ANNICA HOLDINGS LIMITED

ANNUAL REPORT 2015

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*This Annual Report has been prepared by the Company and its contents have been reviewed by the Company's Continuing Sponsor, Stamford Corporate Services Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the SGX-ST Listing Manual Section B: Rules of Catalist.*

The Sponsor has not independently verified the contents of this Annual Report. This Annual Report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Annual Report, including the accuracy, completeness or correctness of any of the statements or opinions made or reports contained in this Annual Report.

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CONTENT

	Page
CEO Message	2
Corporate Structure	3
Financial Review	4
Corporate Information	8
Board of Directors	9
Key Management	10
Corporate Governance Report	11
Directors' Statement	31
Independent Auditor's Report	33
Statements of Financial Position	36
Consolidated Statement of Profit or Loss and Other Comprehensive Income	37
Statements of Changes in Equity	38
Consolidated Statement of Cash Flows	39
Notes to the Financial Statements	41
Statistics of Shareholdings	98
Notice of Annual General Meeting	100
Proxy Form	

CEO MESSAGE

Dear Shareholders,

On behalf of the board of directors ("**Board**"), I am pleased to present to you the Annual Report of Annica Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") for the financial year ended 31 December 2015 ("**FY2015**").

FY2015 was a challenging year for the Group. We encountered strong headwinds due to a lacklustre economic climate. Most significantly, the Group was severely hampered by losses suffered by Industrial Power Technology Pte Ltd ("**Industrial Power**") whose biomass projects turned in disappointing results. Industrial Power saw a significant decrease in the number of biomass contracts secured as well as customers' delays in being able to secure financing for their projects. On 17 March 2016, the Group disposed of its entire shareholding interests in Industrial Power and another subsidiary, The Think Environmental Co. Sdn. Bhd. ("**TTEC**"). If we exclude the losses incurred by these disposed entities, the Group would have reported a net loss of $536,000, instead of $8,440,000, for FY2015.

To strengthen the Group's financial position and capital base, the Company has proceeded with the issuance of the 2% Redeemable Convertible Bonds ("**RCBs**") due in 2018 with an aggregate principal amount of up to $60,000,000. The net proceeds from the RCBs are earmarked to meet certain loan obligations of the Company, provide general working capital for the Group and to fund general corporate activities, including acquisitions, joint ventures and/or strategic alliances. This will enable us to strengthen our core businesses, enhance our growth potential and improve our ability to weather any crises that may arise given the tough economic conditions. The Company has also proposed a debt conversion exercise which allows a strategic investor to convert certain debts into shares of the Company, thereby reducing the Company's debt burden. Further, the investor is committed to invest additional funds of up to $5,000,000 into the Company pursuant to a grant of option by the Company. We seek the support of shareholders of the Company ("**Shareholders**") in this exercise at an extraordinary general meeting to be held later this year.

Going forward and since my appointment on 6 January 2016 as the Executive Director and Chief Executive Officer, the Group has embarked on strategic turnaround plans focusing on:

(i) restructuring of non-strategic and non-performing assets (the disposal of Industrial Power and TTEC which have been completed);

(ii) aiming for a debt-free balance sheet and raising more funds (the issuance of RCBs and the proposed debt conversion and grant of options); and

(iii) refocusing on key business segments in green solutions renewable energy and strategic investments in suitable businesses and assets. Despite falling oil prices, the renewable energy space is still highly competitive in the global market and presents many potential opportunities that the Group can leverage on given its expertise.

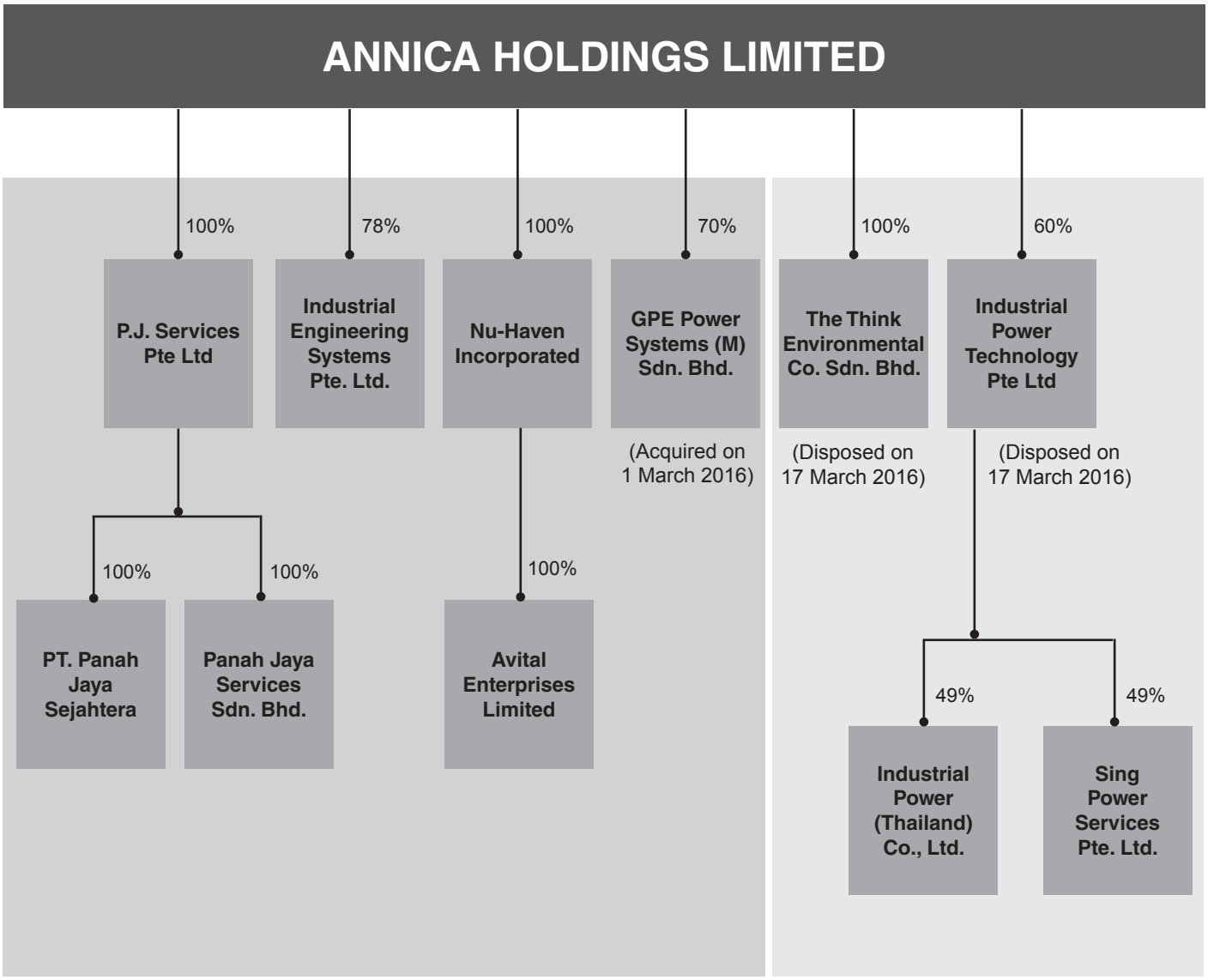
I am confident that with these strategies in place and given time, the Group will not only be able to weather any storms, but also grow and progress in value creation.

At this juncture, I would like to express my appreciation to Mr. Augustine A/L T.K. James and Mr. N. Sivagurunathan V. Narayanasamy, who have stepped down from the Board, for their valuable contributions to the Company over the past years. I am also grateful to Mr. Edwin Sugiarto who continues his services as the Chief Operating Officer after he has relinquished his position as the Chairman and Executive Director. I am also pleased to welcome on board our new Independent and Non-Executive Directors, Mr. Su Jun Ming and Mr. Adnan Bin Mansor, and together with Mr. Nicholas Jeyaraj s/o Narayanan, Mr. Ong Su Aun Jeffrey and I, as the renewed management team, we strive on making a positive impact to the Group's performance in the coming years and work on increasing Shareholders' value.

Finally, on behalf of the Board, we thank Shareholders for your continued support, and we look forward to working closely with you as we execute our turnaround strategies. We take this opportunity to express our sincere gratitude to our valued customers, suppliers, bankers and business associates for their patience and confidence in us and to our staff for their dedication and loyalty.

Sandra Liz Hon Ai Ling
Executive Director and Chief Executive Officer
12 April 2016

CORPORATE STRUCTURE



FINANCIAL REVIEW

OPERATING RESULTS

Revenue and Gross Profit

The Group posted revenue of $25,749,000 in FY2015 with the biomass project, oil and gas equipment and engineering services segments contributing 51%, 38% and 11%, respectively, to the Group's revenue. Geographically, the Group continues to serve its customers in the Asia Pacific region through its operations in Singapore, Malaysia, Indonesia and Thailand. The net decrease of 11% or $3,222,000 in the revenue of the Group in FY2015 from that of $28,971,000 reported in FY2014 was caused by the biomass projects segment which had turned in dismal results with a significant decrease in the number of biomass contracts secured, customers' delays in procuring project financing and the prevailing market conditions. On the other hand, the Group saw better performances from the oil and gas equipment and engineering services businesses in FY2015 despite the sluggish market conditions in the industry and dampened oil prices. With pressure on operating margins and volatility of foreign currencies, the Group endeavours on being price-competitive in order to secure contracts and remaining competitive in the markets that it operates.

The Group's gross profit decreased by $501,000 from $2,758,000 in FY2014 to $2,257,000 in FY2015 mainly attributed by higher costs, delays in construction contracts alongside project delays and cost-overrun resulting in a gross loss incurred by the biomass projects segment. The decrease was partially offset by the oil and gas equipment and engineering services segments recording higher gross profit in FY2015 as a result of higher revenue. The Group reported a gross margin of 9% in FY2015, which was a decrease of 1% from that of 10% in FY2014, due to the loss from biomass projects and lower margin from the engineering services segment, partially offset by higher margin reported in the oil and gas equipment sector.

Other income

Other income of $463,000 in FY2015 had increased by $270,000 compared to $193,000 in FY2014 due to higher commission received in FY2015 and write-back of overdue debts no longer required.

Selling and distribution expenses

The Group's selling and distribution expenses of $533,000 were maintained at 2% of total revenue. This explained the decrease of $35,000 from $568,000 incurred in FY2014, which was in line with the lower revenue.

Administrative and general expenses

The Group incurred administrative and general expenses of $5,527,000 in FY2015, which was a decrease of $127,000 from $5,654,000 reported in FY2014. The decrease was the result of cost-cutting measures and closer monitoring of expenses.

Other expenses

Other expenses amounted to $4,818,000 in FY2015 and these were mainly allowances and impairment loss adjustments for trade and other receivables and amount due from an associate, slow-moving inventories and equipment earmarked for construction contracts, impairment loss on property, plant and equipment, foreign currency exchange loss and trading loss from and unrealised fair value adjustments on investments in financial assets due to declines in quoted market prices of the equity securities held by the Group. Allowances and impairment loss adjustments were made after the management undertook a review of overdue debts and aged inventories and status of construction contracts.

The Group recorded higher other expenses in FY2014 which included amortisation of and impairment loss on intangible assets associated with customers' contracts. These expenses which did not recur in FY2015 were the factors contributing to the decrease in other expenses of $6,447,000 in FY2015 from those of $11,265,000 in FY2014.

Finance costs

Finance costs of $218,000 in FY2015 were higher than FY2014's $78,000 in FY2014 due to loans from third parties taken up in FY2015.

Net loss for FY2015

The Group reported net loss of $8,440,000 for FY2015. This was a decrease of $6,052,000 from FY2014's loss of $14,492,000 due to the higher other expenses included in FY2014's loss partially offset by lower gross profit and increase in finance costs in FY2015.

FINANCIAL REVIEW

FINANCIAL POSITION

Current assets

Current assets of the Group totalled $18,215,000 as at FY2015. The increase of $3,121,000 from $15,094,000 as at FY2014 was primarily from higher trade and other receivables and inventories, partially offset by lower cash and bank balances and investments in financial assets, comprising mainly listed equity securities, following disposals and adjustments for unrealised fair value loss. Listed equity securities were stated at quoted market price as at FY2015.

Non-current assets

The Group's non-current assets were $3,118,000 as at FY2015 which included mainly property, plant and equipment. Disposal of the investments in financial assets, depreciation charge on property, plant and equipment led to the net decrease of $1,113,000 from the Group's non-current assets of $4,231,000 as at FY2014. Leasehold properties of the Group include a two-storey leasehold factory in Singapore and two leasehold shop units in Malaysia. The properties are pledged as security for the Group's banking facilities.

Current liabilities

The Group reported current liabilities of $13,006,000 as at FY2015 which was an increase of $3,104,000 from $9,902,000 as at FY2014, mainly because of increase in trade and other payables and recognition of the derivative portion of the redeemable convertible bonds ("**RCBs**") according to the prevailing accounting standards.

Non-current liabilities

Non-current liabilities of the Group increased by $7,234,000 from $321,000 as at FY2014 to $7,555,000 as at FY2015 due to loans from third parties and RCBs issued.

Shareholders' equity

Capital and reserves attributable to shareholders of the Company was $4,852,000 as at FY2015. This was a decrease of $5,143,000 from $9,995,000 as at FY2014 as a result of net loss for FY2015.

CASH FLOWS

The Group had cash and cash equivalents of $1,884,000 as at FY2015 which was a decrease of $1,216,000 from $3,100,000 as at FY2014, as a result of net cash used in operations and foreign currency exchange loss. Net cash used in operations arose from FY2015's operating losses, slower collection from trade and other receivables and purchase of inventories, offset by delayed payments to trade and other payables. The operating cash outflow was financed by net cash inflow from investing and financing activities, which included proceeds from the subscription of RCBs and disposal of financial assets and loans from third parties.

OTHER CORPORATE MATTERS

A. Issuance of 2% RCBs due 2018 with an aggregate principal amount of up to $60,000,000

The issuance of the RCBs, pursuant to the subscription agreement dated 31 July 2015 (the "**Subscription Agreement**") entered into with Premier Equity Fund Sub Fund F ("**PEFF**" or the "**Subscriber**") and its manager, Value Capital Asset Management Pte Ltd (the "**Manager**"), was approved at the Company's extraordinary general meeting held on 29 December 2015.

The RCBs are to be issued in four (4) tranches of $15,000,000 each. The first tranche of the RCBs (the "**Tranche 1 RCBs**") comprises equal sub-tranches of $500,000 each, while the remaining three (3) tranches of the RCBs comprises equal sub-tranches of $1,000,000 each. The RCBs are convertible into shares of the Company ("**Shares**"), which when issued, shall rank pari passu in all respects with all other existing Shares (the "**RCB Conversion Shares**").

FINANCIAL REVIEW

The Company entered into the Subscription Agreement to take advantage of an opportunity for the Company to strengthen the Group's financial position and capital base. Assuming full subscription of the RCBs, the estimated net proceeds raised from the issuance of RCBs, after deducting estimated fees and expenses, are approximately $13,750,000 and $42,500,000 from the first tranche of the RCBs and the remaining three tranches of the RCBs, respectively, with a total amount of $56,250,000 receivable by 2018 (the "**RCBs net proceeds**"). The RCBs net proceeds are to be applied towards funding (i) the repayment of loans from PEFF; (ii) general working capital of the Group; and (iii) general corporate activities, including, but not limited to, acquisitions, joint ventures and/or for strategic alliances.

Please refer to the Company's circular to the Shareholders dated 11 December 2015 (the "**Circular**") and announcement dated 31 July 2015 for further details on the RCBs.

As at the date of this Annual Report, the Company had issued eight (8) sub-tranches of the Tranche 1 RCBs, with an aggregate principal amount of $4,000,000 to the Subscribers, out of which $2,450,000 had been converted into a total of 3,062,500,000 RCB Conversion Shares.

The fees payable by the Company under the Subscription Agreement are as follows:

(a) initial fee of $150,000 for every $1,000,000 in aggregate principal amount of RCBs subscribed (the "**Initial Fee Payment Tranche**") subject to a maximum sum of $600,000 payable to the Subscribers. Each Initial Fee Payment Tranche shall be satisfied by the issue of new Shares (the "**RCB Consideration Shares**") upon the relevant subscription of $1,000,000 in aggregate principal amount of RCBs by the Subscribers. As at the date of this Annual Report, the Company allotted and issued a total of 364,705,882 RCB Consideration Shares for a total consideration of $600,000, being the Initial Fee Payment Tranche. All the RCB Consideration Shares under the Subscription Agreement had been fully issued.

(b) an arranger's fee of 5% of the aggregate principal amount of the RCBs payable to the Manager to be deducted directly from the subscription moneys as and when payable to the Company by the Subscriber.

The utilisation of the RCBs net proceeds from the RCBs issued as at the date of this Annual Report is as follows:

Purpose	**Amount**	**Percentage**
	$'000	**%**
Repayment of loans from PEFF	1,699	42
Group's general working capital[(1)]	611	15
Arranger's fee on RCBs issued	150	4
Expenses incurred by the Subscriber in accordance with the terms and conditions of the Subscription Agreement	40	1
Cash consideration for the acquisition of GPE Power Systems (M) Sdn. Bhd.[(2)]	1,500	38
Total	4,000	100

Notes:

(1) Funds used for the Group's general working capital were for payments to suppliers and operating expenses including staff salaries and professional fees.

(2) Please refer to the discussion below on the acquisition of GPE Power Systems (M) Sdn. Bhd..

As at the date of this Annual Report, the total proceeds from the issuance of the eight (8) sub-tranches of the Tranche 1 RCBs had been fully utilised. The use of proceeds is consistent with the use of proceeds for the RCBs as disclosed in the Circular.

B. Proposed debt conversion and proposed grant of options to an investor

The Company announced on 11 February 2016 that it had entered into a debt conversion agreement with an investor (the "**Investor**") whereby the Company had agreed, for nominal consideration, to grant an option to the Investor to convert an amount of $3,504,879 into 3,504,878,770 Shares (the "**Debt Conversion**"). The amount arose from an assignment to the Investor by LionGold Corp Ltd of the benefit under its loan of the same amount to the Company. The Company also entered into an option agreement with the Investor, whereby the Company proposes, for the aggregate consideration of $50,000, to issue to the Investor an aggregate of 5,555,555,555 transferable share options, with each option carrying the right to subscribe for one (1) new Share to raise an amount of up to $5,000,000 in aggregate. The proposed exercise is subject to approval by the SGX-ST and Shareholders at an extraordinary general meeting to be convened.

The rationale for the Debt Conversion is that it will extinguish the loan from LionGold Corp Ltd to the Company and therefore reduce the Company's debt burden. The Investor is a strategic investor in the Company and the Company believes that the Investor has and will continue to make contributions to the Group. The option agreement is also to align the interests of the Investor with that of the Company as well as motivate the Investor generally to contribute towards the Group's long-term prosperity.

