no other related party transactions other than as disclosed below during the current and previous financial years.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

34 RELATED PARTY TRANSACTIONS (Continued)

(a) Key management compensation

The remuneration of directors of the Company and directors of the Group's subsidiaries, who are the key management personnel of the Group, is as follows:

	Group	
	2015 S\$	2014 S\$
Directors' fees	154,571	173,488
Short-term employee benefits	421,125	655,766
Post-employment benefits	5,291	28,742
Performance share plan expense	320,000	—
	900,987	857,996
<i>Comprised:</i>		
Directors of the Company	618,000	500,542
Directors of the Group's subsidiaries	282,987	357,454
	900,987	857,996

During the financial year, the Company granted 160,000,000 performance shares to the directors of the Company amounting to S\$320,000 (2014: Nil).

No share options were granted to the directors of the Company during the financial years ended 31 December 2015 and 2014.

(b) Others

In 2014, the Group acquired certain financial assets, at fair value through profit or loss amounting to S\$3,800,000. The acquisition was to be paid to a shareholder of the Company, receiving on behalf of the vendor. As at 31 December 2014, the balance of the acquisition outstanding amounting to S\$712,182 is accrued under the non-trade payable to a shareholder (see Note 24(c)).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

35 OPERATING SEGMENTS

Management has determined four reportable segments, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Company's Executive Directors review internal management reports on at least a quarterly basis. The Group's reportable segments are as follows:

- Investment holding – investment in transferable securities including but not limited to marketable shares, warrants and debentures etc.
- Sterilisation – providing contract sterilisation and polymerisation services to food packaging, medical devices, cosmetic raw materials and consumers products.
- Property – development of properties for sale, long-term holding of properties for rental and related income.
- Mineral and energy resources – exploration, exploitation, development and production of mineral and energy resources and investments in mineral and energy resources projects, entities and companies.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment (loss)/profit before income tax, as included in the internal reports that are reviewed by the Company's Executive Director.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

35 OPERATING SEGMENTS (Continued)**Information about reportable segments**

	Investment holding S\$	Sterilisation S\$	Property S\$	Mineral and energy resources S\$	Total S\$
Group					
2015					
External revenues	–	3,590,330	49,313	–	3,639,643
Other expenses and losses	(7,157,999)	2,104,025	(1,129,156)	(16,416,995)	(22,600,125)
Interest income	316	59,852	–	317,006	377,174
Finance costs*	–	–	–	(4,150,071)	(4,156,287)
Share of loss of an associate	–	–	–	(1,724,507)	(1,724,507)
Depreciation	(76,126)	(319,969)	(15,219)	–	(411,314)
Reportable segment (loss)/profit before income tax	(7,233,809)	1,843,908	(1,144,375)	(21,974,567)	(28,515,059)
Other material non-cash items					
– allowance for impairment loss on other receivables	(121,701)	–	–	(532,775)	(654,476)
– write-back of impairment loss on other receivables	–	–	–	714,748	714,748
– impairment loss on financial assets, available-for-sale	–	–	–	(5,888,785)	(5,888,785)
– write-off of financial assets, available-for-sale	–	–	–	(665,402)	(665,402)
– impairment loss on investment in an associate	–	–	–	(216,835)	(216,835)
– fair value loss on financial assets, at fair value through profit or loss	(1,362,653)	–	–	–	(1,362,653)
Other material items					
Capital expenditure					
– property and equipment	96,892	2,257,602	–	–	2,354,494
Segment assets	2,384,231	6,348,137	6,679,526	16,148,073	31,559,967
Unallocated assets – deferred tax assets					155,541
Consolidated total assets					31,715,508
Segment liabilities	28,258,454	655,515	386,332	16,291,562	45,591,863
Unallocated liabilities:					
– borrowings*					115,526
– current income tax liabilities					89,142
– deferred tax liabilities					11,979
					216,647
Consolidated total liabilities					45,808,510