Please refer to the Company's announcement dated 11 February 2016 for more information on the proposed Debt Conversion and proposed grant of options to the Investor.

C. Acquisition of 70% shareholding interests in GPE Power Systems Sdn. Bhd. ("**GPE**")

On 1 March 2016, the Company completed the acquisition of 350,000 ordinary shares in GPE for a cash consideration of $1,837,500. As at the date of this Annual Report, the Company had paid a total of $1,500,000 with the balance of $337,500 payable by 8 July 2016.

GPE, a company incorporated in Malaysia, provides complete power generation solutions from sales and rental of power generators to providing a wide range of services support such as factory performance tests, reconditioning and repairing of generators and sales of related components, spare parts and accessories.

The acquisition of GPE is a strategic investment by the Group and will (i) allow the Group to strengthen its competitive advantage and its positioning as a solution provider of choice in the power generation industry; (ii) enable the Group to leverage on the strength of GPE's power generation business to complement the Group's existing businesses; (iii) lead to synergies that may result in better operational efficiency and increased cost savings; and (iv) allow the Group to gain access to new contracts, customers and business opportunities.

Please refer to the Company's announcements dated 11 January 2016 and 1 March 2016 for more information.

D. Disposal of entire shareholding interests in Industrial Power and TTEC

On 17 March 2016, the Company completed the disposal of its entire interests in Industrial Power and TTEC for a nominal cash consideration of $2.

Please refer to the Company's announcements dated 14 March 2016 and 17 March 2016 for more information.

E. Acquisition of remaining shareholding interests in Industrial Engineering Systems Pte Ltd ("**IES**")

On 7 April 2016, the Company entered into Conditional Sale and Purchase agreements to acquire the remaining 22% interests in IES for an aggregate consideration of $660,000. The consideration will be satisfied by the issuance of promissory notes and Shares. Subject to conditions precedent and completion of the transaction, IES will become a wholly-owned subsidiary of the Company.

Please refer to the Company's announcements dated 7 April 2016 for more information.

Other than the Company's disposal of its entire shareholding interests in Industrial Power and TTEC as discussed above, there is no development subsequent to the release of the Group's and the Company's preliminary financial statements as announced on 29 February 2016 which would materially affect the Group's and the Company's operating and financial performance. Excluding the losses incurred by Industrial Power and TTEC in FY2015, the Group would have reported a net loss of $536,000 instead of $8,440,000 for FY2015.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Sandra Liz Hon Ai Ling
(Executive Director and Chief Executive Officer)

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

Su Jun Ming
(Lead Independent and Non-Executive Director)

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

Adnan Bin Mansor
(Independent and Non-Executive Director)

COMPANY SECRETARIES
Tan Poh Chye Allan
Elaine Beh Pur-Lin

AUDIT COMMITTEE

Su Jun Ming	(Chairman)
Ong Su Aun Jeffrey	(Member)
Adnan Bin Mansor	(Member)

NOMINATING COMMITTEE

Adnan Bin Mansor	(Chairman)
Su Jun Ming	(Member)
Ong Su Aun Jeffrey	(Member)

REMUNERATION COMMITTEE

Ong Su Aun Jeffrey	(Chairman)
Su Jun Ming	(Member)
Adnan Bin Mansor	(Member)

DATE OF INCORPORATION
20 August 1983

COMPANY REGISTRATION NUMBER
198304025N

SHARE LISTING
Listed on the Singapore Exchange Dealing and Automated Quotation System, now renamed the Catalist board of the SGX-ST, in 2001

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Facsimile: +65 6222 1161

AUDITOR
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Partner in-charge:
Tay Guat Peng
(appointed from the financial year ended 31 December 2015)

SHARE REGISTRAR
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#18-61 Tower 2
Singapore 048616

PRINCIPAL BANKER
CIMB Bank Berhad
50 Raffles Place
#01-02 Singapore Land Tower
Singapore 048623

BOARD OF DIRECTORS

Sandra Liz Hon Ai Ling
Executive Director and Chief Executive Officer

Sandra is the Executive Director and Chief Executive Officer and was appointed to the Board on 6 January 2016. Sandra is responsible for the Group's strategic direction, business development and overall performance. She holds a Master of Business Administration degree from the University of Strathclyde and brings with her extensive experience in corporate finance and restructuring, specialising in providing advisory to public and private companies and project financing for start-up projects. Sandra is active in the renewable energy and green technology industry and works closely with private equity players, locally and abroad. She was an independent and non-executive director of Maxtral Industry Berhad, which was formerly listed on the mainboard of Bursa Malaysia Securities Berhad.

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

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

Su Jun Ming
Lead Independent and Non-Executive Director

Jun Ming was appointed to the Board on 20 January 2016 as the Lead Independent and Non-Executive Director. Jun Ming is currently an associate director in a large multinational accounting and auditing firm providing corporate finance advisory services in the areas of merger and acquisition, corporate restructuring, financial modelling, corporate and financial instruments valuation and financial and operational due diligence. Jun Ming was a financial controller of a company listed on the Catalist board of the SGX-ST and he has Chartered Financial Analyst qualification.

Ong Su Aun Jeffrey
Independent and Non-Executive Director

Jeffrey was appointed to the Board on 9 July 2008 and is the Independent and Non-Executive Director. He is a partner at JLC Advisors LLP practising in a diverse spectrum of areas including dispute resolution, arbitration and crisis litigation and proceedings and advising on corporate restructuring matters. Graduated with a Bachelor of Law degree from the National University of Singapore, Jeffrey is an Advocate and Solicitor of the Supreme Court of Singapore and a Solicitor of the Supreme Court of England and Wales. Jeffrey also sits on the board of CW Group Holdings Limited, a company listed on the mainboard of the Stock Exchange of Hong Kong, as an independent and non-executive director. He was an independent and non-executive director of China Powerplus Limited before it was delisted from the Mainboard of the SGX-ST in 2014.

Adnan Bin Mansor
Independent and Non-Executive Director

Adnan was appointed to the Board as the Independent and Non-Executive Director on 20 January 2016. Adnan was the technical lead of the distribution division of Tenaga National Berhad responsible for planning of substations construction and cabling. He is currently an independent consultant providing technical consultancy services on renewable energy and green technology related projects. Adnan is also a director of a privately-owned property development company in Malaysia.

KEY MANAGEMENT

Edwin Sugiarto
Chief Operating Officer

Edwin was appointed as the Chief Operating Officer of the Company on 6 January 2016 after he relinquished his position as the Company's Chairman and Executive Director. He oversees the daily operations of the Group. Edwin has more than 20 years of business and entrepreneurial experience in Asia.

Pek Seck Wei
*General Manager, Industrial Engineering Systems Pte Ltd ("**IES**")*

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

Mohd Nor Azmi Nordin
*Managing Director, P. J. Services Pte Ltd and subsidiaries ("**P. J. Services Group**")*

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

Hoon Cheong Kong, Danny
*Chief Executive Officer, Industrial Power Technology Pte Ltd ("**Industrial Power**")*

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

Chong Chow Heng
*General Manager, GPE Power Systems (M) Sdn. Bhd. ("**GPE**")*

Chow Heng is the General Manager of GPE (which the Company acquired on 1 March 2016) and he is responsible for the operations and business developments of GPE. He has extensive technical expertise, market knowledge and wide contacts in the power generator market and green technology. Chow Heng was the chief executive officer of a subsidiary of Destini Berhad, a company listed on the mainboard of Bursa Malaysia Securities Berhad. He was also head of divisions of power systems companies in Singapore and Malaysia.

CORPORATE GOVERNANCE REPORT

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

This Corporate Governance Report ("**Report**") describes the Group's corporate governance framework and practices that were in place during the financial year ended 31 December 2015 ("**FY2015**") with specific reference to the principles and guidelines of the Code of Corporate Governance 2012 (the "**Code**"), which forms part of the continuing obligations as described in the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"). The Company has complied with the principles of the Code where appropriate. Where there are any material deviations from the Code, appropriate explanations are provided.

This Report has also incorporated the guidelines in the SGX-ST's notice: "Disclosure on Compliance with the Code of Corporate Governance 2012" dated 29 January 2015 ("**SGX-ST Notice**"). The table below is extracted from the SGX-ST Notice, and the answers to the questions raised in the table are referenced to specific sections in the following Report.

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

Guidelines	**Questions**	**How has the Company complied?**
General	Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	The Company has complied materially with the principles and guidelines in the Code. Appropriate explanations have been provided in the relevant sections below where there are deviations to the Code.
	In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	Not applicable. The Company did not adopt any alternative corporate governance practices in FY2015.
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	Section 1.4
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	Sections 2.2 and 2.3
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	Sections 2.2 and 2.3
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness	Section 2.3
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for:	
	(i) selecting and appointing new directors and	Section 4.4
	(ii) re-electing incumbent directors.	Section 4.6

CORPORATE GOVERNANCE REPORT

Guidelines	Questions	How has the Company complied?
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	Section 1.5
	(b) What are the types of information and training provided to: (i) new directors and (ii) existing directors to keep them up-to date?	Section 1.5
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	Section 4.7
	(b) If a maximum number has not been determined, what are the reasons?	Section 4.7
	(c) What are the specific considerations deciding on the capacity of directors?	Section 4.7
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	Section 5
	(b) Has the Board met its performance objectives.	Section 5.6
Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Section 2.5
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.	Not applicable
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Not applicable
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	Section 2.1
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Section 9.2

Guidelines	Questions	How has the Company complied?
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of $250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Sections 9.2 and 9.7
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	Section 9.3
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds $50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	Section 9.9
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	Section 9.1
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	Section 8.2
	(c) Were all of these performance conditions met? If not, what were the reasons?	Not applicable
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Section 6
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Section 14
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	Section 11.7
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Section 11.7

CORPORATE GOVERNANCE REPORT

Guidelines	Questions	How has the Company complied?
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	Section 12.7
	(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	Section 12.7
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	Section 17.3
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	Section 16.3
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Section 16.3
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Section 16.4

(A) BOARD MATTERS

1. The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective board to lead and control the company. The board is collectively responsible for the long-term success of the company. The board works with management to achieve this objective and management remains accountable to the board.

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

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

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

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

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

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

1.5 There were no new appointments to the Board during FY2015. For the new Directors appointed in January 2016, the Board presented the Group's businesses and operations to give them an understanding of the Group's strategic direction as well as industry-specific knowledge so as to enable them to assimilate into their new roles. The Company Secretary also briefed the new Directors on their duties and responsibilities as a Director, the continuing listing obligations pursuant to the Catalist Rules and the Group's corporate governance practices. The new Directors have also attended Listing Company Director Essentials: Understanding the Regulatory Environment in Singapore organised by the Singapore Institute of Directors.

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

CORPORATE GOVERNANCE REPORT

1.7 The attendance of the Directors at Board and Board Committees meetings held during FY2015 is tabulated below:

	Board	Board Committees		
Name of Director		**Audit Committee**	**Nominating Committee**	**Remuneration Committee**
Number of meetings held:	**4**	**3**	**2**	**2**
Edwin Sugiarto	4	3*	2*	2*
Nicholas Jeyaraj s/o Narayanan	4	3*	2*	2*
Augustine A/L T.K. James	4	3	2	2
Ong Su Aun Jeffrey	2	–	1	1
N. Sivagurunathan V. Narayanasamy	4	3	2	2
Goh Hin Calm (resigned on 30 April 2015)	1	1	1	1

* Attendance by invitation of the respective Board Committees.

2. Board Composition and Guidance

Principle 2: There should be a strong and independent element on the board, which is able to exercise objective judgment on corporate affairs independently, in particular, from management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision- making.

2.1 The Board is made up of one (1) Executive Director, one (1) Non-Independent and Non-Executive Director and three (3) Independent and Non-Executive Directors. The position, dates of initial appointment and last re-election of each Director and their respective role in the Board Committees that they served during FY2015 are set out below:

Name of Director and Position	Date of appointment	Date of last re-election	Audit Committee	Nominating Committee	Remuneration Committee
Edwin Sugiarto Chairman and Executive Director	24 June 2009 (resigned on 6 January 2016)	30 April 2013	–	–	–
Nicholas Jeyaraj s/o Narayanan Non-Independent and Non-Executive Director	10 July 2008	30 April 2015	–	–	–
Augustine A/L T.K. James Lead Independent and Non-Executive Director	30 April 2013 (resigned on 20 January 2016)	30 April 2015	Chairman	Member	Member
Ong Su Aun Jeffrey Independent and Non-Executive Director	9 July 2008	30 April 2014	Member	Member	Chairman
N. Sivagurunathan V. Narayanasamy Independent and Non-Executive Director	30 April 2013 (resigned on 20 January 2016)	30 April 2014	Member	Chairman	Member
Goh Hin Calm Independent and Non-Executive Director	22 July 2008 (resigned on 30 April 2015)	30 April 2012	Member	Member	Member

2.2 On 6 and 20 January 2016, the Company announced the appointments of new Directors and changes in the composition of the Board and the Board Committees. The Board and the Board Committees with effect from 20 January 2016 are as follows:

Name of Director and Position	Date of appointment	Date of last re-election	Audit Committee	Nominating Committee	Remuneration Committee
Sandra Liz Hon Ai Ling Executive Director and Chief Executive Officer	6 January 2016	–	–	–	–
Nicholas Jeyaraj s/o Narayanan Non-Independent and Non-Executive Director	10 July 2008	30 April 2015	–	–	–
Su Jun Ming Lead Independent and Non-Executive Director	20 January 2016	–	Chairman	Member	Member
Ong Su Aun Jeffrey Independent and Non-Executive Director	9 July 2008	30 April 2014	Member	Member	Chairman
Adnan Bin Mansor Independent and Non-Executive Director	20 January 2016	–	Member	Chairman	Member

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

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

2.5 The Board is aware of Guideline 2.2 of the Code whereby Independent Directors should make up at least half of the Board where the Chairman of the Board is part of the management team. The Board is satisfied that the Board composition for FY2015 has complied with the guideline.

2.6 The Directors consider the Board's size and composition as at FY2015 appropriate, taking into account the nature and scope of the Group's operations, the skills and knowledge of the Directors. The Board has sought and obtained written confirmations from each of the Independent and Non-Executive Directors that, apart from their office as Directors of the Company, none have any relationship with the Company, its related corporations, its 10% Shareholders or its officers that could interfere, or be perceived to interfere, with the exercise of their independent business judgment in the best interest of the Company.

2.7 As at FY2015, the NC has determined that all the three (3) Independent and Non-Executive Directors are independent.

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

CORPORATE GOVERNANCE REPORT

3. Chairman and Chief Executive Officer

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

3.1 Mr. Edwin Sugiarto was the Chairman and Executive Director of the Company during FY2015 and he relinquished his role on 6 January 2016. Ms. Sandra Liz Hon Ai Ling was appointed as the Executive Director and Chief Executive Officer on 6 January 2016. The Executive Director is responsible in ensuring that the Board meetings are held when necessary, assisting in the integrity and effectiveness of compliance with the Code.

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

3.3 The Board is of the view that the three (3) Board Committees and the Board's composition for FY2015 are appropriate and effective for the fulfilment of the Board's roles and responsibilities and adequate safeguards are in place to prevent an uneven concentration of power and authority in a single individual. All major decisions relating to the operations and management of the Group are jointly and collectively made by the Board after taking into account the opinion of all the Directors. As such, there is a balance of power and authority and no single individual controls or dominates the decision-making process of the Group. Following the decision by Mr. Goh Hin Calm to not seek re-election at the annual general meeting for FY2014 held on 30 April 2015, the Board, taking into consideration the nature and scope of the Group's operations and the impact of the number of Directors for effectiveness in decision making, is of the view that the board size of five (5) Directors as from 1 May 2015, is appropriate.

3.4 The Board has also appointed Mr. Augustine A/L T.K. James as the Lead Independent and Non-Executive Director to lead and coordinate the meetings of the Independent and Non-Executive Directors. Mr. Augustine A/L T.K. James has been replaced by Mr. Su Jun Ming as the Lead Independent and Non-Executive Director on 20 January 2016 and Mr. Su Jun Ming assumes the duties of Mr. Augustine A/L T.K. James. As the Lead Independent Director, Mr. Su Jun Ming will be available to Shareholders when they have concerns and for which contact through the normal channels of the Chief Executive Officer has failed to resolve or is inappripriate.

3.5 Led by Mr. Su Jun Ming, the Independent Directors meet periodically without the presence of the other Directors, and the Lead Independent Director will provide feedback to the Chief Executive Officer after such meetings.

(B) BOARD COMMITTEES

4. Board Membership

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

4.1 The NC comprises the following Board members who are entirely Independent and Non-Executive Directors:

	From 1 January 2015 to 20 January 2016	From 20 January 2016 to present
Chairman	N. Sivagurunathan V. Narayanasamy	Adnan Bin Mansor
Member	Augustine A/L T.K. James	Su Jun Ming
Member	Ong Su Aun Jeffrey	Ong Su Aun Jeffrey
Member	Goh Hin Calm (resigned on 30 April 2015)	

4.2 The role of the NC is to make recommendations to the Board on all Board appointments. The NC is scheduled to meet at least once a year.

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

4.4 The NC ensures that there is a formal and transparent process for all new appointments to the Board. Where a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new Director with particular skills or to replace a retiring Director, the NC will be responsible for nominating the new Director. The NC, in consultation with the Board, determines the selection criteria so as to identify candidates with the appropriate expertise and experience for the appointment as new Director. The NC would meet and interview the shortlisted candidates to assess their suitability and ensure that the candidates are aware of the expectation and the level of commitment required before making recommendations to the Board for consideration and approval.

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

4.6 The NC is also responsible for:

- the review of Board succession plans for Directors, in particular, for the Chief Executive Officer;
- the review of training and professional development programs for the Board;
- the development of a process for evaluation of the performance of the Board, its Board Committees and Directors;
- the nomination of retiring Directors for re-election having regard to the Director's contribution and performance;
- determining on an annual basis whether or not a Director is independent;
- deciding whether a Director, who has multiple board representations, is able to and has adequately carried out his duties as Director; and
- making recommendations to the Board on all Board re-appointments, including the composition of the Board and the balance between Executive and Non-Executive Directors appointed to the Board.

4.7 The NC, after discussion with the Directors, is satisfied that sufficient time and attention has been given by the Directors to the affairs of the Group, notwithstanding that some of the Directors have multiple board representations. When a Director has multiple board representations, the NC considers whether the Director is able to and has adequately carried out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. The NC is of the view that there is presently no need to implement internal guidelines on the maximum number of listed company board representations which any Director may hold. The NC will continue to review from time to time the board representations of each Director to ensure that the Directors continue to meet the demands of the Group to adequately discharge his/her duties as a Director of the Company.

4.8 The independence of each Director is reviewed by the NC with reference to the guidelines set out in the Code. The NC has assessed the independence of the Directors annually and as and when circumstances require and also consider any other salient factors. The NC is satisfied that during FY2015, there are no relationships which would deem any of the independent Directors not to be independent.

4.9 All Directors other than the Executive Director shall submit themselves for re-nomination and re-election at regular intervals and at least once every three (3) years.

4.10 The NC met to consider and deliberate on the re-appointment of Directors at the Company's annual general meeting ("**AGM**").

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

4.12 Mr. Nicholas Jeyaraj s/o Narayanan, a Non-Independent and Non-Executive Director of the Company, was re-elected at the AGM on 30 April 2015 and is due for retirement by rotation pursuant to Article 104 of the Constitution. Mr. Ong Su Aun Jeffrey, an Independent and Non-Executive Director, was re-elected at the AGM on 30 April 2014 and is due for retirement by rotation under the same Article 104. Both Mr. Nicholas Jeyaraj s/o Narayanan and Mr. Ong Su Aun Jeffrey, being eligible, have offered themselves for re-election at the forthcoming AGM.

4.13 Ms. Sandra Liz Hon Ai Ling, the Executive Director and Chief Executive Officer of the Company, was appointed on 6 January 2016 to fill casual vacancies and is due for retirement pursuant to Article 108 of the Constitution. Mr. Su Jun Ming and Mr. Adnan Bin Mansor, the Lead Independent and Non-Executive Director and the Independent and Non-Executive Director of the Company, respectively, were appointed on 20 January 2016 to fill casual vacancies and are due for retirement pursuant to the same Article 108. Ms. Sandra Liz Hon Ai Ling, Mr. Su Jun Ming and Mr. Adnan Bin Mansor, being eligible, have offered themselves for re-election at the forthcoming AGM.

4.14 The NC, having considered their contributions to the effectiveness of the Board, has recommended the nominations of Mr. Nicholas Jeyaraj s/o Narayanan, Mr. Ong Su Aun Jeffrey, Ms. Sandra Liz Hon Ai Ling, Mr. Su Jun Ming and Mr. Adnan Bin Mansor for re-election at the forthcoming AGM.

5. Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the board as a whole and its board committees and the contribution by each director to the effectiveness of the board.

5.1 The NC is responsible for deciding how the Board's performance may be evaluated, proposing objective performance criteria for the Board's approval and implementing corporate governance measures to achieve good stewardship of the Company.

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

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

5.3 The NC also evaluates the performance and effectiveness of the Board as a whole, taking into account the Board's balance and mix.

5.4 The NC evaluates the performance of the Board, Board Committees and individual Directors based on the performance criteria set by the Board. The NC will further decide on how the Board's performance may be evaluated and propose objective performance criteria. Such performance criteria, which allow for comparison with industry peers, will be approved by the Board and will address how the Board has enhanced long-term Shareholders' value.

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

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

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

6. Access to Information

Principle 6: In order to fulfil 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.

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

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

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

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

(C) REMUNERATION MATTERS

7. Procedures for Developing Remuneration Policies

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

7.1 The Company's RC was set up to determine the remuneration of Directors and Management of the Group. The RC comprises the following Board members who are entirely Independent and Non-Executive Directors:

	From 1 January 2015 to 20 January 2016	From 20 January 2016 to present
Chairman	Ong Su Aun Jeffrey	Ong Su Aun Jeffrey
Member	Augustine A/L T.K. James	Su Jun Ming
Member	N. Sivagurunathan V. Narayanasamy	Adnan Bin Mansor
Member	Goh Hin Calm (resigned on 30 April 2015)	

7.2 The responsibilities of the RC are as follows:

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

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

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

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

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

8. Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

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

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

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

9. Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

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

9.2 A breakdown showing the level and mix of remuneration of each Director for FY2015 is as follows:

Remuneration Band and Name of Director	Salary %	Bonus %	Directors' fee %	Allowances and benefits in kind %	Total %
$499,999 to $1,000,000 and above					
None	–	–	–	–	–
$250,000 to $499,999					
Edwin Sugiarto (resigned on 6 January 2016 and appointed as Chief Operating Officer on 6 January 2016)	80	7	–	13	100
Below $250,000					
Nicholas Jeyaraj s/o Narayanan	Nil	Nil	90	10	100
Ong Su Aun Jeffrey	Nil	Nil	94	6	100
Augustine A/L T.K. James (resigned on 20 January 2016)	Nil	Nil	88	12	100
N. Sivagurunathan V. Narayanasamy (resigned on 20 January 2016)	Nil	Nil	88	12	100
Goh Hin Calm (resigned on 30 April 2015)	Nil	Nil	98	2	100
Sandra Liz Hon Ai Ling (appointed on 6 January 2016)	N.A.	N.A.	N.A.	N.A.	N.A.
Su Jun Ming (appointed on 20 January 2016)	N.A.	N.A.	N.A.	N.A.	N.A.
Adnan Bin Mansor (appointed on 20 January 2016)	N.A.	N.A.	N.A.	N.A.	N.A.

N.A. – Not applicable as the respective appointment was after FY2015.

9.3 The Company has three key management executives who form the Management. A breakdown showing the level and mix of remuneration of each of the Management (who are not Directors of the Company) for FY2015 is as follows:

Remuneration Band and Name of Key Management	Salary %	Bonus %	Allowances and benefits in kind %	Total %
$499,999 to $1,000,000 and above				
None	–	–	–	–
$250,000 to $499,999				
Hoon Cheong Kong, Danny (Chief Executive Officer, Industrial Power Technology Pte Ltd)	100	Nil	Nil	100
Below $250,000				
Mohd Nor Azmi Nordin (Managing Director, P.J. Services Pte Ltd and subsidiaries)	61	14	25	100
Pek Seck Wei (General Manager, Industrial Engineering Systems Pte. Ltd.)	95	Nil	5	100

9.4 In aggregate, the total remuneration paid to Management during FY2015 was $591,000. Other than the above, the Group does not have key employees who are not Directors and/or Management.

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

9.6 The RC has recommended that the Independent and Non-Executive Directors be paid an aggregate sum of $101,000 for FY2015 and the same amount for the financial year ending 31 December 2016, payable quarterly in arrears, as Director's fees, which will be tabled at the forthcoming AGM for approval by the Shareholders. If approved, payments would be made after the AGM. The sum was arrived at after taking into consideration the contributions, responsibilities and efforts of the current Non-Executive Directors.

9.7 The aggregate remuneration and the remuneration details of the Directors and Management (in bands of $250,000 and in terms of percentage mix of remuneration and on a named basis) are disclosed in this Report. As satisfactory disclosure has been made in this Report as well as in the financial statements of the Company, and in view of confidentiality, the Board is of the opinion that it is not in the best interests of the Company to disclose the exact remuneration of the Directors and Management due to the sensitive nature of this information and to prevent solicitation of Management by the Company's competitors.

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

9.9 There is no employee in the Group who is an immediate family member of a Director and whose remuneration exceeded $50,000 during FY2015.

9.10 There is no material contract or loan by the Group involving the interest of any Director or controlling shareholder, either still subsisting at the end of the financial year, or if not then subsisting, entered into since the end of the financial year ended 31 December 2014, being the immediate preceding financial year.

9.11 The Company does not have any share-based compensation scheme in place.

(D) ACCOUNTABILITY AND AUDIT

10. Accountability

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

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

10.2 The Board will take adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of the securities exchange, for instance, by establishing written policies where appropriate.

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

11. Risk Management and Internal Controls

Principle 11: The board is responsible for the governance of risk. The board should ensure that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the board is willing to take in achieving its strategic objectives.

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

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

11.3 The controls in place include:

- regular submissions, on a quarterly basis, by Management of updated financial information of operating business units, and if necessary, follow-up meetings with Management on any irregular or extraordinary expenses;
- regular submissions, either on a monthly or quarterly basis, by Management of operating milestones of the respective business units and, if necessary, follow-up meetings with Management on any milestones not achieved; and
- half-yearly meetings with the external auditor to review the financial statements of the operating businesses of the Group.

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

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

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

11.7 The Board, with the concurrence of the AC, is satisfied with the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, based on (i) work performed by the external auditor; (ii) various controls implemented by Management; and (iii) confirmation from Ms. Sandra Liz Hon Ai Ling, the Executive Director and Chief Executive Officer, who is also responsible for the financial matters of the Group, that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and that the internal control policies and procedures established and maintained by the Group are adequate and effective.

12. Audit Committee

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

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

12.2 The AC comprises entirely Independent and Non Executive Directors as follows:

	From 1 January 2015 to 20 January 2016	From 20 January 2016 to present
Chairman	Augustine A/L T.K. James	Su Jun Ming
Member	Ong Su Aun Jeffrey	Ong Su Aun Jeffrey
Member	N. Sivagurunathan V. Narayanasamy	Adnan Bin Mansor
Member	Goh Hin Calm (resigned on 30 April 2015)	

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

12.4 The responsibilities of the AC are as follows:

- review the audit plans of the external auditor and ensure the adequacy of the Group's system of accounting controls and the co-operation given by Management to the external auditor;
- review the financial statements of the Group before their submission to the Board and before their announcement;
- review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programs and any reports received from regulators;
- review the cost effectiveness and the independence and objectivity of the external auditor;
- review the nature and extent of non-audit services provided by the external auditor;
- review the assistance given by the Group's officers to the external auditor;
- nominate external auditor for re-appointment;
- review the Company's compliance with such functions and duties as may be required under the relevant statutes or the SGX-ST Listing Manual, and by such amendments made thereto from time to time;
- review interested person transactions in accordance with the requirements of the Catalist Rules; and
- review the adequacy of the Group's internal controls.

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

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

12.7 The AC reviews the scope and work performed by the external auditor. The AC has also undertaken a review of all non-audit services rendered by the external auditor and is satisfied that these non-audit services would not affect the independence and objectivity of the external auditor. The aggregate amount of audit fees and non-audit fees paid and/or payable to the auditors, Baker Tilly TFW LLP, for FY2015 amounted to approximately $149,000 and $16,000, respectively.

12.8 The AC recommends to the Board the re-appointment of Baker Tilly TFW LLP as the external auditor of the Company at the forthcoming AGM.

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

13. Whistle-blowing Policy

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

14. Internal Audit

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

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

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

14.3 For FY2015, the AC reviewed with the external auditor its findings on the existence and adequacy of material accounting control procedures as part of its audit. The AC is of the view that the work carried out by the external auditor for FY2015 is adequate.

CORPORATE GOVERNANCE REPORT

(E) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

15. Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

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

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

15.3 Shareholders are informed of general meetings through notices contained in the annual reports or circulars sent to all shareholders. These notices are also published in the newspapers and posted onto the SGXNET. Shareholders are encouraged to participate at general meetings. Resolutions are, where practicable, passed through a process of voting and shareholders are entitled to vote in accordance with the established voting rules and procedures. The Constitution allows each Shareholder to appoint up to two (2) proxies at general meetings.

16. Communication with Shareholders

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

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

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

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

16.4 No dividend is declared for FY2015 as the Company is not in an accumulated profit position. The form, frequency and amount of dividends will depend on the Group's current and projected performance, the Company's cash position and any other factors as the Board may deem fit.

17. Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

17.1 The Company believes in encouraging shareholder participation at general meetings and views such general meetings as the principal forum for dialogue with shareholders. Shareholders are encouraged to attend the Company's general meetings to stay informed of the Group's strategies and directions, to clarify issues and share their views.

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

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

17.4 The Company will prepare minutes of general meetings that include substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting, and responses from the Board and Management, and will make these minutes available to Shareholders upon their request.

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

(F) OTHER CORPORATE GOVERNANCE MATTERS

18. Dealings in the Company's Securities

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

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

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

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

19. Risk Management

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

20. Interested Person Transactions

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

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

20.3 The Company has not obtained a general mandate from Shareholders in respect of any interested person transactions. During FY2015, there were neither interested person transactions nor interested person transactions with aggregate value of which exceeded the stipulated thresholds as set out in Chapter 9 of the Catalist Rules.

CORPORATE GOVERNANCE REPORT

21. Corporate Social Responsibility

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

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

22. Material Contracts

There were no material contracts of the Group, including loans, involving the interests of any Director or the controlling shareholders either still subsisting at the end of FY2015 or if not then subsisting, entered into since the end of the financial year ended 31 December 2014, being the immediate preceding financial year.

23. Non-Sponsor Fees

In compliance with Rule 1204(21) of the Catalist Rules the sponsor and non-sponsor fees paid to the Company's continuing sponsor, Stamford Corporate Services Pte. Ltd., during FY2015 amounted to approximately $250,000 and $90,000, respectively.

DIRECTORS' STATEMENT

The Directors present their statement to the members together with the audited consolidated financial statements of Annica Holdings Limited (the "**Company**") and its subsidiary corporations (collectively, the "**Group**") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2015.

In the opinion of the Directors:

(a) the consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company as set out on pages 36 to 97 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 of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended on that date in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards; and

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

Directors

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

Ms. Sandra Liz Hon Ai Ling	- Executive Director and Chief Executive Officer	*(Appointed on 6 January 2016)*
Mr. Nicholas Jeyaraj s/o Narayanan	- Non-Independent and Non-Executive Director	
Mr. Su Jun Ming	- Lead Independent and Non-Executive Director	*(Appointed on 20 January 2016)*
Mr. Ong Su Aun Jeffrey	- Independent and Non-Executive Director	
Mr. Adnan Bin Mansor	- Independent and Non-Executive Director	*(Appointed on 20 January 2016)*

Arrangements to enable Directors to acquire benefits

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

Directors' interests in shares or debentures

The Directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50, except as follows:

	Number of ordinary shares			
	Shareholding registered in their own name		Shareholding in which a Director is deemed to have an interest	
Name of Directors and companies in which interests are held	**At beginning of year**	**At end of year**	**At beginning of year**	**At end of year**
The Company				
Mr. Edwin Sugiarto (resigned on 6 January 2016)	108,269,800	108,269,800	–	–

There is no Director having interests in the Company on 21 January 2016.

DIRECTORS' STATEMENT

Share options

No option to take up unissued shares of the Company or its subsidiary corporations was granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

Audit Committee

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50. The functions performed are detailed in the Corporate Governance Report, set out in the Annual Report of the Company.

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the Directors

Sandra Liz Hon Ai Ling
Director

Nicholas Jeyaraj s/o Narayanan
Director

12 April 2016

INDEPENDENT AUDITOR'S REPORT

To the members of Annica Holdings Limited

For the financial year ended 31 December 2015

Report on the Financial Statements

We have audited the accompanying financial statements of Annica Holdings Limited (the "Company") and its subsidiaries (the "**Group**") as set out on pages 36 to 97, which comprise the statements of financial position of the Group and Company as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

Trade and other receivables relating to a subsidiary, Industrial Power Technology Pte Ltd ("**IPT**")

Included in the trade and other receivables shown in Note 13 to the financial statements is a net carrying amount of $7,986,000 comprising amounts due from FTJ Bio Power Sdn. Bhd. ("**FTJ**") of $1,975,000, Songkhla Biomass Company Limited ("**Songkhla**") of $3,403,000, Thai Maidensha Company Limited ("**Thai Maidensha**") of $679,000 and advance for equipment of $1,929,000.

During the financial year ended 31 December 2015, IPT received a notice of termination letter from FTJ in respect of a contract between IPT and FTJ on grounds of alleged breach and default by IPT on certain terms under the contract. As disclosed in Note 34(A) to the financial statements, the matters relating to the notice of termination letter are still on-going as at the date of this report. The Directors are of the opinion that the outcome and exposure to liquidated damages cannot be reliably estimated.

In addition, arising from delay in delivery of certain projects with Songkhla and Thai Maidensha, IPT is also exposed to payment of liquidated damages to the respective debtors. Details of these contracts and the Group's exposure to liquidated damages are disclosed in Note 34(B) and 34(C) to the financial statements.

We are unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the recoverability of the total receivables of $7,986,000 included in trade and other receivables, and whether any provision for liquidated damages is required in the consolidated financial statements for the financial year ended 31 December 2015 with respect to the above mentioned matters.

INDEPENDENT AUDITOR'S REPORT

To the members of Annica Holdings Limited

For the financial year ended 31 December 2015

Report on the Financial Statements (cont'd)

Basis for Qualified Opinion (cont'd)

Writs of summons relating to IPT

As disclosed in Note 34(D) to the financial statements, IPT received writs of summons and claims totalling $668,000 from certain trade creditors subsequent to the end of the reporting period, for outstanding debts in respect of goods delivered and services rendered to IPT. Full amounts of the outstanding debts claimed under the writs of summons have been provided in the financial statements. The Directors are of the view that no further liabilities are required to be recognised with respect to the writs of summons. We are unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether any provision for other liabilities is required in the consolidated financial statements for the financial year ended 31 December 2015 with respect to the writs of summons.

Opening balances

The auditor's report on the Group's financial statements for the financial year ended 31 December 2014 similarly included a qualification on the recoverability of the carrying amount of net trade receivables of $2,863,000 arising from a notice of termination of contract received from FTJ, and inability to ascertain whether any provision is required with respect to the notice of termination. The extract of the basis for qualified audit opinion is disclosed in Note 36 to the financial statements.

In view of the matters described in the basis for qualified opinion paragraphs on the financial statements for the financial year ended 31 December 2014, we are unable to determine whether the opening balances of the Group as at 1 January 2015 are fairly stated. Since the opening balances as at 1 January 2015 entered into the determination of the financial performance, changes in equity and cash flows of the Group for the financial year ended 31 December 2015, we are unable to determine whether adjustments might have been found necessary in respect of the Group's financial statements for the financial year ended 31 December 2015.

Our opinion on the current year's financial statements of the Group is also modified because of the possible effect of these matters on the comparability of the current year's figures and the corresponding figures.

Qualified Opinion on consolidated financial statements of the Group

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group as at 31 December 2015, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

Opinion on the statement of financial position and statement of changes in equity of the Company

In our opinion, the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 31 December 2015 and the changes in equity of the Company for the financial year ended on that date.

Emphasis of Matter

1. Matters with Commercial Affairs Department

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

   On 22 January 2016, the CAD confirmed to us that its investigations are on-going. As informed to us by the Directors, the CAD has not provided the Company with any further details or updates of its investigations.