* The finance lease liabilities included in borrowings have not been disclosed by segment as this item is managed on a Group basis and are not provided to the Company's Executive Director at the operating segment level.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

35 OPERATING SEGMENTS (Continued)

Information about reportable segments (Continued)

	Investment holding S\$	Sterilisation S\$	Property S\$	Mineral and energy resources S\$	Total S\$
Group					
2014					
External revenues	–	3,398,656	199,745	–	3,598,401
Other expenses and losses	(9,278,521)	(2,279,246)	(340,504)	(48,683,433)	(60,581,704)
Interest income	337	83,706	–	1,665,454	1,749,497
Finance costs*	–	–	–	(5,068,840)	(5,081,434)
Share of loss of an associate	–	–	–	(1,462,485)	(1,462,485)
Depreciation	(60,915)	(276,054)	(25,867)	–	(362,836)
Reportable segment loss before income tax	(9,339,099)	(2,471,594)	(366,371)	(53,549,304)	(65,738,962)
Other material non-cash items					
– allowance for impairment loss on other receivables	–	–	–	(714,748)	(714,748)
– impairment loss on financial assets, available-for-sale	–	–	–	(18,648,365)	(18,648,365)
– re-measurement on acquisition of investment in an associate	–	–	–	(21,010,344)	(21,010,344)
– impairment loss on investment in an associate	–	–	–	(4,351,686)	(4,351,686)
– fair value loss on financial assets, at fair value through profit or loss	(4,648,522)	–	–	–	(4,648,522)
Other material items					
Capital expenditure					
– property and equipment	20,051	325,179	–	–	345,230
Segment assets	12,743,381	6,209,039	8,194,643	17,702,590	44,849,653
Unallocated assets – deferred tax assets					119,087
Consolidated total assets					44,968,740
Segment liabilities	1,231,051	601,058	172,658	33,762,761	35,767,528
Unallocated liabilities:					
– borrowings*					210,241
– current income tax liabilities					265,493
– deferred tax liabilities					27,700
					503,434
Consolidated total liabilities					36,270,962

* The finance lease liabilities included in borrowings have not been disclosed by segment as this item is managed on a Group basis and are not provided to the Company's Executive Director at the operating segment level.

NOTES TO THE FINANCIAL STATEMENTS

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35 OPERATING SEGMENTS (Continued)

Geographical segments

The Group's four business segments operate in four main geographical areas – Singapore (country of domicile), Malaysia, Indonesia, the United States of America and Others.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets or the underlying investments held.

Geographical information

	External revenues S\$	Non-current assets* S\$
Group		
<u>2015</u>		
Singapore	–	11,092,420
Malaysia	49,313	52,947
Indonesia	3,590,330	4,129,231
Others**	–	5,151,789
	<u>3,639,643</u>	<u>20,426,387</u>
<u>2014</u>		
Singapore	–	13,396,086
Malaysia	199,745	2,382,346
Indonesia	3,398,656	2,320,705
Others**	–	7,607,081
	<u>3,598,401</u>	<u>25,706,218</u>

* Non-current assets exclude deferred tax assets.

** Non-current assets disclosed under Others represent mainly investments in Australia listed companies

Information about major customers

Included in revenue arising from sterilisation services of approximately S\$3.59 million (2014: S\$3.40 million) are revenues of approximately S\$1.4 million (2014: S\$1.6 million) which arose from sales to the Group's seven (2014: eight) largest customers.

NOTES TO THE FINANCIAL STATEMENTS

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36 NON-CASH TRANSACTIONS BY THE GROUP

(a) 2015

- (i) For the addition of financial assets, available-for-sale totalling to S\$188,737 was share conversion of Celsius Convertible Notes representing S\$165,530 of principal and interest receivable of S\$23,207 from Celsius (Note 21 (c)(i)). The addition also include amount of S\$2,122,065 which was acquired through issuance of 156,762,167 ordinary shares of the Company in exchange of shares in Genesis Resources Limited (see Note 29(a)(ii)). The remaining amount of S\$789,975 was a conversion of the Consideration Advance to MED equivalent to 11,538,461 MED shares (Note 14(c)).
- (ii) On 16 December 2015, the Company issued 215,000,000 ordinary shares in accordance to Blumont PSP totalling to S\$430,000 (see Note 29(b)).