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

   Our opinion is not qualified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

To the members of Annica Holdings Limited

For the financial year ended 31 December 2015

Report on the Financial Statements (cont'd)

Emphasis of Matter (cont'd)

2. Going concern assumption

We draw your attention to Note 2.1 to the financial statements. During the financial year ended 31 December 2015, the Group reported a net loss of $8,440,000 (2014: $14,492,000) and has net operating cash outflows of $8,721,000 (2014: $417,000), and the Company reported a net loss of $7,670,000 (2014: $13,872,000). At 31 December 2015, the Group's and the Company's accumulated losses amounted to $47,840,000 (2014: $42,587,000) and $54,068,000 (2014: $46,398,000) respectively. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern. Nevertheless, for the reasons disclosed in Note 2.1 to the financial statements, the Directors are of the view that it is appropriate for the financial statements of the Group and of the Company to be prepared on a going concern basis.

The financial statements did not include any adjustments that may result in the event that the Group and the Company is unable to continue as a going concern. In the event that the Group and the Company is unable to continue as a going concern, adjustments may have to be made to reflect the situation that assets may need to be realised other than in 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 that might arise and to reclassify non-current assets and liabilities as current assets and liabilities.

Our opinion is not qualified in respect of this matter.

Other matter

The financial statements for the financial year ended 31 December 2014 were audited by another independent auditor whose report dated 13 April 2015 expressed a qualified opinion on the consolidated financial statements of the Group and the statement of financial position of the Company as detailed in Note 36 to the financial statements.

Report on other Legal and Regulatory Requirements

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

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

12 April 2016

STATEMENTS OF FINANCIAL POSITION

At 31 December 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
ASSETS					
Current assets					
Cash and bank balances	11	2,976	3,100	86	1
Fixed deposits	12	242	291	–	–
Trade and other receivables	13	13,703	10,647	1,378	2,800
Inventories	15	1,147	829	–	–
Financial assets, at fair value through profit or loss	16	147	227	147	227
		18,215	15,094	1,611	3,028
Non-current assets					
Trade and other receivables	13	82	112	–	–
Investments in subsidiaries	17	–	–	3,403	2,805
Investments in associates	18	–	44	–	–
Available-for-sale financial assets	19	9	639	–	231
Property, plant and equipment	20	3,011	3,412	2,459	2,607
Intangible assets	21	16	24	–	–
		3,118	4,231	5,862	5,643
Total assets		**21,333**	**19,325**	**7,473**	**8,671**
LIABILITIES					
Current liabilities					
Trade and other payables	22	12,016	9,782	1,611	721
Borrowings	23	951	89	470	38
Current income tax liabilities		39	31	–	–
		13,006	9,902	2,081	759
Non-current liabilities					
Borrowings	23	7,532	314	4,936	86
Deferred income tax liabilities	24	23	7	–	–
		7,555	321	4,936	86
Total liabilities		**20,561**	**10,223**	**7,017**	**845**
Net assets		**772**	**9,102**	**456**	**7,826**
EQUITY					
Share capital	25	54,524	54,224	54,524	54,224
Accumulated losses		(47,840)	(42,587)	(54,068)	(46,398)
Other reserves	26	(1,832)	(1,642)	–	–
Equity attributable to equity holders of the Company		4,852	9,995	456	7,826
Non-controlling interests		(4,080)	(893)	–	–
Total equity		**772**	**9,102**	**456**	**7,826**

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Revenue	4	25,749	28,971
Cost of sales		(23,492)	(26,213)
Gross profit		2,257	2,758
Other income	5	463	193
Selling and distribution expenses		(533)	(568)
Administrative and general expenses		(5,527)	(5,654)
Other expenses	6	(4,818)	(11,265)
Finance costs	7	(218)	(78)
Share of loss of associates	18	–	(5)
Loss before income tax	8	**(8,376)**	**(14,619)**
Income tax (expense)/credit	9	(64)	127
Net loss for the financial year		**(8,440)**	**(14,492)**
Other comprehensive (loss)/income			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		(190)	28
Fair value loss on available-for-sale financial assets	26	–	(266)
Reclassification adjustment on disposal of available-for-sale financial assets	26	–	(301)
Other comprehensive loss for the year, net of tax		**(190)**	**(539)**
Total comprehensive loss for the year		**(8,630)**	**(15,031)**
Net loss attributable to:			
Equity holders of the Company		(5,253)	(12,037)
Non-controlling interests		(3,187)	(2,455)
		(8,440)	(14,492)
Total comprehensive loss attributable to:			
Equity holders of the Company		(5,443)	(12,576)
Non-controlling interests		(3,187)	(2,455)
		(8,630)	(15,031)
Loss per share attributable to equity holders of the Company (cents)			
Basic and diluted	10	(0.40)	(0.92)

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

	Share capital $'000	Accumulated losses $'000	Other reserves $'000	Equity attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group						
Balance at 1 January 2014	54,224	(30,550)	(1,103)	22,571	1,562	24,133
Net loss for the financial year	–	(12,037)	–	(12,037)	(2,455)	(14,492)
Other comprehensive loss for the financial year	–	–	(539)	(539)	–	(539)
Total comprehensive loss for the financial year	–	(12,037)	(539)	(12,576)	(2,455)	(15,031)
Balance at 31 December 2014	54,224	(42,587)	(1,642)	9,995	(893)	9,102
Issuance of shares (Note 25)	300	–	–	300	–	300
Net loss for the financial year	–	(5,253)	–	(5,253)	(3,187)	(8,440)
Other comprehensive loss for the financial year	–	–	(190)	(190)	–	(190)
Total comprehensive loss for the financial year	–	(5,253)	(190)	(5,443)	(3,187)	(8,630)
Balance at 31 December 2015	**54,524**	**(47,840)**	**(1,832)**	**4,852**	**(4,080)**	**772**

	Share capital $'000	Accumulated losses $'000	Total equity $'000
Company			
Balance at 1 January 2014	54,224	(32,526)	21,698
Loss and total comprehensive loss for the year	–	(13,872)	(13,872)
Balance at 31 December 2014	54,224	(46,398)	7,826
Issuance of shares (Note 25)	300	–	300
Loss and total comprehensive loss for the year	–	(7,670)	(7,670)
Balance at 31 December 2015	**54,524**	**(54,068)**	**456**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2015

	2015 $'000	2014 $'000
Cash flows from operating activities:		
Loss before income tax	(8,376)	(14,619)
Adjustments for:		
Depreciation of property, plant and equipment	303	324
Impairment loss on property, plant and equipment	61	–
Interest expense	218	78
Interest income	(2)	(18)
Loss on disposal of financial assets at fair value through profit or loss	1	407
Fair value loss on financial assets at fair value through profit or loss	79	116
Impairment loss on available-for-sale financial assets	16	557
Loss on disposal of property, plant and equipment	3	–
Loss on disposal of available-for-sale financial assets	16	46
Amortisation of intangible assets	8	1,929
Impairment loss on intangible assets	–	4,259
Share of loss of associates	–	5
Impairment loss on investment in an associate	44	–
Gain on discounting of long-term trade receivables	(8)	(9)
Fees related to issuance of redeemable convertible bonds settled by way of issuance of ordinary shares of the Company (Note 25)	300	–
Operating cash flow before working capital changes	(7,337)	(6,925)
Changes in working capital:		
Financial assets, at fair value through profit or loss	–	659
Trade and other receivables and other current assets	(3,060)	7,028
Inventories	(318)	1,032
Trade and other payables	2,039	(2,142)
Cash used in operations	(8,676)	(348)
Income tax paid	(45)	(69)
Net cash used in operating activities	**(8,721)**	**(417)**
Cash flows from investing activities:		
Purchases of available-for-sale financial assets	–	(18)
Proceeds from disposal of available-for-sale financial assets	598	574
Purchases of property, plant and equipment	(12)	(71)
Proceeds from disposal of property, plant and equipment	1	–
Acquisition of intangible assets	–	(25)
Interest received	2	15
Net cash generated from investing activities	**589**	**475**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2015

(cont'd)

	2015 $'000	2014 $'000
Cash flows from financing activities:		
Net proceeds from issuance of redeemable convertible bonds	301	–
Loans from the holding company of a corporate shareholder of a subsidiary	5,934	–
Loan from a third party (Note A)	1,600	–
Advance to a related party	–	(24)
Advance from related parties	30	255
Repayment of borrowings	(188)	(500)
Deposit placed in cash margin account	(659)	–
Release of fixed deposit pledged as security for banking facilities, net	49	1,493
Interest paid	(61)	(78)
Net cash generated from financing activities	**7,006**	**1,146**
Net (decrease)/increase in cash and cash equivalents	(1,126)	1,204
Cash and cash equivalents at beginning of the financial year	3,100	1,903
Effects of foreign currency translation on cash and cash equivalents	(90)	(7)
Cash and cash equivalents at end of the financial year (Note 11)	**1,884**	**3,100**

Note A

Major non-cash transactions:

During the financial year, the Group issued redeemable convertible bonds with an aggregate principal amount of $2,000,000 (Note 23), out of which $301,000 was received in cash and $1,699,000 was set-off to repay a loan from the subscriber of the redeemable convertible bonds of $1,600,000 received during the financial year and interest on the loan of $99,000.

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

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

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

1. General corporate information

The Company is incorporated and domiciled in Singapore. The address of its registered office and principal place of business is at 1 Raffles Place, #18-61 Tower 2, Singapore 048616.

The Company is listed on the Catalist board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 17.

2. Summary of significant accounting policies

2.1 Going concern

During the financial year ended 31 December 2015, the Group reported a net loss of $8,440,000 (2014: $14,492,000) and has net operating cash outflows of $8,721,000 (2014: $417,000), and the Company reported a net loss of $7,670,000 (2014: $13,872,000). At 31 December 2015, the Group's and the Company's accumulated losses amounted to $47,840,000 (2014: $42,587,000) and $54,068,000 (2014: $46,398,000) respectively. These factors indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as a going concern. Nevertheless, the Directors are of the view that it is appropriate for the financial statements of the Group and of the Company to be prepared on a going concern basis as:

(1) The review of the cash flow forecasts of the Group and of the Company for the financial year ending 31 December 2016 showed that the Group and the Company have adequate resources and will be able to generate sufficient cash flows in the next twelve months to meet their financial obligations as and when they fall due taking into consideration:-

    (a) proceeds of a further $2,000,000 had been raised from the issuance of redeemable convertible bonds ("**RCBs**") subsequent to the financial year ended 31 December 2015 and the Company is targeting to raise additional net proceeds from the issuance of RCBs of approximately $11,750,000 from the first tranche of the RCBs in the next 12 months (Note 35(a)); and

    (b) the proposed allotment and issuance of the Debt Conversion Shares and Option Shares (Note 35(b)) are slated to strengthen the financial position of the Group and the Company.

(2) the Directors are actively evaluating various strategies, including fund raising, acquisitions of suitable businesses as well as restructuring the Group's existing businesses or assets to improve the existing business and earnings base of the Group.

    As disclosed in Note 35, in March 2016, the Group completed the acquisition of a 70% equity shareholding interest in GPE Power Systems (M) Sdn. Bhd. and disposed its entire shareholding interests in IPT and The Think Environmental Co. Sdn. Bhd. ("**TTEC**") for a nominal consideration of $2. The above acquisition and disposals will allow the Group to dispose of loss-making assets and embark on a restructuring of its business activities and group structure within its business segment of energy and power generation. The Group will also be able to allocate more efficiently its available resources on its other existing businesses and the diversification of its activities with the Group's additional business segment in the energy and power generation space.

After considering the measures taken described above, the Directors believe that the Group and the Company have adequate resources to continue its operations as a going concern. The consolidated financial statements of the Group and the financial statements of the Company are prepared on a going concern basis.

The financial statements did not include any adjustments that may result in the event that the Group and the Company is unable to continue as a going concern. In the event that the Group and the Company is unable to continue as a going concern, adjustments may have to be made to reflect the situation that assets may need to be realised other than in 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 that might arise and to reclassify non-current assets and liabilities as current assets and liabilities.

2. Summary of significant accounting policies (cont'd)

2.2 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company, are presented in Singapore dollar ("**$**") (rounded to the nearest thousand except when otherwise stated), and have been prepared in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("**FRS**"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

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

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

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

In the current financial year, the Group has adopted all the new and revised FRS and Interpretations of FRS ("**INT FRS**") that are relevant to its operations and effective for the current financial year. The adoption of these new and revised FRS and INT FRS did not have any material effect on the financial results or position of the Group and the Company.

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 31 December 2015 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company except as disclosed below:

FRS 109 Financial Instruments

FRS 109 includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. FRS 109, when effective will replace FRS 39 Financial Instruments: Recognition and Measurement. This standard is effective for annual periods beginning on or after 1 January 2018. The Group will reassess the potential impact of FRS 109 and plans to adopt the standard on the required effective date.

FRS 115 Revenue from Contracts with Customers

FRS 115 replaces FRS 18 Revenue, FRS 11 Construction contracts and other revenue-related interpretations. It applies to all contracts with customers, except for leases, financial instruments and insurance contracts. FRS 115 provides a single, principle-based model to be applied to all contracts with customers. It provides guidance on whether revenue should be recognised at a point in time or over time, replacing the previous distinction between goods and services. The standard introduces new guidance on specific circumstances where cost should be capitalised and new requirements for disclosure of revenue in the financial statements. The standard is effective for annual periods beginning on or after 1 January 2018. The Group will reassess its contracts with customers in accordance with FRS 115.

2. Summary of significant accounting policies (cont'd)

2.3 Basis of consolidation

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

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

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

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2.12. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain on bargain purchase in profit or loss on the date of acquisition.

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

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

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amount of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the Company.

2. Summary of significant accounting policies (cont'd)

2.3 Basis of consolidation (cont'd)

When a change in the Company's ownership interest in a subsidiary company results in a loss of control over the subsidiary company, the assets and liabilities of the subsidiary company including any goodwill, non-controlling interest and other components of equity related to the subsidiary are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to accumulated losses if required by a specific FRS.

Any retained equity interest in the previous subsidiary company is remeasured at fair value at the date that control is lost. The difference between the carrying amounts of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

2.4 Revenue recognition

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

The Group assesses its role as an agent or principal for each transaction and in an agency arrangements on amounts collected on behalf of the principal are excluded from revenue.

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

Sale of goods

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

Rendering of services

Revenue from the provision of management services rendered by the Group and installation services are recognised upon the performance of the services.

Interest income

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

Commission income

Commission income is recognised as revenue when received.

Construction revenue

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

2.5 Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period ("percentage-of completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

2. Summary of significant accounting policies (cont'd)

2.5 Construction contracts (cont'd)

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable. The stage of completion of the contract is measured by reference to the surveys of work performed.

Construction contracts are stated at the lower of cost plus attributable profit less anticipated losses and progress billings, and net realisable value. Cost comprises material costs, direct labour, borrowing costs and relevant overheads.

Provision for total anticipated losses on construction contracts is recognised in the financial statements when the loss is foreseeable. Provision for liquidated damages for late completion of projects is made where there is a contractual obligation and written notice is received from customers, and where in management's opinion an extension of time is unlikely to be granted.

At the end of the reporting period, the cumulative costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts within "trade and other receivables". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within "trade and other payables".

Progress billings not yet paid by customers and retentions by customers are included within "trade and other receivables". Advances received are included within "trade and other payables".

2.6 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statements of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

2.7 Employee compensation

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Company's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Employee leave entitlements

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

2. Summary of significant accounting policies (cont'd)

2.8 Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in the profit or loss using the effective interest method.

2.9 Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

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

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

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

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

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

Deferred income tax is charged or credited to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

2.10 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

2.11 Associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates using the equity method from the date on which it becomes an associate.

2. Summary of significant accounting policies (cont'd)

2.11 Associates (cont'd)

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associates are eliminated to the extent of the interest in the associates.

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

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at the end of the reporting period whether there is any objective evidence that the investment in the 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.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

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

2.12 Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

2. Summary of significant accounting policies (cont'd)

2.12 Goodwill (cont'd)

On disposal of subsidiary and associate, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of associate company is described in Note 2.11.

2.13 Property, plant and equipment

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

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

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

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

Leasehold properties	28 to 50 years
Fixtures and fittings	5 to 10 years
Plant and equipment	1 to 10 years
Motor vehicles	4 to 10 years

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

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

2.14 Financial assets

Classification

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

2. Summary of significant accounting policies (cont'd)

2.14 Financial assets (cont'd)

Classification (cont'd)

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

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

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the end of the reporting period which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (excluding prepayments, GST receivables, advance payment to supplier and equipment earmarked for construction contracts) and "cash and bank balances" on the statements of financial position.

(iii) Available-for-sale financial assets

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

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is also transferred to profit or loss.

Initial measurement

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

2. Summary of significant accounting policies (cont'd)

2.14 Financial assets (cont'd)

Subsequent measurement

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

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

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

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

Impairment

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(i) Loans and receivables

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

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

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

(ii) Available-for-sale financial assets

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

2. Summary of significant accounting policies (cont'd)

2.14 Financial assets (cont'd)

Impairment (cont'd)

(ii) Available-for-sale financial assets (cont'd)

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

Impairment losses on debt instruments classified as available-for-sale financial assets are reversed through profit or loss when the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised. However, impairment losses recognised in profit or loss on equity instruments classified as available-for-sale financial assets are not reversed through profit or loss.

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

Offset

Financial assets and liabilities are offset and the net amount presented on the statement of financial position when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.15 Impairment of non-financial assets

(a) Intangible assets – Goodwill on acquisitions

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

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

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

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

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

2. Summary of significant accounting policies (cont'd)

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

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

At the end of the reporting period, the Group reviews the carrying amounts of intangible assets (other than goodwill), property, plant and equipment and investments in subsidiaries and associates to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is recognised in other comprehensive income up to the amount of any previous revaluation.

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

2.16 Intangible assets

Customers' contracts

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

Website development costs

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

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at the end of the reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

2. Summary of significant accounting policies (cont'd)

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined using a first-in first-out basis. Net realisable value represents the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

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

2.18 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash in banks which are subject to insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents also include bank overdraft that form an integral part of the Group's cash management and exclude restricted bank balances held in cash margin account. In the statement of financial position, bank overdraft is presented under current liabilities.

2.19 Trade and other payables

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

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

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

2.20 Provisions for liabilities

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

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

2.21 Borrowings

Loans

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case they are presented as non-current liabilities.

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

2. Summary of significant accounting policies (cont'd)

2.21 Borrowings (cont'd)

Redeemable convertible bonds

The Group's redeemable convertible bond is a hybrid instrument that combines feature of derivative liability component and non-convertible bond component, which are separately presented on the statement of financial position.

The derivative liability component (conversion option) is recognised at its fair value, determined by applying the binomial valuation model. When the conversion option is exercised, its carrying amount is transferred to share capital. When the conversion option lapses, its carrying amount is transferred to accumulated losses.

The difference between the total proceeds and the derivative liability component is allocated to the non-convertible bond component and is classified as a financial liability. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the bonds.

2.22 Leases

The Group leases certain plant and equipment from third parties.

Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between reduction of the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance leases is taken to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The asset acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Operating leases

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

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

2.23 Foreign currency translation and transactions

Functional and presentation currency

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

2. Summary of significant accounting policies (cont'd)

2.23 Foreign currency translation and transactions (cont'd)

Transactions and balances

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

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Translation of Group entities' financial statements

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

(i) Assets and liabilities are translated at the closing rates at the end of the reporting period;

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

(iii) All resulting exchange differences are recognised in the foreign currency translation reserve within equity.

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

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

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

2.24 Related parties

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

2. Summary of significant accounting policies (cont'd)

2.25 Contingencies

A contingent liability is:

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

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

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

(ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.26 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due. Financial guarantee contracts are initially recognised at their fair values plus transaction costs. Financial guarantees are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the expected amount payable to the holder. Financial guarantees contracts are amortised in profit or loss over the period of the guarantee.

2.27 Share capital

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

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

2.28 Dividends

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

2.29 Segment reporting

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

3. Significant accounting judgments and estimates

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

3.1 Key sources of estimation uncertainty

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

Construction contracts

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

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

The carrying amount of assets and liabilities arising from construction contracts at the end of the reporting period is disclosed in Note 13 and 22 respectively.

Impairment of trade and other receivables

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

In determining this, management makes judgment as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgments as to whether an impairment loss should be recorded in profit or loss. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

Trade and other receivables that are impaired amounting to $7,307,000 (2014: $4,031,000) had been provided for. The carrying amount of trade and other receivables as at 31 December 2015 is disclosed in Note 13.

Impairment of inventories

The allowance for inventory obsolescence is based on estimates from historical trends and expected utilisation of inventories. The actual amount of inventories write-offs could be higher or lower than the allowance made. The write down of inventories during the financial year and the carrying amount of inventories as at 31 December 2015 are disclosed in Note 15.

3. Significant accounting judgments and estimates (cont'd)

3.1 Key sources of estimation uncertainty (cont'd)

Investment in subsidiaries

The Group reviews the investment in subsidiaries at the end of the reporting period to determine whether there is any indication of impairment. An impairment exists when the carrying value of an asset or cash generating units exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use.

The carrying amounts of investment in subsidiaries at the end of the reporting period are disclosed in Note 17.

Income taxes and deferred tax liabilities

Uncertainties exist with respect to the interpretation of complex tax regulations, the amount and timing of future taxable income and deductibility of certain expenditure. Accordingly, there are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference 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 tax payable and deferred income tax liabilities at 31 December 2015 was $39,000 (2014: $31,000) and $23,000 (2014: $7,000) respectively.

Information on unabsorbed tax losses and other temporary differences for which deferred tax assets/ liabilities had not been recognised are stated in Note 9 and Note 24 respectively.

3.2 Critical judgment made in applying accounting policies

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

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgment is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

Provision for liquidated damages

As disclosed in Note 34, the Directors have estimated the maximum exposure for liquidated damages amounted to approximately $11,600,000. The Directors are of the view that, after consultation with lawyers and considering those factors disclosed in Note 34, because of the uncertainty of the probable outcome of the claims and a sufficiently reliable estimate of the amount of liquidated damages cannot be made, no provision for liquidated damages was recognised as at 31 December 2015.

4. Revenue

	Group	
	2015 $'000	2014 $'000
Sales of goods	12,340	10,083
Construction revenue	13,037	18,888
Service rendered	372	–
	25,749	28,971

5. Other income

	Group	
	2015 $'000	2014 $'000
Interest income from bank and deposits	2	18
Gain on discounting of long term trade receivables	8	9
Government grants	89	96
Commission income	257	7
Write-back of long outstanding payables no longer required	78	–
Miscellaneous	29	63
	463	193

6. Other expenses

	Group	
	2015 $'000	2014 $'000
Equipment earmarked for construction contracts written off (Note 13)	660	–
Allowance for impairment of:		
- equipment earmarked for construction contracts (Note 13)	406	–
- doubtful other receivables (Note 29)	574	399
- doubtful trade advance to an associate (Note 29)	2,104	1,905
- doubtful trade receivables (Note 29)	278	1,278
Amortisation of intangible assets (Note 21)	8	1,929
Loss on disposal of financial assets, at fair value through profit or loss (Note 16)	1	407
Fair value loss on financial assets, at fair value through profit or loss (Note 16)	79	116
Foreign currency exchange loss	471	90
Impairment loss on:		
- intangible assets (Note 21)	–	4,259
- investment in an associate (Note 18)	44	–
- available-for-sale financial assets (Note 19)	16	557
- property, plant and equipment (Note 20)	61	–
Loss on disposal of:		
- available-for-sale financial assets	16	46
- property, plant and equipment	3	–
Waiver of amount due to an associate	(44)	–
Write-back of allowance for impairment of doubtful other receivables (Note 29)	(35)	–
Write down of inventories (Note 15)	176	279
	4,818	11,265

7. Finance costs

	Group	
	2015 $'000	2014 $'000
Interest on finance lease liabilities	7	10
Interest on loans	162	60
Interest on bank overdraft	17	8
Finance charges	32	–
	218	78

8. Loss before income tax

Loss before income tax is determined after charging the following:

	Group	
	2015 $'000	2014 $'000
Depreciation expense on property, plant and equipment	303	324
Directors' fees		
- Company	90	90
- Subsidiaries	–	3
Fees on audit services paid/payable to:		
- Auditor of the Company	149	134
- Other auditors	9	18
Fees on non-audit services paid/payable to:		
- Auditor of the Company	16	7
- Other auditors	–	–
Rental of office premises	134	134
Staff costs (Note A)	3,083	3,581

Note A - Staff costs

	Group	
	2015 $'000	2014 $'000
Key management personnel*		
Wages, salaries and other related costs	854	952
Employer's contribution to defined contribution plans including Central Provident Fund	16	15
	870	967
Other staff		
Wages, salaries and other related costs	1,988	2,346
Employer's contribution to defined contribution plans including Central Provident Fund	225	268
	3,083	3,581
*Comprise amounts paid to:		
Directors of the Company	279	246
Other key management personnel	591	721
	870	967

9. Income tax expense/(credit)

	Group	
	2015 $'000	2014 $'000
Income tax expense/(credit) for the year consist of:		
Current income tax		
- Singapore	14	–
- Foreign	29	–
Deferred income tax (Note 24)		
- Foreign	17	7
	60	7
Under/(over) provision in previous financial years:		
- Foreign	4	(134)
Total	64	(127)

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

	Group	
	2015 $'000	2014 $'000
Loss before income tax	(8,376)	(14,619)
Tax at statutory rate of 17%	(1,424)	(2,485)
Effect of different tax rates in other countries	11	54
Statutory stepped income exemption	(20)	–
Non-deductible expenses	580	1,626
Income not subject to tax	(8)	–
Deferred tax assets not recognised	1,011	847
Under/(over) provision in previous financial years	4	(134)
Utilisation of deferred tax asset not recognised	(72)	(36)
Tax incentives	(7)	–
Others	(11)	1
	64	(127)

As at 31 December 2015, the Group has unabsorbed tax losses of $31,662,000 (2014: $26,231,000) and unutilised capital allowance of $17,000 (2014: $17,000) which are available to offset against future taxable income. No deferred tax asset has been recognised in the statement of financial position in respect of unabsorbed tax losses due to the unpredictability of future profit streams.

The income tax benefits from the unabsorbed tax losses and unutilised capital allowance carried forward are available for an unlimited period subject to the conditions imposed by law.

The corporate tax rates applicable to companies incorporated in Singapore and foreign subsidiaries of the Group are 17% (2014: 17%) and 25% (2014: 25%) respectively for the year of assessment 2016.

10. Loss per share

The calculation of the basic and diluted loss per share attributable to equity owners of the Company is based on the following data:

	Group	
	2015	**2014**
Net loss attributable to equity holders of the Company ($'000)	5,253	12,037
Weighted average number of shares ('000)	1,313,246	1,312,280
Basic and diluted loss per share (in cents)	0.40	0.92

Basic loss per share is calculated by dividing loss for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

As at 31 December 2015 and 2014, diluted loss per share is similar to basic loss per share as there were no dilutive potential ordinary shares.

11. Cash and bank balances

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and on hand	2,317	3,100	86	1
Deposit placed in cash margin account	659	–	–	–
	2,976	3,100	86	1

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

	Group	
	2015	**2014**
	$'000	**$'000**
Cash and bank balances (as above)	2,976	3,100
Less: Deposit placed in cash margin account	(659)	–
Less: Bank overdraft (Note 23)	(433)	–
Cash and cash equivalents in consolidated statement of cash flows	1,884	3,100

12. Fixed deposits

The fixed deposits are pledged to banks as securities for banking facilities such as importing line comprising letter of credit, trust receipts and banker's guarantee. The banking facilities are also secured by personal guarantee of a third party.

The fixed deposits have maturity periods ranging from 1 to 3 months (2014: 1 to 6 months) from the end of the financial period with interest rates ranging from 0.14% to 3.15% (2014: 0.01% to 3.05%) per annum.

13. Trade and other receivables

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Current				
Trade receivables:				
Non-related parties	10,008	7,648	–	–
Less: Allowance for impairment	(1,954)	(1,727)	–	–
	8,054	5,921	–	–
Other receivables:				
Subsidiaries				
- Management fee receivables	–	–	96	875
Non-related parties	3,330	623	–	5
Less: Allowance for impairment	(574)	–	–	–
	2,756	623	96	880
Loan to a third party	279	315	–	–
Less: Allowance for impairment	(242)	(277)	–	–
	37	38	–	–
Loan to a related party	24	24	–	–
GST receivable	38	–	12	–
Due from customers on construction contracts (Note 22)	–	131	–	–
Equipment earmarked for construction contracts	2,764	2,535	–	–
Less: Allowance for impairment	(406)	–	–	–
	2,358	2,535	–	–
Other current assets (Note 14)	436	1,375	1,270	1,920
	13,703	10,647	1,378	2,800
Non-current				
Trade receivables:				
Non-related party	82	112	–	–
	13,785	10,759	1,378	2,800

13. Trade and other receivables (cont'd)

Trade receivables

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

Included in the trade receivables are:

(i) an amount owing from a customer, FTJ Bio Power Sdn. Bhd. ("**FTJ**"), incorporated in Malaysia, to one of the Company's subsidiaries, Industrial Power Technology Pte Ltd ("**IPT**"), of $1,975,000 (2014: $2,863,000). The amount comprises trade receivables of $410,000 (2014: $471,000) and billable retention work-in-progress of $2,967,000 (2014: $3,554,000) less allowance for impairment of $1,402,000 (2014: $1,162,000).

(ii) an amount owing from a customer, Songkhla Biomass Company Limited ("**Songkhla**"), incorporated in Thailand, to IPT of $3,403,000 (2014: Nil). The amount represents billable retention work-in-progress of $3,403,000 (2014: Nil).

(iii) an amount owing from a customer, Thai Maidensha Company Limited ("**Thai Maidensha**"), incorporated in Thailand, to IPT of $679,000 (2014: Nil).

Please refer to Note 34 (A), (B), (C) on claims from FTJ and delays in the delivery of projects with Songkhla and Thai Maidensha.

Other receivables

Other receivables includes withholding tax paid by a subsidiary to Inland Revenue Board of Malaysia ("**IRB**") amounting to $574,000 (2014: $574,000) in relation to construction services rendered for a plant located in Malaysia. The withholding tax is subject to compliance with the tax regulations and agreement with the Section 107A Income Tax Act 1967. During the financial year ended 31 December 2015, an impairment loss of $574,000 (2014: Nil) is recognised in profit or loss under "other expenses".

Loan to a third party

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

Loan to a related party

Loan to a related party by a subsidiary is unsecured, bears interest at 6% (2014: 6%) per annum and repayable on demand.

Equipment earmarked for construction contracts

Equipment earmarked for construction contracts includes the following:

- an advance for equipment of $1,929,000 (2014: $726,000) which relates to cost of equipment by IPT for a construction project that has stalled unexpectedly. The customer is unable to secure project financing as required under the construction contract entered into between IPT and the customer.

- an amount of $835,000 (2014: $1,809,000) of which an allowance for impairment amounting to $406,000 (2014: Nil) and write-off amounting to $660,000 (2014: Nil) are made after the management undertook a review of the aged equipment, construction contracts alongside project delays, the suitability of the equipment for the Group's future projects and the prevailing business developments and market conditions.

13. Trade and other receivables (cont'd)

Non-current trade receivables

The amount is unsecured and payable in accordance with repayment schedule.

The fair value of non-current trade receivable amounting to $82,000 (2014: $112,000) is computed based on cash flows discounted at market borrowing rate of 5.5% (2014: 5.5%) per annum. The fair value measurement is categorised within Level 3 of the fair value hierarchy.

14. Other current assets

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Advances to subsidiaries	–	–	11,628	4,758
Less: Allowance for impairment	–	–	(10,720)	(3,728)
	–	–	908	1,030
Trade advance to an associate	4,009	1,905	–	–
Less: Allowance for impairment	(4,009)	(1,905)	–	–
	–	–	–	–
Advance to an individual shareholder of an associate	122	122	–	–
Less: Allowance for impairment	(122)	(122)	–	–
	–	–	–	–
Other receivables and deposits	125	1,338	78	886
Prepayments	311	37	284	4
	436	1,375	1,270	1,920

Advances to subsidiaries

Advances to subsidiaries are unsecured, repayable on demand and interest-free except for an amount of $6,518,000 (2014: $1,250,000) which bears interest range from 6% to 15% (2014: 6%) per annum.

At the end of the reporting period, the Company has provided an allowance of $10,720,000 (2014 : $3,728,000) for impairment of advances to subsidiaries with a nominal amount of $10,720,000 (2014 : $4,727,000).

Advance to an associate and an individual shareholder of an associate

Advance to an associate and an individual shareholder of an associate are unsecured, repayable on demand and interest-free. Full allowance for impairment has been made in respect of these advances.

The trade advance relates to advances to the associate to complete a project of the Group.

Deposits

Included in deposits is an amount of $78,000 (2014: $886,000) held in trust by a third party payment service agent for the Company.

During the financial year ended 31 December 2014, $390,000 was placed with insurance companies for guarantee provided to banks in relation to the banker's guarantee granted to a subsidiary. The deposit has been utilised during the financial year ended 31 December 2015.

15. Inventories

	Group	
	2015	2014
	$'000	$'000
Trading goods	988	529
Goods in transit	159	300
	1,147	829

The cost of inventories recognised as an expense and included in "cost of sales" amounted to $23,492,000 (2014: $26,213,000).

Inventories recognised as an expense in "other expenses" represents write down of inventories amounted to $176,000 (2014: $279,000).

16. Financial assets, at fair value through profit or loss

	Group and Company	
	2015	2014
	$'000	$'000
Held for trading:		
- Quoted equity securities listed on the SGX-ST	111	189
Designated as at fair value:		
- Unlisted securities Singapore redeemable participating shares	36	38
	147	227

During the financial year, the Group recognised:

(a) a net fair value loss on the quoted equity securities in profit or loss of $77,000 (2014: fair value gain of $46,000) against the trade prices as at 31 December 2015 (2014: 31 December 2014); and

(b) a net fair value loss on the unquoted securities directly in profit or loss of $2,000 (2014: $162,000) against the best indication of fair value as at 31 December 2015 (2014: 31 December 2014) determined by a registered fund management company.

(c) a net loss on disposal of financial assets, at fair value through profit or loss in profit or loss of $1,000 (2014: $407,000).

17. Investments in subsidiaries

	Company	
	2015	2014
	$'000	$'000
Unquoted equity shares, at cost:-		
At beginning and end of financial year	21,034	21,034
Less: Allowance for impairment	(17,631)	(18,229)
	3,403	2,805

17. Investments in subsidiaries (cont'd)

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

	Company	
	2015	**2014**
	$'000	**$'000**
At beginning of financial year	18,229	10,195
Change during the financial year	103	8,034
Reversal of impairment	(701)	–
At end of financial year	17,631	18,229

During the financial year, the management performed an impairment test for the Company's investments in subsidiaries. An impairment loss of $103,000 (2014: $8,034,000) was recognised to write down the investment in a subsidiary to its recoverable amount. A reversal of impairment loss of $701,000 (2014: Nil) was recognised in profit or loss for another subsidiary to its recoverable amount as the subsidiary turned profitable during the financial year.

The recoverable amounts of the CGUs were determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates were based on industry growth forecasts. Changes in selling prices and direct costs were based on past practices and expectations of future changes in the market. The Group prepared cash flow forecasts derived from the most recent financial budgets approved by management for the next five (2014: three) years and extrapolated cash flows for the following five (2014: three) years based on an estimated growth rate of 5% (2014: 5%). The rate used to discount the forecast cash flows from the Group is 10% (2014: 10%). As at year end, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amounts of the CGU.

(a) Details of the subsidiaries as at 31 December 2015 and 2014 are as follows:

Name of subsidiary	**Principal activities**	**Country of incorporation and operations**	**Effective equity interest held by Group**	
			2015	**2014**
			%	**%**
Industrial Engineering Systems Pte. Ltd. ("**IES**")[1]	Designing of industrial plant engineering services systems and general wholesaler and trader	Singapore	78	78
P.J. Services Pte Ltd[1]	Trading in oilfield equipment and related products	Singapore	100	100
Nu-Haven Incorporated[2]	Investment holding	British Virgin Islands	100	100

17. Investments in subsidiaries (cont'd)

(a) Details of the subsidiaries as at 31 December 2015 and 2014 are as follows (cont'd):

Name of subsidiary	Principal activities	Country of incorporation and operations	Effective equity interest held by Group 2015 %	2014 %
Industrial Power Technology Pte Ltd[1]	Engineering, procurement and construction contractor for biomass power plant	Singapore	60	60
The Think Environmental Co. Sdn. Bhd.[3]	Specialist engineering, procurement and construction contractor for biomass power plant	Malaysia	100	100
Held by P.J. Services Pte Ltd:				
Panah Jaya Services Sdn. Bhd.[4]	Trading of oilfield parts and equipment	Malaysia	100	100
PT. Panah Jaya Sejahtera[5] [6]	Trading in oilfield equipment and related products	Indonesia	100	100
Held by Nu-Haven Incorporated:				
Avital Enterprises Limited[2]	Investment holding	British Virgin Islands	100	100

(1) Audited by Baker Tilly TFW LLP, Singapore
(2) Not required to be audited in the country of incorporation
(3) Audited by Allan Choong & Co., Malaysia
(4) Audited by Lee Chin Ann & Co, Malaysia
(5) Audited by Doli, Bambang, Sulistiyanto & Dadang, Ali, Indonesia
(6) To facilitate the operation of this business unit, the Group, through P.J. Services Pte Ltd, holds the shareholdings interests in the subsidiary through nominees, thus, maintaining its beneficial interests and therefore has absolute and de facto control over the subsidiary.