(b) 2014

- (i) For the addition of financial assets, available-for-sale totalling S\$13,146,375 as disclosed in Note 21, S\$1,163,400 was acquired by the issuance of 26,380,953 ordinary shares in the capital of the Company (see Note 29(a)(iv)). The remaining amount of S\$11,982,975 was shown in the consolidated statement of cash flows under the line "Purchase of financial assets, available-for-sale".
- (ii) For the investment in associate amounted to S\$33,645,614, the investment was acquired by the exchange of certain financial assets, available-for-sale amounting to the same as disclosed in Note 19.

37 LITIGATION

(a) Prospect Resources Limited ("PSC")

On 11 July 2013, the Company together with Mr. Alexander Molyneux and Pacific Advisers Pte Ltd (collectively, the "Consortium"), through a company to be incorporated, have entered into a conditional subscription agreement with Prospect Resources Limited ("PSC"), a company incorporated in Australia and listed on the Australian Stock Exchange, to subscribe for 325,000,000 new shares of PSC, constituting approximately 87.23% of the existing issued share capital of PSC, at a subscription price of A\$0.012.

On 31 October 2013, the Consortium issued a notice (the "Termination Notice") to PSC to terminate the conditional subscription agreement with immediate effect as certain conditions have not been satisfied by PSC or waived by the Consortium. On 2 December 2013, the Company noted that PSC had announced on 29 November 2013 that it had commenced court proceedings (the "Proceedings") in the Supreme Court of New South Wales (the "Court") against, amongst others, the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

37 LITIGATION (Continued)

(a) Prospect Resources Limited (“PSC”) (Continued)

PSC claims by way of specific performance of, or damages for breach of the subscription agreement (i) S\$3,900,000 allegedly payable under the subscription agreement; (ii) S\$500,000, which PSC was allegedly required to repay to another entity because of the alleged breach of the subscription agreement; and (iii) the alleged cost of and associated with convening a shareholders meeting.

Subsequently on 13 December 2013, the Company announced that it had been served with the court papers in relation to the Proceedings and is seeking legal advice on the same.

As announced by the Company on 15 August 2014, the Court has dismissed PSC’s claim and ordered that PSC pay the Consortium’s costs, amounting to approximately S\$430,005 (not recognised in the financial statements).

On 22 May 2015, PSC appealed the case to the Court of Appeal (the “Appeal”). The Appeal was rendered in favour of the Consortium and has been awarded to claim the costs incurred for a total amount of A\$0.31 million (equivalent to S\$0.32 million). The Consortium has filed a cost assessment application and is awaiting approval by the cost assessor.

(b) The Edge Singapore and The Edge Malaysia

On 1 September 2014, the Company announced that, referring to the two articles titled “*Hunting for the truth*” (the “Article”) in the editions of The Edge Singapore and The Edge Malaysia respectively for the week of 1 to 7 September 2014.

The Article alleges that Mr. Soh Chee Wen’s employment pass in Singapore is sponsored by the Company. The Company wishes to clarify that this statement is false. The Company is not and has not been the sponsor for any employment pass for Mr. Soh Chee Wen.

The Company has written to The Edge Singapore and The Edge Malaysia requesting that they publish a corrigendum to this effect in the respective next editions of The Edge Singapore and The Edge Malaysia.

On 29 September 2014, the Company announced that it has commenced proceedings in Singapore against The Edge Publishing Pte Ltd and Mr. Benjamin Paul, who are respectively the publisher and editor of The Edge Singapore, in relation to a claim in libel by the Company against the publisher and the editor of The Edge Singapore for the publication of the Singapore Article (the “Singapore Legal Proceedings”).