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

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

Name of subsidiary	Principal place of business	Proportion of ownership interest held by NCI 2015 %	2014 %
IPT	Singapore	40	40
IES	Singapore	22	22

17. Investments in subsidiaries (cont'd)

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

Set out below are the summarised financial information for IES and IPT, which have non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

	IPT		IES	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Summarised statement of financial position				
Current				
Assets	11,138	8,229	3,627	2,751
Liabilities	(20,478)	(11,972)	(1,166)	(186)
Net current (liabilities)/assets	(9,340)	(3,743)	2,461	2,565
Non-current				
Assets	247	458	84	112
Liabilities	(2,506)	(418)	–	–
Net non-current (liabilities)/assets	(2,259)	40	84	112
Net (liabilities)/assets	(11,599)	(3,703)	2,545	2,677
Accumulated NCI at the end of the reporting period	(4,640)	(1,481)	560	588
Summarised statement of profit or loss and other comprehensive income				
Revenue	13,037	18,888	2,896	648
Loss before income tax	(7,896)	(5,545)	(132)	(869)
Income tax expense	–	–	–	–
Loss after tax and total comprehensive loss	(7,896)	(5,545)	(132)	(869)
Loss allocated to NCI during the reporting period	(3,158)	(2,218)	(29)	(191)
Summarised statement of cash flows				
Cash flows from operating activities				
Cash (used in)/generated from operations	(2,941)	294	131	(103)
Interest expenses	(353)	(82)	–	(7)
Net cash (used in)/generated from operating activities	(3,294)	212	131	(110)
Net cash (used in)/generated from investing activities	(1)	(63)	(104)	986
Net cash generated from/(used in) financing activities	1,994	249	(608)	(481)
Net (decrease)/increase in cash and cash equivalents	(1,301)	398	(581)	395
Cash and cash equivalents at beginning of financial year	891	485	818	427
Effect of exchange rate changes as cash and cash equivalents	(4)	8	19	(4)
Cash and cash equivalents at end of financial year	(414)	891	256	818

18. Investments in associates

	Group	
	2015	2014
	$'000	$'000
Unquoted equity shares, at cost:-		
At beginning and end of financial year	166	166
Less: Allowance for impairment	(161)	(117)
Share of losses	(5)	(5)
At end of financial year	–	44

The movement in allowance for impairment of investments in associates is as follows:

	Group	
	2015	2014
	$'000	$'000
Balance at 1 January	117	117
Charge during the financial year	44	–
Balance at 31 December	161	117

Details of the associates are as follows:-

Name of associate	Principal activities	Country of incorporation and operations	Effective equity interest held by Group	
			2015 %	2014 %
Held by Industrial Power Technology Pte Ltd:				
Industrial Power (Thailand) Co., Ltd.	Engineering, procurement and construction projects	Thailand	49	49
Sing Power Services Pte. Ltd.(1)	Have not commenced operations (in the process of being struck-off)	Singapore	49	49

(1) Subsequent to the financial year ended 31 December 2015, Sing Power Services Pte. Ltd. submitted an application to the Accounting and Corporate Regulatory Authority to strike its name off the Register under Section 344A of the Companies Act, Cap. 50.

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

There are no acquisition or disposal of investments in associates during the financial year ended 31 December 2015 and 2014.

18. Investments in associates (cont'd)

Aggregate information about the Group's investments in associates that are not individually material and not adjusted for the proportion of ownership interest held by the Group, is as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Total assets	3,467	2,267
Total liabilities	(8,558)	(4,953)
Revenue	637	3,079
Net loss after income tax	(2,524)	(2,424)

The Group has not recognised its share of losses of associates during the year amounted to $1,237,000 (2014: $1,070,000) because the Group's cumulative share of losses exceeds its interest in those associates and the Group has no obligation in respect of those losses. The cumulative unrecognised losses with respect to the associates amounted to $2,554,000 (2014: $1,317,000) at the end of the reporting period.

During the financial year ended 31 December 2014, the Group recognised its share of loss in Sing Power Services Pte. Ltd. amounting to $5,000.

19. Available-for-sale financial assets

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Quoted equity securities listed on the SGX-ST at fair value	9	639	–	231
Unquoted equity securities	4,800	4,800	–	–
Less: Impairment loss	(4,800)	(4,800)	–	–
	–	–	–	–
	9	639	–	231

Quoted equity securities

During the financial year ended 2015, the Group recognised:

(a) a fair value loss on quoted equity securities which was directly recognised in other comprehensive income of approximately Nil (2014: $266,000) against the trade prices as at 31 December 2015 (2014: 31 December 2014).

(b) an impairment loss of $16,000 (2014: $557,000) for quoted equity securities as there was more than 50% decline in the fair value of these investments based on the trade prices as at 31 December 2015 (2014: 31 December 2014) below their costs.

Determination of fair value of available-for-sale financial assets – quoted equity securities

The fair values of the quoted equity securities are determined based on quoted market prices at the end of the reporting period. These instruments are included in Level 1 of the fair value hierarchy.

19. Available-for-sale financial assets (cont'd)

Unquoted equity securities

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

Name of unlisted equity security	Country of incorporation	Effective equity interest held by Group		Cost	
		2015 %	2014 %	2015 $'000	2014 $'000
China Data System Investments Pte Ltd	Singapore	1	19	4,800	4,800

20. Property, plant and equipment

	Leasehold properties $'000	Fixtures and fittings $'000	Plant and equipment $'000	Motor vehicles $'000	Total $'000
Group					
2015					
Cost					
At 1 January 2015	2,859	556	718	847	4,980
Additions	–	–	12	–	12
Disposals	–	–	(3)	(11)	(14)
Translation differences	(38)	(8)	(19)	(1)	(66)
At 31 December 2015	2,821	548	708	835	4,912
Accumulated depreciation					
At 1 January 2015	147	506	528	387	1,568
Charge for the year	97	20	77	109	303
Disposals	–	–	(3)	(7)	(10)
Translation differences	(2)	(3)	(16)	–	(21)
At 31 December 2015	242	523	586	489	1,840
Accumulated impairment					
At 1 January 2015	–	–	–	–	–
Charge for the year	–	–	–	61	61
At 31 December 2015	–	–	–	61	61
Net carrying value					
At 31 December 2015	2,579	25	122	285	3,011
2014					
Cost					
At 1 January 2014	2,859	550	659	847	4,915
Additions	5	7	59	–	71
Translation differences	(5)	(1)	–	–	(6)
At 31 December 2014	2,859	556	718	847	4,980
Accumulated depreciation					
At 1 January 2014	49	459	470	266	1,244
Charge for the year	98	46	59	121	324
Translation differences	–	1	(1)	–	–
At 31 December 2014	147	506	528	387	1,568
Net carrying value					
At 31 December 2014	2,712	50	190	460	3,412

20. Property, plant and equipment (cont'd)

	Leasehold properties $'000	Fixtures and fittings $'000	Plant and equipment $'000	Motor vehicles $'000	Total $'000
Company					
2015					
Cost					
At 1 January 2015 and 31 December 2015	2,570	33	29	388	3,020
Accumulated depreciation					
At 1 January 2015	136	33	29	215	413
Charge for the year	92	–	–	56	148
At 31 December 2015	228	33	29	271	561
Net carrying value					
At 31 December 2015	2,342	–	–	117	2,459
2014					
Cost					
At 1 January 2014 and 31 December 2014	2,570	33	29	388	3,020
Accumulated depreciation					
At 1 January 2014	45	28	29	149	251
Charge for the year	91	5	–	66	162
At 31 December 2014	136	33	29	215	413
Net carrying value					
At 31 December 2014	2,434	–	–	173	2,607

Leasehold properties of the Group, include:

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

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

Leasehold properties of the Group and the Company with carrying amounts of $2,579,000 (2014: $2,712,000) and $2,342,000 (2014: $2,434,000) respectively, are provided as security for the Group's borrowings (Note 23).

20. Property, plant and equipment (cont'd)

The carrying amount of plant and equipment and motor vehicles of the Group and of the Company purchased and secured under hire purchase contracts (Note 23) is as follows:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Plant and equipment	–	7	–	–
Motor vehicles	165	455	–	173
	165	462	–	173

As at 31 December 2015, the carrying value of leasehold property of the Group acquired under the term-loan amounted to $237,000 (2014: $278,000) (Note 23).

During the financial year ended 31 December 2015, the management carried out a review of the recoverable amount of its motor vehicle because of its intention to dispose off a motor vehicle to a Director of a subsidiary. The recoverable amount of the motor vehicle of $165,000 was determined on the basis of its fair value less cost of disposal. The fair value of the motor vehicle was determined by the management by reference to current market prices of similar asset. This fair value measurement is categorised in Level 3 of the fair value hierarchy. As a result of the review, an impairment loss of $61,000 (2014: Nil) was recognised in profit or loss under "other expenses".

21. Intangible assets

	Website development costs	Goodwill arising on consolidation	Customers' contracts	Total
	$'000	$'000	$'000	$'000
Group				
2015				
Cost				
At 1 January 2015 and 31 December 2015	25	4,968	8,532	13,525
Accumulated amortisation and impairment				
At 1 January 2015	1	4,968	8,532	13,501
Amortisation	8	–	–	8
At 31 December 2015	9	4,968	8,532	13,509
Net carrying amount				
At 31 December 2015	16	–	–	16

21. Intangible assets (cont'd)

	Website development costs $'000	Goodwill arising on consolidation $'000	Customers' contracts $'000	Total $'000
Group				
2014				
Cost				
At 1 January 2014	–	4,968	8,532	13,500
Additions	25	–	–	25
At 31 December 2014	25	4,968	8,532	13,525
Accumulated amortisation and impairment				
At 1 January 2014	–	4,968	2,345	7,313
Amortisation	1	–	1,928	1,929
Impairment loss	–	–	4,259	4,259
At 31 December 2014	1	4,968	8,532	13,501
Net carrying amount				
At 31 December 2014	24	–	–	24

The amortisation of customers' contracts and website development costs of Nil (2014: $1,928,000) and $8,000 (2014: $1,000), respectively, which totalled $8,000 (2014: $1,929,000) are recognised in profit or loss under "other expenses".

22. Trade and other payables

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade payables:				
Non-related parties	9,592	5,649	–	–
Advance billing	456	–	–	–
Due to customers on construction contracts	–	619	–	–
Advance received on construction contracts	290	2,180	–	–
Other payables:				
Subsidiaries	–	–	978	530
Non-related parties	527	219	366	–
Deferred income	165	–	–	–
Related parties	125	379	–	–
Other accrual for operating expenses	861	736	267	191
	12,016	9,782	1,611	721

The amounts due to subsidiaries are non-trade in nature, unsecured, repayable on demand and interest-free except for an amount of $341,000 (2014: $241,000), which bears interest ranging from 8.00% to 8.75% (2014: 8.75%) per annum.

The amounts due to related parties are non-trade in nature, unsecured, interest-free and repayable on demand.

22. Trade and other payables (cont'd)

Gross amount due from/to on construction contract:

	Group	
	2015	**2014**
	$'000	**$'000**
Construction contract work-in-progress:		
Aggregate costs incurred and profit recognised/(less losses recognised) to-date on uncompleted construction contracts	9,448	71,971
Less: Progress billings	(9,448)	(72,459)
Balance at the end of the financial year	–	(488)
Presented as:		
Due from customers on construction contracts (Note 13)	–	131
Due to customers on construction contracts	–	(619)
	–	(488)
Retention receivables on construction contracts	6,370	3,554
Advance received on construction contracts	290	2,180

23. Borrowings

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Term-loan	6	6	–	–
Finance lease liabilities	42	83	–	38
Bank overdraft	433	–	–	–
Derivative liability conversion component on redeemable convertible bonds	470	–	470	–
	951	89	470	38
Non-current				
Term-loan	90	110	–	–
Finance lease liabilities	77	204	–	86
Loans from the holding company of a corporate shareholder of a subsidiary	5,934	–	3,505	–
Redeemable convertible bonds	1,431	–	1,431	–
	7,532	314	4,936	86
Total	8,483	403	5,406	124

Term-loan

The term-loan bears interest of 5.1% (2014: 5.1%) per annum and is secured on two of the Group's leasehold properties in Malaysia and a personal guarantee of a Director of one of the subsidiaries.

23. Borrowings (cont'd)

Bank overdraft

Bank overdraft is secured by the corporate guarantee of the Company and the legal mortgage of the Company's leasehold property at 38 Kallang Place, Singapore.

Fixed deposits are pledged to a bank for the above banking facilities.

Finance lease liabilities

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

	Minimum lease payments		Present value of payments	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Group				
Amounts payable under finance lease:				
Less than one year	46	94	42	83
Between 2 to 5 years	79	218	77	204
	125	312	119	287
Less: Future finance charges	(6)	(25)	–	–
	119	287	119	287
Company				
Amounts payable under finance lease:				
Less than one year	–	42	–	38
Between 2 to 5 years	–	94	–	86
	–	136	–	124
Less: Future finance charges	–	(12)	–	–
	–	124	–	124

The effective rates of interest for finance lease is 3.57% (2014: 1.88% and 7.45%) per annum.

Loans from the holding company of a corporate shareholder of a subsidiary

The loans are from Liongold Corp Ltd ("**LionGold**"), the holding company of a corporate shareholder of IPT. The loans arose from Songkhla, a customer of IPT, which has made claims totalling of $5,200,000 from the Company and LionGold, as guarantors of performance securities in respect of the design, engineering, supply, construction, commissioning and testing contract entered into between Songkhla and IPT together with its 49% owned associated company, Industrial Power (Thailand) Co., Ltd, on grounds of project delays (the "**SKB Claims**"). Consequential to the fulfilment of the SKB Claims and cash settlement of $390,000 by IPT, the Company entered into two (2) deeds of settlement with LionGold whereby the Company and LionGold agreed to share the amount under the SKB Claims. The amount including interest and related expenses borne by the Company was $3,030,000, representing 61.5% of the total SKB Claims.

In connection with the aforesaid, LionGold provided the Company with a loan facility of $3,557,000, from which the Company has drawn down $3,505,000 as at 31 December 2015, to repay the Company's share of the SKB Claims and for IPT's working capital purposes. Including the loans by LionGold to IPT, the Group has a total amount owing to LionGold of $5,934,000 as at 31 December 2015.

23. Borrowings (cont'd)

Loans from the holding company of a corporate shareholder of a subsidiary (cont'd)

The loans from LionGold have varying maturity due dates from September 2017 to December 2018 and are unsecured, interest bearing at 8% (2014: 8%) per annum. The loans are due and payable at the expiration of loan period.

Subsequent to the financial year ended 31 December 2015, LionGold assigned the benefits of $3,505,000 under the loan to a third party. Please refer to Note 35(b) to the financial statements for further information on the assignment.

*Redeemable convertible bonds ("**RCBs**")*

	Group and Company	
	2015	2014
	$'000	$'000
Face value, net of transaction cost, of convertible bonds issued on 30 December 2015	1,901	–
Derivative liability conversion component on initial recognition	(470)	–
Liability component on initial recognition and at end of the financial year	1,431	–

On 30 December 2015, the Company issued 2% RCBs with a nominal value of $2,000,000. The RCBs are due for repayment 3 years from 30 December 2015 at their nominal value of $2,000,000 or are convertible into Shares of the Company at the holder's option at the share conversion price valued at 85% of the average of the traded volume weighted average price per share of the Company for any 3 consecutive market days.

Derivative liability conversion component on the RCBs

The derivative liability conversion component relates to the conversion option of the convertible bond that is recognised at its fair value, determined by applying the binomial valuation model.

Determination of fair value of borrowings

The carrying amount of current term-loan approximates its fair value at the end of the reporting period.

Based on discounted cash flows using market lending rate for similar borrowings which the management expects would be available to the Company at the end of the reporting period, the fair value of the non-current borrowings at the end of the reporting period approximates its carrying value as there are no significant changes in the interest rate available to the Company at the end of the reporting period. This fair value measurement for disclosure purpose is categorised in Level 3 of the fair value hierarchy.

24. Deferred income tax liabilities

	Group	
	2015 $'000	2014 $'000
At beginning of financial year	7	–
Transfer to profit or loss (Note 9)	17	7
Translation difference	(1)	–
At end of financial year	23	7

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

	Group	
	2015 $'000	2014 $'000
Accelerated tax depreciation	7	7
Other temporary differences	16	–
	23	7

Deferred income tax liabilities of $7,000 (2014: $5,000) have not been recognised for withholding and other taxes that will be payable on the earnings of an overseas subsidiary when remitted to the holding company as the Group has determined that the undistributed earnings of its subsidiary will not be distributed in the foreseeable future. These unremitted earnings are permanently re-invested and amounted to $120,000 (2014: 113,000) at the end of the reporting period.

25. Share capital

	Group and Company			
	2015		2014	
	Number of shares '000	Issued share capital $'000	Number of shares '000	Issued share capital $'000
Issued and fully paid				
At 1 January	1,312,280	54,224	1,312,280	54,224
Issuance of shares	176,470	300	–	–
At 31 December	1,488,750	54,524	1,312,280	54,224

The equity holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

On 30 December 2015, the Company allotted and issued 176,470,588 ordinary shares of the Company for a consideration of $300,000 to satisfy fees relating to the issuance of redeemable convertible bonds (Note 23).

26. Other reserves

	Group	
	2015 $'000	2014 $'000
Composition		
Capital reserve	(1,389)	(1,389)
Foreign currency translation reserve	(443)	(253)
Fair value reserve	–	–
	(1,832)	(1,642)
Movements		
Capital reserve		
At beginning and end of financial year	(1,389)	(1,389)
Foreign currency translation reserve		
At beginning of financial year	(253)	(281)
Net currency translation differences of financial statements of foreign subsidiaries	(190)	28
At end of financial year	(443)	(253)
Fair value reserve		
At beginning of financial year	–	567
Available-for-sale financial assets		
- Fair value loss	–	(266)
- Reclassification adjustment on disposal	–	(301)
At end of financial year	–	–

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

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

Other reserves are non-distributable.