In the Singapore Legal Proceedings, the Company is seeking, inter alia, damages and an injunction to restrain The Edge Publishing Pte Ltd and Mr. Benjamin Paul from publishing or causing to be published the same or similar words defamatory of the Company in any manner whatsoever. The Company reserves all its rights on the matter.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

37 LITIGATION (Continued)

(b) The Edge Singapore and The Edge Malaysia (Continued)

Subsequently on 17 October 2014, the Company announced that it has commenced defamation proceedings in Malaysia against The Edge Communications Sdn Bhd and Mr Azam Aris, respectively the publisher and senior managing editor of The Edge Malaysia, for publication of the Malaysia Article (the “Malaysia Legal Proceedings”).

In the Malaysia Legal Proceedings, the Company is seeking, inter alia, damages, an injunction to restrain The Edge Communications Sdn Bhd and Mr. Azam Aris from publishing or causing to be published the same or similar words defamatory of the Company in any manner whatsoever and a written retraction and apology to be published in The Edge Malaysia. The Company reserves all its rights in the matter.

At this early stage of the proceedings, the estimated legal costs to be incurred by the Company in relation to these legal proceedings ranges from S\$250,000 to S\$450,000, excluding costs to be incurred for court appeals, of which S\$126,695 (2014: S\$166,283) has been incurred with a balance of S\$53,614 (2014: S\$11,038) accrued under other payables as at 31 December 2015.

38 OTHER MATTERS

On 2 April 2014, the Company announced that G1 Investments Pte. Ltd., a wholly owned subsidiary of the Company, has received a notice dated 2 April 2014 from the Commercial Affairs Department of the Singapore Police Force (the “CAD”) requiring the subsidiary’s assistance with the CAD’s investigations into an offence under the Securities and Futures Act, Chapter 289 (the “SFA”). The CAD has requested for access to the following for the period from 1 January 2011 to date:

- (i) All records pertaining to securities trading;
- (ii) All records in relation to accounts held with financial institutions;
- (iii) All corporate electronic data, information technology equipment and data storage devices belonging to Mr. Neo Kim Hock, the former Executive Chairman of the Board and Mr. James Hong Gee Ho (“Mr. Hong”), the former Executive Director of the Company; and
- (iv) Any other relevant documents.

Further, the Company has been informed that Mr. Hong has been requested to assist the CAD in its investigations into a possible infringement under the SFA. Mr. Hong had indicated that he will fully cooperate with the CAD in its investigations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

38 OTHER MATTERS (Continued)

Further to the announcement on 2 April 2014, the Company announced that the Company and G1 Investments Pte. Ltd. have each received a notice dated 29 April 2014 from the CAD requiring their respective assistance with the CAD's investigations into an offence under the SFA. The CAD has requested the Company for access to the following:

- (i) All accounting records for the period from 1 January 2011 to 31 March 2014;
- (ii) All minutes of meetings and resolutions for the period from 1 January 2011 to 31 March 2014;
- (iii) All documents relating to the following announcements made by the Company:
 - proposed investment and takeover bid for all the fully paid ordinary shares of Cokal Limited;
 - proposed acquisition of Hudson Minerals Holdings Pte. Ltd.;
 - proposed acquisition of Powerlite Ventures Limited;
 - proposed investment in Resource Generation Limited;
 - results warning for the second quarter ended 30 June 2013 announced on SGX-ST on 19 July 2013; and
- (iv) Any other relevant documents.

The CAD has also requested G1 Investments Pte. Ltd. for access to all accounting records, minutes of meetings and resolutions, and any other relevant documents of G1 Investments Pte. Ltd. and Waddells International Limited (a wholly owned subsidiary of G1 Investments Pte. Ltd.) – which was disposed of as disclosed in Note 18(e) for the period from 1 January 2011 to 31 March 2014.

The directors of the Company are of the opinion that the business and operations of the Group are not affected by the above investigations and the Company will continue to monitor the progress of the investigations.