27. Significant related party transactions

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

27. Significant related party transactions (cont'd)

In addition to the information disclosed elsewhere in these financial statements, the Group entered into the following transactions with related parties at rates and terms agreed between the parties:

	Group	
	2015	**2014**
	$'000	**$'000**
Fees paid to a firm of which a Director of the Company is an equity partner[1]	–	7
Corporate shareholder of a subsidiary		
Rental of office	(8)	–
Other expenses	(6)	–
Associates		
Purchase from	(189)	(1,028)
Repayment to	6	–
Advance to	1,510	1,425
Advance from	(12)	–
Repayment from	(320)	–
Payment made on behalf of	1,072	1,074
Payment made on behalf by	(31)	(233)
Wavier of amount owing to	44	–
Allowance for impairment on trade advance to	(2,104)	(1,905)
A Director of a subsidiary		
Payment made on behalf by	(55)	–
Repayment to	25	–
Advance from	–	29
A related party		
Advance from	–	(50)

(1) During the financial year ended 31 December 2014, JLC Advisors LLP, of which Mr Ong Su Aun Jeffrey is an equity partner, rendered legal advice services to the Company. The Audit Committee (with the exception of Mr Ong Su Aun Jeffrey) had reviewed the fees charged by JLC Advisors LLP of $7,000 and was of the view that the fees charged for rendering legal advice to the Company were within market rates and comparable to fees charged by other law firms for similar work. There is no such fee charged during the financial year ended 31 December 2015.

28. Segment Information

Management has determined that the Group's reportable segments are its geographical segments.

Geographical Information

The Group's geographical segments are based on the country of domicile.

Non-current assets are based on the geographical location of the assets which consist of investment in associates, property, plant and equipment and intangible assets as presented in the Group's statement of the financial position.

28. Segment Information (cont'd)

Analysis by Geographical Segments:

	Singapore $'000	Malaysia $'000	Indonesia $'000	Elimination $'000	Total $'000
For the financial year ended 31 December 2015					
Geographical segments by country of domicile					
Revenue:					
External sales	23,089	2,518	1,344	(1,202)	25,749
Inter-segment sales	(1,183)	(10)	(9)	1,202	–
Total revenue	21,906	2,508	1,335	–	25,749
Results					
Segment results	(16,046)	31	93	7,762	(8,160)
Interest income	283	2	–	(283)	2
Interest expense	(496)	(5)	–	283	(218)
(Loss)/profit before income tax	(16,259)	28	93	7,762	(8,376)
Income tax	(14)	(9)	(41)	–	(64)
Net (loss)/profit for the financial year	(16,273)	19	52	7,762	(8,440)
Other information					
Capital expenditure	9	3	–	–	12
Depreciation	285	18	–	–	303
Allowance for impairment of doubtful receivables					2,956
Equipment earmarked for construction contracts written off					660
Allowance for impairment of equipment earmarked for construction contracts					406
Amortisation of intangible assets					8
Fair value loss and loss on disposal of financial assets, at fair value through profit or loss					80
Impairment loss on property, plant and equipment					61
Impairment loss on available-for-sale financial assets					16
					4,490
Assets					
Non-current assets	2,731	296	–	–	3,027
Other segment assets	23,086	1,084	651	(6,515)	18,306
Consolidated total assets					21,333
Liabilities					
Segment liabilities	25,783	182	98	(13,577)	12,486
Borrowings	7,917	96	–	–	8,013
Current income tax liabilities	78	(58)	19	–	39
Deferred tax liabilities	–	7	16	–	23
Consolidated total liabilities					20,561

28. Segment Information (cont'd)

Analysis by Geographical Segments: (cont'd)

	Singapore $'000	Malaysia $'000	Indonesia $'000	Elimination $'000	Total $'000
For the financial year ended 31 December 2014					
Geographical segments by country of domicile					
Revenue					
External sales	26,400	2,594	1,533	(1,556)	28,971
Inter-segment sales	(1,538)	(18)	–	1,556	–
Total revenue	24,862	2,576	1,533	–	28,971
Results					
Segment results	(21,682)	(52)	(91)	7,271	(14,554)
Share of loss of associates	(5)	–	–	–	(5)
Interest income	193	3	1	(179)	18
Interest expense	(251)	(6)	–	179	(78)
(Loss)/profit before income tax	(21,745)	(55)	(90)	7,271	(14,619)
Income tax	–	(5)	132	–	127
Net (loss)/profit for the financial year	(21,745)	(60)	42	7,271	(14,492)
Other information:					
Capital expenditure	59	12	–	–	71
Depreciation	304	20	–	–	324
Allowance for impairment of doubtful receivables					3,582
Amortisation of intangible assets					1,929
Impairment loss on intangible assets					4,259
Impairment loss on available-for-sale financial assets					557
Fair value loss and loss on disposal of financial assets, at fair value through profit or loss					523
					11,174
Assets					
Non-current assets	3,121	359	–	–	3,480
Other segment assets	20,535	1,229	1,306	(7,225)	15,845
Consolidated total assets					19,325
Liabilities					
Segment liabilities	16,489	213	806	(7,726)	9,782
Borrowings	287	116	–	–	403
Current income tax liabilities	64	(34)	1	–	31
Deferred tax liabilities	–	7	–	–	7
Consolidated total liabilities					10,223

28. Segment Information (cont'd)

	Group	
	2015	**2014**
	$'000	**$'000**
Revenue by geographical location of customers		
Singapore	1,463	876
Malaysia	2,830	3,856
Indonesia	190	1,843
Thailand	18,024	21,299
Vietnam	423	97
Brunei and Myanmar	2,345	479
Others	474	521
Total	25,749	28,971

Analysis by Business Segments

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

	Revenue		Segment assets		Capital additions	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Engineering services	2,896	648	3,416	2,868	4	–
Oil and gas equipment	9,816	9,435	3,454	3,622	7	28
Biomass projects	13,037	18,888	11,386	8,694	1	43
Investments and others	–	–	3,077	4,141	–	–
	25,749	28,971	21,333	19,325	12	71

Information about major customer

Revenue of approximately $13,031,000 (2014: $18,145,000) are derived from 2 (2014: 1) external customers who individually contributed 10% or more of the Group's total revenue. The details are as follow:

	Attributable segments	**2015**	**2014**
		$'000	**$'000**
Customer 1	Singapore	–	18,145
Customer 2	Singapore	3,615	–
Customer 3	Singapore	9,416	–
		13,031	18,145

29. Financial instruments

Categories of financial instruments

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Financial assets, at fair value through profit or loss				
- Held for trading - quoted equity securities listed on SGX-ST	111	189	111	189
- Designated as at fair value				
- unlisted securities of Singapore redeemable participating shares	36	38	36	38
Available-for-sale financial assets				
- quoted equity securities listed on SGX-ST	9	639	–	231
Loans and receivables (including cash and cash equivalents)	14,296	11,578	1,168	2,797
	14,452	12,444	1,315	3,255
Financial Liabilities, at amortised cost				
- Payables and borrowings	18,883	7,386	6,547	845
Derivatives liabilities conversion component on redeemable convertible bonds	470	–	470	–
	19,353	7,386	7,017	845

Financial risk management

The Group's overall risk management framework is set by the Directors of the Company which sets out the Group's overall business strategies and its risk management philosophy. The Group's overall risk management approach seeks to minimise potential adverse effects on the financial performance of the Group.

There has been no change to the Group's exposure to these financial risks or the way in which it manages and measures financial risk. Market risk, credit risk and liquidity risk exposures are measured using sensitivity analysis indicated below.

(a) Market risk

Foreign exchange risk

The Group operates in Asia with dominant operations in Singapore. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies") such as the United States Dollar ("**USD**"), Malaysian Ringgit ("**RM**"), Thai Baht ("**THB**") and Japanese Yen ("**JPY**").

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

29. Financial instruments (cont'd)

(a) Market risk (cont'd)

Foreign exchange risk (cont'd)

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. The Group's currency exposure based on the information provided to key management is as follows:

	USD $'000	RM $'000	THB $'000	JPY $'000
Group				
As at 31 December 2015				
Financial assets				
Cash and bank balances and fixed deposits	1,804	502	*	*
Trade and other receivables and other current assets (except prepayments)	1,627	2,126	2,640	–
	3,431	2,628	2,640	*
Financial liabilities				
Trade and other payables and borrowings	(822)	(625)	(4,274)	(1,348)
Net financial assets/(liabilities) and net currency exposure	2,609	2,003	(1,634)	(1,348)

* amount below $1,000.

As at 31 December 2014				
Financial assets				
Cash and bank balances and fixed deposits	1,335	330	*	*
Trade and other receivables and other current assets (except prepayments)	2,309	3,428	6	–
	3,644	3,758	6	*
Financial liabilities				
Trade and other payables and borrowings	(2,737)	(1,755)	(521)	(345)
Net financial assets/(liabilities) and net currency exposure	907	2,003	(515)	(345)

* amount below $1,000.

Company

As at 31 December 2015 and 2014, there is no currency risk exposure for the financial assets and liabilities as they are all denominated in the Company's functional currency.

Sensitivity analysis for foreign exchange risk

The sensitivity analysis for foreign exchange risk is not disclosed as the effect on the loss after tax is considered not significant if the foreign currencies changes against the SGD by 5% (2014: 5%) with all other variables including tax rate being held constant.

29. Financial instruments (cont'd)

(a) Market risk (cont'd)

Price risk

The Group is exposed to equity securities price risk arising from the investments held by the Group which are classified as either available-for-sale or at fair value through profit or loss on the statement of financial position as at 31 December 2015. These securities are listed on the Singapore Exchange. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The sensitivity analysis for price risk is not disclosed if prices for equity securities change by 10% (2014: 10%) with all other variables including tax being held constant, as the effect on profit or loss and other comprehensive income is considered not significant.

Interest rate risk

The Group's interest rates for short term bank deposits and loan to a related party are fixed. The Company's interest rates for advance to subsidiaries are at fixed rates. For interest income from the fixed deposits, the Group manages the interest rate risks by placing fixed deposits with reputable financial institutions on varying maturities and interest rate terms. The debt obligations of the Group and the Company mainly pertain to its term-loan from bank, loans from the holding company of a corporate shareholder of a subsidiary and redeemable convertible bonds are at fixed rates. The finance lease liabilities and bank overdraft are at variable rates. The Group does not hedge its interest rate risk.

The Group and the Company ensures that it borrows at competitive interest rates under favourable terms and conditions.

Sensitivity analysis of the Group's and Company's interest rate risk exposures are not presented as the impact of an increase/decrease of 50 basis points in interest rates are not expected to be significant.

(b) Credit risk

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

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

(i) the carrying amount of each class of financial assets recognised in the statements of financial position; and

(ii) corporate guarantees issued by the Company in respect of banking facilities to a subsidiary amounted to $12,485,000 to a bank. As at 31 December 2014, the corporate guarantees by the Company and the holding company of a corporate shareholder of a subsidiary for advance payment security, performance security and certain banking facilities to an insurance company and a bank amounted to $17,295,000.

29. Financial instruments (cont'd)

(b) Credit risk (cont'd)

The trade and other receivables of the Group and the Company comprise of 2 debtors (2014: 1 debtor) and 1 debtor (2014: 3 debtors) respectively that individually represented 14% - 25% (2014: 27%) and 73% (2014: 32% - 36%) of trade and other receivables.

Financial assets that are neither past due or impaired

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

Financial assets that are either past due or impaired

An analysis of the age of trade and other receivables past due as at the end of the reporting period but not impaired is as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Past due 1–30 days	378	1,155
Past due 31–60 days	100	28
Past due 61–90 days	355	81
More than 90 days	1,375	2,042
	2,208	3,306

The carrying amount of trade receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Gross amount:		
Not past due but impaired	2,968	2,392
Past due more than 90 days	962	1,037
Less: Allowance for impairment	(1,954)	(1,727)
	1,976	1,702

29. Financial instruments (cont'd)

(b) Credit risk (cont'd)

Financial assets that are either past due or impaired (cont'd)

The movements in the allowance for impairment of doubtful trade receivables are as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Balance at 1 January	1,727	452
Translation differences	(6)	(3)
Charge during the financial year	278	1,278
Written-off	(45)	–
Balance at 31 December	1,954	1,727

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties or have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Movements in allowance for impairment of doubtful other receivables are as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Balance at 1 January	–	–
Charge during the financial year	574	–
Balance at 31 December	574	–

Movements in allowance for impairment of loan to a third party are as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Balance at 1 January	277	–
(Write-back)/charge during the financial year	(35)	277
Balance at 31 December	242	277

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

	Company	
	2015	**2014**
	$'000	**$'000**
Balance at 1 January	3,728	–
Charge during the financial year	6,992	3,728
Balance at 31 December	10,720	3,728

29. Financial instruments (cont'd)

(b) Credit risk (cont'd)

The movement in the allowance for impairment of doubtful trade advance to an associate is as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Balance at 1 January	1,905	–
Charge during the financial year	2,104	1,905
Balance at 31 December	4,009	1,905

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

	Group	
	2015	**2014**
	$'000	**$'000**
Balance at 1 January	122	–
Charge during the financial year	–	122
Balance at 31 December	122	122

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Less than one year:				
Trade and other payables	10,870	6,983	1,160	721
Borrowings	484	100	–	42
	11,354	7,083	1,160	763
Between 2 to 5 years:				
Borrowings	9,488	251	6,419	94
More than 5 years:				
Borrowings	99	117	–	–
	20,941	7,451	7,579	857

29. Financial instruments (cont'd)

(c) Liquidity risk (cont'd)

The maturity profile of the Company's corporate guarantees at the end of the reporting period based on contractual undiscounted repayment obligations. The maximum amounts of the corporate guarantees are allocated to the earliest period in which the guarantees could be called.

Company

	One year or less	
	2015	**2014**
	$'000	**$'000**
Corporate guarantee contracts	12,485	17,295

(d) Capital risk

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

The Directors review the capital structure on a periodic basis. As part of the review, the Directors consider the cost of capital and other sources of funds, including borrowings from banks and redeemable convertible bonds.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by equity.

The capital structure of the Group consists of net equity of the Group comprising share capital, other reserves, accumulated losses and borrowings. The Group's overall strategy remains unchanged from 2014.

	Group	
	2015	**2014**
	$'000	**$'000**
Borrowings (Note 23)	8,013	403
Net equity of the Group	12,865	10,398
Gearing ratio	0.63	0.04

As disclosed in Note 2.1, the Directors believe that the Group has adequate resources to continue its operations as a going concern and the Group will continue to be guided by prudent financial policies of which gearing is monitored.

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 December 2015 and 2014, respectively. The Company is not subject to externally imposed capital requirements for the financial year ended 31 December 2015 and 2014.

30. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group and the Company classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 - 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); and

(iii) Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
As at 31 December 2015				
Assets				
Financial assets, at fair value through profit or loss	111	–	36	147
Available-for-sale financial assets	9	–	–	9
Liabilities				
Derivative liability conversion component on redeemable convertible bonds	–	–	470	470
As at 31 December 2014				
Assets				
Financial assets, at fair value through profit or loss	189	–	38	227
Available-for-sale financial assets	639	–	–	639
Company				
As at 31 December 2015				
Assets				
Financial assets, at fair value through profit or loss	111	–	36	147
Liabilities				
Derivative liability conversion component on redeemable convertible bonds	–	–	470	470
As at 31 December 2014				
Assets				
Financial assets, at fair value through profit or loss	189	–	38	227
Available-for-sale financial assets	231	–	–	231

The fair values of trading securities traded in active markets are based on quoted market prices at the end of the reporting period. The quoted market prices used for the trading securities held by the Group and the Company are the closing price as at the end of the reporting period. These financial assets are included in Level 1.

Included in Level 3 are unquoted equity securities that are carried at fair value which is determined by a registered fund manager company at the end of the reporting period and adjusted for unobservable inputs.

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

(b) Assets and liabilities not carried at fair value but which fair values are disclosed

The carrying amount of non-current borrowings approximates its fair value at the end of the reporting period, as the market lending rate at the end of the reporting period was not significantly different from either its coupon rate of the agreement or market lending rate at the initial measurement date. The basis of determining fair value for disclosure purpose at the end of the reporting period is disclosed in Note 23.

The above does not include financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

31. Operating lease commitments

At the end of the reporting period, the commitments in respect of non-cancellable operating leases with terms from 1 to 2 years (2014: 1 to 2 years) for the rental of office premises and photocopying machines from non-related parties were as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Not later than one financial year	133	96	31	–
Later than one financial year but not later than five financial years	83	17	59	–
	216	113	90	–

32. Corporate Guarantee

Company

As at 31 December 2015, corporate guarantees given by the Company for banking facilities to a subsidiary amounted to $12,485,000. The banking facilities are also secured on the Company's leasehold property. As at 31 December 2015, the subsidiary has utilised bank overdraft amounted to $433,000 and performance guarantee amounted to $1,671,000. The fair value of the corporate guarantees as at the end of the reporting period is considered negligible.

As at 31 December 2014, corporate guarantees were given by the Company and the holding company of a corporate shareholder of a subsidiary for advance payment, performance security and certain banking facilities amounted to $17,295,000 for a project of the subsidiary. The fair value of the corporate guarantees as at the end of the reporting period was considered negligible. The corporate guarantee was called by the insurance company and the bank during the financial year ended 31 December 2015.

33. Other Matters

Matters with Commercial Affairs Department

As announced by the Company via the SGXNET on 4 April 2014 and 29 April 2014, the Company and certain of its subsidiaries, IPT, P.J. Services Pte Ltd and Nu-Haven Incorporated, were served with notices to provide certain information and documents for the period from 1 January 2011 to 3 April 2014 to the Commercial Affairs Department (the "**CAD**") in relation to its investigations into an offence under the Securities and Futures Act (Cap. 289). Since then, the Company has been co-operating fully with CAD in its investigations. On 22 January 2016, the CAD confirmed to the Company's external auditor that its investigations are still on-going. The CAD has not provided the Company with any further details or updates of its investigations.

The Company's current Chief Operating Officer is assisting the CAD with its investigations.

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

34. Claims and contingent liabilities

The following claims and contingent liabilities of the Group are related to IPT as at 31 December 2015. Subsequent to the financial year ended 31 December 2015, the Company has disposed its entire shareholding interest in IPT (please refer to Note 35(d)).

(A) Receipt of a notice of termination of a contract- FTJ Claims

On 27 March 2015, IPT received a Notice of Termination dated 26 March 2015 ("**Termination Notice**") in respect of the Engineering, Procurement, Construction & Commissioning Turnkey Contract ("**EPCC Contract**") between the IPT and FTJ Bio Power Sdn. Bhd. on grounds of alleged breach and default by the IPT of certain terms under the EPCC Contract ("**FTJ Claims**").

The EPCC Contract is for the engineering, procurement, construction and commissioning of a Biomass Power Plant ("**Power Plant**") in Malaysia. IPT had completed the engineering, procurement and construction of the Power Plant which IPT has received approximately $29,300,000 (equivalent of RM78,300,000), being approximately 90% of the EPCC Contract's original contract sum. As at 31 December 2015, according to the terms of the EPCC Contract, the exposure of the maximum liquidated damages is approximately $5,900,000 (equivalent of RM18,000,000 at the current prevailing exchange rate).