39 AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Blumont Group Ltd. on 4 April 2016.

SHAREHOLDING STATISTICS

AS AT 31 MARCH 2016

Issued & fully paid up capital	:	S\$107,647,165
Number of shares	:	4,514,224,998
Class of shares	:	Ordinary Shares
Voting rights	:	One vote per share
Treasury shares	:	Nil
Unissued shares	:	Nil

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	Percentage of Shareholders (%)	Number of Shares Held	Percentage of Shares Held (%)
1 – 99	72	0.95	552	0.00
100 – 1,000	486	6.40	461,031	0.01
1,001 – 10,000	1,262	16.64	8,147,452	0.18
10,001 – 1,000,000	5,210	68.68	988,248,900	21.89
1,000,001 and above	556	7.33	3,517,367,063	77.92
Total	7,586	100.00	4,514,224,998	100.00

SUBSTANTIAL SHAREHOLDERS

As shown in the Register of Substantial Shareholders

Name of Shareholders	Number of Shares		Percentage (%)
	Direct Interest	Indirect Interest	
Goh Seh Kiat	301,248,208	589,000 ⁽¹⁾	6.69

Note:

(1) Shareholdings held in various nominees.

PUBLIC FLOAT

Based on information available to the Company as at 31 March 2016, approximately 89.72% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

SHAREHOLDING STATISTICS

AS AT 31 MARCH 2016

TOP TWENTY SHAREHOLDERS

	Name of Shareholders	Number of Shares	Percentage of Shareholdings (%)
1	GOH SEH KIAT	301,428,208	6.68
2	CITIBANK NOMINEES SINGAPORE PTE LTD	197,237,750	4.37
3	PHILLIP SECURITIES PTE LTD	159,964,004	3.54
4	OCBC SECURITIES PRIVATE LTD	136,338,099	3.02
5	DBS NOMINEES PTE LTD	113,555,100	2.52
6	NG KIM HUATT	100,000,000	2.22
7	CIMB SEC (SINGAPORE) PTE LTD	83,907,599	1.86
8	MAYBANK KIM ENG SECURITIES PTE LTD	83,081,758	1.84
9	LIM & TAN SECURITIES PTE LTD	82,174,743	1.82
10	ONG CHOON SENG RICHARD (WANG JUNCHENG)	79,881,000	1.77
11	ABN AMRO CLEARING BANK N.V.	78,333,700	1.74
12	UNITED OVERSEAS BANK NOMINEES PTE LTD	57,754,150	1.28
13	RAFFLES NOMINEES (PTE) LTD	53,629,265	1.19
14	UOB KAY HIAN PTE LTD	48,641,750	1.08
15	YEO SENG BUCK	43,898,100	0.97
16	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	40,536,000	0.90
17	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	32,935,350	0.73
18	SOO NAM YUEN	30,554,400	0.68
19	KHAW WAI MENG	30,000,000	0.66
20	WONG SIN TING	27,675,000	0.61
		1,781,525,976	39.48

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Level 2 Room Nautica III, Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887 on Wednesday, 27 April 2016 at 10.00 a.m. for the purpose of transacting the following businesses:

AS ORDINARY BUSINESSES:

- | | | |
|----|---|---------------------|
| 1. | To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Statement by Directors and Auditor's Report thereon. | Resolution 1 |
| 2. | To approve the payment of Directors' fees of S\$90,000 for the financial year ending 31 December 2016, to be paid quarterly in arrears. (FY2015: S\$90,000). | Resolution 2 |
| 3. | To re-elect Mr. Ng Kim Huatt, the director retiring by rotation pursuant to Regulation 110 of the Company's Constitution.
<i>[See Explanatory Note (i)]</i> | Resolution 3 |
| 4. | To re-elect Mr. Calvin Lim Huan Kim, the director retiring by rotation pursuant to Regulation 110 of the Company's Constitution.
<i>[See Explanatory Note (ii)]</i> | Resolution 4 |
| 5. | To re-appoint Messrs Moore Stephens LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. | Resolution 5 |

AS SPECIAL BUSINESS

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

- | | | |
|----|--|---------------------|
| 6. | Authority to allot and issue shares | Resolution 6 |
|----|--|---------------------|

"That pursuant to Section 161 of the Companies Act, Chapter 50, and the Listing Rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given for the Directors of the Company (the "**Directors**") at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

- (a) (i) issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

NOTICE OF ANNUAL GENERAL MEETING

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

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

provided that:

- (1) the aggregate number of Shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:
 - (a) new Shares arising from the conversion or exercise of any convertible securities;
 - (b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) 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), all applicable legal requirements under the Singapore Companies Act, Chapter 50 and the Constitution for the time being of the Company; and

NOTICE OF ANNUAL GENERAL MEETING

- (4) unless revoked or varied by the Company in a general meeting, such authority 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 earlier.”

[See Explanatory Note (iii)]

7. Authority to issue shares under the Blumont Employee Share Option Scheme 2013 and the Blumont Performance Share Plan **Resolution 7**

“That authority be and is hereby given to the Directors of the Company to offer and grant options in accordance with the Blumont Employee Share Option Scheme 2013 (the “**Blumont ESOS 2013**”) and/or to grant awards in accordance with the Blumont Performance Share Plan (the “**Blumont PSP**”) and allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Blumont ESOS 2013 and/or the vesting of awards under the Blumont PSP, provided always that the aggregate number of additional shares to be allotted and issued pursuant to the Blumont ESOS 2013 and the Blumont PSP shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.”

[See Explanatory Note (iv)]

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

By Order of the Board

Ng Kim Huatt
Executive Director

12 April 2016
Singapore



NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) Key information on Mr. Ng Kim Huatt and his shareholdings in the Company can be found under the Board of Director in the Overview section and Statement of Director in the Financial Statements section of the Annual Report 2015, respectively. Apart from the above disclosure, there are no relationships (including immediate family relationships) between Mr. Ng Kim Huatt and the other Directors or the Company.
- (ii) Mr. Calvin Lim Huan Kim will, upon re-election as a Director, remain as the Chairman of the Audit and Remuneration Committees and a member of the Nominating Committee and Compensation Committee. Mr. Calvin Lim Huan Kim is considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. Key information on Mr. Calvin Lim Huan Kim and his shareholdings in the Company can be found under the Board of Director in the Overview section and Statement of Director in the Financial Statements section of the Annual Report 2015, respectively. Apart from the above disclosure, there are no relationships (including immediate family relationships) between Mr. Calvin Lim Huan Kim and the other Directors or the Company.
- (iii) Ordinary Resolution 6 proposed in item no. 6 is to empower the Directors, from the date of the passing of Ordinary Resolution 6 to the date of the next Annual General Meeting, to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding in total 50% of the issued shares (excluding treasury shares) in the capital of the Company, with a sub-limit of 20% of the issued shares (excluding treasury shares) for issues other than on a pro rata basis to shareholders.
- (iv) Ordinary Resolution 7 proposed in item no. 7 above, if passed, will empower the Directors to allot and issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time pursuant to the exercise of the options under the Blumont ESOS 2013 and vesting of the share awards under Blumont PSP.

Notes:

- 1. A member of the Company entitled to attend and vote at the general meeting of the Company is entitled to appoint not more than two proxies, to attend and vote on his/her behalf. A proxy need not be a member of the Company.
- 2. A member of the Company who is a relevant intermediary (i.e. a banking corporation licensed under the Banking Act (Chapter 19), a person holding a capital markets services licence to provide custodial services for securities or the Central Provident Fund Board) (as defined in the Singapore Companies Act, Chapter 50) may appoint more than two proxies to attend and vote at the meeting. Each proxy must be appointed to exercise the rights attached to shares held by him/her.
- 3. Where a member appoints two proxies, he/she shall specify the proportion of his/her shares (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100 per cent. of the shareholding and any second named proxy as an alternate to the first named.
- 4. Where a member of the Company is represented by one or more proxies, only the first named proxy specified in the relevant instrument of proxy shall be deemed to be authorised to vote and the second named proxy shall not be so entitled to vote unless the first named proxy is not present or fails to vote.
- 5. A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Singapore Companies Act, Chapter 50 of Singapore and its Constitution to attend and vote for and on behalf of such corporation.
- 6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under seal, or under the hand of an official or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.
- 7. Where an instrument appointing a proxy is signed on behalf of the appointor by the attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
- 8. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 298 Tiong Bahru Road, #11-03 Central Plaza, Singapore 168730, not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