IPT has been advised by its solicitors who opined that the IPT's position has merits on the FTJ Claims, the Termination Notice and liquidated damages invoices issued by FTJ. IPT has been directed to take all appropriate steps to resolve the matter via amicable negotiation and if necessary, initiate arbitration proceedings at the Kuala Lumpur Regional Centre for Arbitration as provided for in the EPCC Contract. The arbitration proceeding is likely to take about 12 to 24 months from commencement before an award may be given and as at the date of this report, no arbitration proceedings have commenced. Based on the foregoing factors and as the outcome of the Termination Notice and FTJ Claims cannot be reliably estimated and the obligation of the liquidated damages are subject to those outcomes, the Directors are of the opinion that no further allowance for doubtful receivables on the net amount owing from FTJ of $1,975,000 (Note 13 (i)) and no provision for liquidated damages was necessary as at 31 December 2015.

34. Claims and contingent liabilities (cont'd)

(B) Delay in the delivery of project with Songkhla

As disclosed in Note 23, there is a project delay on the contract with Songkhla. Based on the terms of the contract, the exposure of the maximum liquidated damages is approximately $4,700,000, representing 20% of the total contract sum of $23,306,000. Based on the representation from the management of IPT on the status of the negotiations between Songkhla and IPT, the Directors are of the opinion that no allowance for doubtful receivables on the amount owing from Songkhla of $3,403,000 (Note 13 (ii)) and no provision for liquidated damages was necessary as at 31 December 2015.

(C) Delay in the delivery of project with Thai Maidensha

There is a project delay on the construction of a plant in Thailand entered into between Thai Maidensha and IPT. Based on the terms of the contract, the exposure of the maximum liquidated damages is approximately $1,000,000, representing 9% of the total contract sum of $11,140,000. Based on the representation from the management of IPT on the status of the negotiations between Thai Maidensha and IPT, the Directors are of the opinion that no allowance for doubtful receivables on the amount owing from Thai Maidensha Company Limited of $679,000 (Note 13 (iii)) and no provision for liquidated damages was necessary as at 31 December 2015.

(D) Receipt of writs of summons from certain trade suppliers

Subsequent to the financial year ended 31 December 2015, IPT received writs of summons and claims totalled $668,000 made against it from certain trade creditors for outstanding debts in respect of goods delivered and services rendered to IPT. The full amounts of the outstanding debts claimed under the writs of summons have been provided for in these financial statements. As the management of IPT was unable to determine the probable outcome and current status of the writs of summons, consequently, the Directors are of the opinion that no additional liabilities might arose and no additional liabilities were recognised as at 31 December 2015.

35. Events after the reporting period

Other than as disclosed elsewhere in these financial statements, subsequent to the financial year ended 31 December 2015:

(a) In respect of the RCBs.

(i) The Company issued the fifth to eighth sub-tranche of the Tranche 1 RCBs, with an aggregate principal amount of $2,000,000;

(ii) The Company allotted and issued a total of 188,235,294 consideration shares, for a total consideration of $300,000, being the initial fee payment tranche relating to the issuance of the RCBs; and

(iii) the subscribers of the RCBs have exercised its rights to convert RCBs with an aggregate principal value of $2,450,000, which are converted into a total of 3,062,500,000 conversion shares. As at the date of these financial statements, the principal value of RCBs that has been issued which are yet to be converted into the Company's shares amounted to $1,550,000.

Following the allotment and issuance of the consideration shares and conversion shares, the issued and paid-up ordinary shares of the Company has increased to $57,274,805, comprising 4,739,485,206 ordinary shares, as at the date of these financial statements.

35. Events after the reporting period (cont'd)

(b) The Company announced on 11 February 2016 that it had entered into a debt conversion agreement and an option agreement with an investor, respectively, whereby the Company agreed to grant an option to the investor to convert an amount of $3,505,000 into 3,504,878,770 shares of the Company and further, the Company proposes, for the aggregate consideration of $50,000, to issue to the investor an aggregate of 5,555,555,555 transferable share options with each option carrying the right to subscribe for one (1) new ordinary share of the Company to raise an amount of up to $5,000,000 in aggregate. The proposed allotment and issuance of the shares to the investor is subject to approval by the SGX-ST and shareholders at an extraordinary general meeting to be convened.

The amount of $3,505,000 to be convertible by the investor arose from the assignment of a loan to the Company by LionGold (Note 23) to the investor.

(c) On 1 March 2016, the Company completed the acquisition of 350,000 ordinary shares, representing 70% shareholding interest, in GPE Power Systems (M) Sdn. Bhd. ("**GPE**"), for a consideration of $1,837,500. The fair value of the Group's share of the identifiable net assets of GPE at the date of acquisition has been provisionally determined at $500,000. GPE will be consolidated with effect from 1 March 2016. Details of the assets acquired, liabilities assumed, non-controlling interest that will be recognised, acquisition costs and effects on the Group's profit or loss and cash flows for the financial year ending 31 December 2016 are not disclosed as the accounting for this business combination is still incomplete at the time these financial statements are authorised for issue.

(d) On 17 March 2016, the Company completed the disposal of its entire shareholding interest in the IPT and TTEC (the "**Disposal**") for a sales consideration of $2. The Group's share of net liabilities of the subsidiaries as at 31 December 2015 was $7,020,000. The financial effect of the disposal is not disclosed as the accounting for this disposal is still incomplete at the time these financial statements are authorised for issue.

(e) On 7 April 2016, the Company entered into conditional sale and purchase agreements to acquire the remaining 22% shareholding interests in IES for an aggregate consideration of $660,000. The consideration will be satisfied by the issuance of promissory notes and the Company's shares. Subject to conditions precedent and upon completion of the transaction, IES will become a wholly-owned subsidiary of the Company.

36. Basis for qualified audit opinion on the financial statements for the financial year ended 31 December 2014

The independent auditor's report dated 13 April 2015 expressed a qualified audit opinion on the financial statements for the financial year ended 31 December 2014. The extract of the basis for qualified audit opinion is as follows:

Basis for Qualified Opinion

Included in the trade and other receivables shown in Note 13 is a net amount of $2,863,000 due from a subsidiary's customer. Subsequent to the financial year end, the subsidiary received a notice of termination letter from the same customer. As disclosed in more details in Note 34A, the matters relating to the notice of termination letter are still at its preliminary stage and that if arbitration proceedings are to take place, it is likely that it would be about 12 to 24 months from commencement before an award is given.

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

Qualified Opinion

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

36. Basis for qualified audit opinion on the financial statements for the financial year ended 31 December 2014 (cont'd)

Emphasis of Matter

a) Matter with Commercial Affairs Department

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

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

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

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

Our opinion is not qualified in respect of this matter.

b) Receipt of a notice of termination of a contract by a subsidiary

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

Our opinion is not qualified in respect of this matter.

c) Going concern assumption

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

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

Our opinion is not qualified in respect of this matter.

37. Comparative figures

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2014 were audited by another independent auditor whose report dated 13 April 2015 expressed a qualified opinion on those financial statements.

38. Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Directors on 12 April 2016.

STATISTICS OF SHAREHOLDINGS

As at 7 April 2016

Issue and fully paid-up share capital	**:**	**$57,474,268**
Number of issued Shares	**:**	**4,551,985,206**
Class of Shares	**:**	**Ordinary Shares**
Voting rights	**:**	**One vote for each Ordinary Share**

The Company does not hold any treasury shares.

DISTRIBUTION OF SHAREHOLDINGS
As at 7 April 2016

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 99	11	0.32	121	0.00
100 - 1,000	173	5.00	110,799	0.00
1,001 - 10,000	541	15.63	3,933,692	0.09
10,001 - 1,000,000	2,485	71.82	459,789,010	10.10
1,000,001 and above	250	7.23	4,088,151,584	89.81
Total	3,460	100.00	4,551,985,206	100.00

SUBSTANTIAL SHAREHOLDERS
(as recorded in the Register of Substantial Shareholders as at 7 April 2016)

	Direct Interest		Deemed Interest	
	Number of Shares held	%	Number of Shares held	%
Chong Shin Mun [(1)]	236,500,000	5.20	–	–

Note:

(1) Shares are held by DBS Vickers Securities (S) Pte Ltd as nominees.

STATISTICS OF SHAREHOLDINGS

As at 7 April 2016

TWENTY LARGEST SHAREHOLDERS
As at 7 April 2016

No.	Name	Number of Shares	%
1.	CIMB Securities (Singapore) Pte Ltd	358,320,000	7.87
2.	RHB Securities Singapore Pte Ltd	339,143,000	7.45
3.	DBS Vickers Securities (S) Pte Ltd	312,297,000	6.86
4.	United Overseas Bank Nominees (Pte) Ltd	250,185,300	5.50
5.	Raffles Nominees (Pte) Ltd	238,756,200	5.25
6.	Phillip Securities Pte Ltd	219,832,400	4.83
7.	UOB Kay Hian Pte Ltd	201,833,800	4.43
8.	DBSN Services Pte Ltd	200,000,000	4.39
9.	Ooi Wooi Jing	200,000,000	4.39
10.	Lim Chin Hin	100,000,000	2.20
11.	Keith Tan Junjie	95,000,000	2.09
12.	Moi Hsien Hur	76,000,000	1.67
13.	Lu Tian	60,000,000	1.32
14.	DBS Nominees Pte Ltd	54,169,005	1.19
15.	Loh Kuwei Lam	50,257,100	1.10
16.	Lim Swee Yean	50,000,000	1.10
17.	Neo Ai Choo Mrs Fong Ai Choo	50,000,000	1.10
18.	KGI Fraser Securities Pte Ltd	49,975,000	1.10
19.	Ho Yee Yan	48,910,000	1.07
20.	Bobby Gumanti	48,000,000	1.05
	Total	**3,002,678,805**	**65.96**

SHAREHOLDINGS HELD BY PUBLIC

Based on the information provided to the Company as at 7 April 2016, there were 4,207,215,406 Shares held in the hands of the public, representing 92.43% of the number of issued Shares of the Company. Accordingly, Rule 723 of the Catalist Rules has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

ANNICA HOLDINGS LIMITED

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

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the "**AGM**") of the Company will be held at the Village Hotel Katong, 25 Marine Parade, Singapore 449536 on Friday, 29 April 2016 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the audited financial statements of the Company for the financial year ended 31 December 2015 together with the Directors' Statement and the Independent Auditor's Report thereon.

[Resolution 1]

2. To re-elect the following Directors, who retire by rotation in accordance with Article 104 of the Company's Constitution (the "**Constitution**") and who, being eligible, offer themselves for re-election as Directors:
[See Explanatory Note (a)]

(i) Mr. Nicholas Jeyaraj s/o Narayanan **[Resolution 2(i)]**

(ii) Mr. Ong Su Aun Jeffrey **[Resolution 2(ii)]**

3. To re-elect the following Directors, who are retiring pursuant to Article 108 of the Constitution and who, being eligible, offer themselves for re-election as Directors:
[See Explanatory Note (b)]

(i) Ms. Sandra Liz Hon Ai Ling **[Resolution 3(i)]**

(ii) Mr. Su Jun Ming **[Resolution 3(ii)]**

(iii) Mr. Adnan Bin Mansor **[Resolution 3(iii)]**

4. To approve the payment of Directors' fees of $101,000 for the financial year ended 31 December 2015 (31 December 2014: $90,000).

[Resolution 4]

5. To approve the payment of Directors' fees of $101,000 for the financial year ending 31 December 2016, to be paid quarterly in arrears (31 December 2015: $101,000).

[Resolution 5]

6. To re-appoint Baker Tilly TFW LLP as the Independent Auditor of the Company and to authorise the Directors to fix its remuneration.

[Resolution 6]

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

SPECIAL BUSINESS

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

8. Authority to allot and issue shares and convertible securities (the "**Share Issue Mandate**")

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

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

(b) convertible securities; or

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

(d) shares arising from the conversion of the securities in (b) and (c) above.

at any time during the continuance of this authority or thereafter and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit (notwithstanding the authority conferred by this Resolution may have ceased to be in force),

provided that:

(i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of convertible securities made or granted pursuant to this Resolution) shall not exceed 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below);

(ii) (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 (i) above, the percentage of the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

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

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

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Constitution; and

(iv) (unless revoked or varied by the Company in a general meeting) this 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 (c)]

[Resolution 7]

By Order of the Board

Tan Poh Chye Allan
Elaine Beh Pur-Lin
Joint Company Secretaries

Singapore, 14 April 2016

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(a) In relation to Ordinary Resolution 2(i), Mr. Nicholas Jeyaraj s/o Narayanan will, upon re-election as a Director, remain as a Non-Executive Director and will not be considered as an Independent Director.

In relation to Ordinary Resolution 2(ii), Mr. Ong Su Aun Jeffrey will, upon re-election as a Director, remain as a Non-Executive Director and he is considered to be independent for the purposes of Rule 704(7) of the Catalist Rules. He will continue to serve as the Chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nominating Committee.

(b) In relation to Ordinary Resolutions 3(i), 3(ii) and 3(iii), the Company's Constitution permits the Directors to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following annual general meeting, and shall then be eligible for re-election. Ms. Sandra Liz Hon Ai Ling, Mr. Su Jun Ming, and Mr. Adnan Bin Mansor are each therefore seeking re-election at the AGM pursuant to Article 108 of the Constitution.

Ms. Sandra Liz Hon Ai Ling will, upon re-election as a Director, remain as an Executive Director and the Chief Executive Officer.

Mr. Su Jun Ming will, upon re-election as a Director, remain as a Non-Executive Director and he is considered to be independent for the purposes of Rule 704(7) of the Catalist Rules. He will continue to serve as the Lead Independent Director, Chairman of the Audit Committee, a member of the Nominating Committee and a member of the Remuneration Committee.

Mr. Adnan Bin Mansor will, upon re-election as a Director, remain as a Non-Executive Director and he is considered to be independent for the purposes of Rule 704(7) of the Catalist Rules. He will continue to serve as the Chairman of the Nominating Committee, a member of the Audit Committee and a member of the Remuneration Committee.

(c) Ordinary Resolution 7, if passed, will empower the Directors from the time this Resolution is passed until the next annual general meeting to issue shares and/or convertible securities in the Company up to an amount not exceeding in aggregate 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, for such purposes as they consider would be in the interests of the Company. For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated on the basis of the total number of issued shares (excluding treasury shares) at the time that this Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities and any subsequent bonus issue, consolidation or subdivision of shares.

Notes on AGM:

1. A member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote instead of him.
2. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote on his behalf at the AGM.
3. Where a member of the Company appoints more than one proxy, the proportion of his shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against the member's name in the Depository Register and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.
4. For any member who acts as an intermediary pursuant to Section 181(6) of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), who is either:
   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
   (b) a capital markets services licence holder which provides custodial services for securities and holds shares in that capacity; and
   (c) the Central Provident Fund ("**CPF**") Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased on behalf of CPF investors.

   You are entitled to appoint one or more proxies to attend and vote at the meeting. The proxy need not be a member of the Company. Please note that if any of your shareholdings are not specified in the list provided by the intermediary to the Company, the Company may have the sole discretion to disallow the said participation of the said proxy at the AGM.
5. If the member is a corporation, the instrument appointing the proxy must be executed under its common seal or the hand of its duly authorised officer or attorney.
6. The duly executed instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 1 Raffles Place #18-61 Tower 2, Singapore 048616 not later than 48 hours before the time set for the AGM.

Personal Data Privacy Terms:

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

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

IMPORTANT

1. For investors who have used their CPF monies to buy shares in the Company, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent for their information only.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors should contact their CPF Approved Nominees if they have any queries regarding their appointment as proxies.

PROXY FORM

I/We _____ (Name), _____ (NRIC/Passport/Company Registration Number)

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

Name	Address	NRIC/Passport Number	Proportion of shareholding (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of shareholding (%)

or failing him/them, the Chairman of the Annual General Meeting (the "**AGM**") as my/our proxy/proxies to attend and vote for me/us on my/our behalf, at the AGM to be convened on Friday, 29 April 2016 at 10.00 a.m. at the Village Hotel Katong, 25 Marine Parade, Singapore 449536, and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the AGM and at any adjournment thereof.

No.	Resolutions relating to:	FOR*	AGAINST*
Ordinary Business			
1	Adoption of the Company's audited financial statements for the financial year ended 31 December 2015		
2(i)	Re-election of Mr. Nicholas Jeyaraj s/o Narayanan as a Director		
2(ii)	Re-election of Mr. Ong Su Aun Jeffrey as a Director		
3(i)	Re-election of Ms. Sandra Liz Hon Ai Ling as a Director		
3(ii)	Re-election of Mr. Su Jun Ming as a Director		
3(iii)	Re-election of Mr. Adnan Bin Mansor as a Director		
4	Approval of Directors' fees of $101,000 for the financial year ended 31 December 2015		
5	Approval of Directors' fees of $101,000 for the financial year ending 31 December 2016		
6	Re-appoint Baker Tilly TFW LLP as the Independent Auditor		
Special Business			
7	Authority to allot and issue shares and convertible securities		

* Please indicate with an "x" in the space provided to exercise your vote "For" or "Against" the resolutions as set out in the Notice of AGM dated 14 April 2016. Alternatively, please indicate the number of shares as appropriate.

Dated this _____ day of _____ 2016

Total number of shares held in	
CDP register	Register of Members

_____
Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM.

NOTES :-

1. Please insert the total number of shares you hold. 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 and shares 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 Shareholders. 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 who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote on his behalf at the AGM.

3. Where a member of the Company appoints more than one proxy, the proportion of his shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against the member's name in the Depository Register and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.

4. For any member who acts as an intermediary pursuant to Section 181(6) of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), who is either:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (b) a capital markets services licence holder which provides custodial services for securities and holds shares in that capacity; and

   (c) the Central Provident Fund ("**CPF**") Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased on behalf of CPF investors.

   You are entitled to appoint one or more proxies to attend and vote at the meeting. The proxy need not be a member of the Company. Please note that if any of your shareholdings are not specified in the list provided by the intermediary to the Company, the Company may have the sole discretion to disallow the said participation of the said proxy at the AGM.

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ANNICA HOLDINGS LIMITED

(COMPANY REGISTRATION NO. 198304025N)

1 RAFFLES PLACE
#18-61 TOWER 2
SINGAPORE 048616

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5. The instrument appointing a proxy or proxies must be lodged at the registered office of the Company at 1 Raffles Place, #18-61 Tower 2, Singapore 048616, not less than 48 hours before the time appointed for the AGM.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or the hand of its duly authorised officer or attorney.

   Completion and return of the instrument appointing a proxy or proxies by a member shall not preclude him from attending and voting at the AGM if he so wishes. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.

7. A body corporate 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(s) at the AGM, in accordance with Section 179 of the Companies Act.

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 shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY TERMS:

By submitting an instrument appointing a proxy or proxies and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 14 April 2016.

ANNICA HOLDINGS LIMITED

ANNUAL REPORT 2015

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