PERSONAL DATA PRIVACY:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder'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 Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (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 shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder 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 shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

BLUMONT GROUP LTD.

(Company Registration No.: 199302554G)

(Incorporated in the Republic of Singapore)

PROXY FORM

ANNUAL GENERAL MEETING

IMPORTANT:

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than 2 proxies to attend, speak and vote at the Annual General Meeting.
2. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
3. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*I/We _____ (Name) _____ (NRIC/Passport No.)

of _____ (Address)

being *a member/members of **BLUMONT GROUP LTD.** (the "Company"), hereby appoint:

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

and/or (delete as appropriate)

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

as *my/our proxy/proxies to vote for *me/us on *my/our behalf, at the Annual General Meeting to be held at Level 2 Room Nautica III, Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887 on Wednesday, 27 April 2016 at 10.00 a.m. and at any adjournment thereof. *I/We direct *my/our proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specified direction as to voting is given, the *proxy/proxies may vote or abstain from voting at *his/their discretion, as *he/they may on any other matter arising at the AGM.

No.	Ordinary Resolutions	For#	Against#
1.	Adoption of the Audited Financial Statements for the financial year ended 31 December 2015 together with the Statement by Directors and Auditor's Report thereon.		
2.	Approval of payment of Directors' fees of S\$90,000 for the financial year ending 31 December 2016, to be paid quarterly in arrears.		
3.	Re-election of Mr. Ng Kim Huatt as Director.		
4.	Re-election of Mr. Calvin Lim Huan Kim as Director.		
5.	Re-appointment of Messrs Moore Stephens LLP as Auditors and to authorise the Directors to fix their remuneration.		
6.	Authority to allot and issue shares.		
7.	Authority to issue shares under the Blumont Employee Share Option Scheme 2013 and the Blumont Performance Share Plan.		

* Delete accordingly.

If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Otherwise, please indicate the number of votes "For" or "Against" for each resolution within the box provided.

Dated this _____ day of _____ 2016

Total Number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	



Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the shareholder accepts and agrees to the personal data privacy terms as set out in the Notice of Annual General Meeting dated 12 April 2016.

NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register as well as registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at a general meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. A member appointing more than one proxy shall specify the percentage of shares to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100 per cent. of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
4. A member of the Company who is a relevant intermediary (i.e. a banking corporation licensed under the Banking Act (Chapter 19), a person holding a capital markets services licence to provide custodial services for securities or the Central Provident Fund Board) (as defined in the Singapore Companies Act, Chapter 50) may appoint more than two proxies to attend and vote at the meeting. Each proxy must be appointed to exercise the rights attached to shares held by him/her.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter of power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which, the instrument may be treated as invalid.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with its Constitution and section 179 of the Singapore Companies Act, Chapter 50 of Singapore.
7. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, must be deposited at the registered office of the Company at 298 Tiong Bahru Road, #11-03 Central Plaza, Singapore 168730 not less than 48 hours before the time appointed for the AGM.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

AFFIX
POSTAGE
STAMP
HERE

The Company Secretary
BLUMONT GROUP LTD.
298 Tiong Bahru Road
#11-03 Central Plaza
Singapore 168730

BLUMONT

博诺有限公司

BLUMONT GROUP LTD.

Company Registration No. 199302554G

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