BLUMONT

博诺有限公司

ANNUAL REPORT 2017

CONTENTS

CORPORATE INFORMATION

BOARD COMPOSITION

- **Board of Directors**
  Executive Directors:
  Siaw Lu Howe
  (Executive Chairman and Chief Executive Officer)
  Lee Boon Teck
  (Executive Director and Chief Operating Officer)
  Kek Wei Na
  (Executive Director and Chief Financial Officer)

  Non-Executive and Independent Directors:
  Calvin Lim Huan Kim
  (Lead Independent Director)
  Tan Gim Kang, Arran
  Aris Muhammad Rizal

- **Audit Committee**
  Calvin Lim Huan Kim
  (Chairman)
  Tan Gim Kang, Arran
  Aris Muhammad Rizal

- **Remuneration Committee**
  Calvin Lim Huan Kim
  (Chairman)
  Tan Gim Kang, Arran
  Aris Muhammad Rizal

- **Nominating Committee**
  Tan Gim Kang, Arran *(Chairman)*
  Calvin Lim Huan Kim
  Aris Muhammad Rizal

COMPANY SECRETARY
Nor Hafiza Alwi

REGISTRAR
B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

AUDITORS
Moore Stephens LLP
Public Accountants and Chartered Accountants
10 Anson Road, #29-15
International Plaza
Singapore 079903

Audit Partner in charge
(appointment since financial year 2017)
Mr. Chang Fook Kay

REGISTERED OFFICE
Apex @ Henderson
201 Henderson Road
#03-26/27
Singapore 159545
Tel : (65) 6332 9488
Fax : (65) 6332 9489

OPERATING SUBSIDIARIES

- **Singapore**
  Tria Holdings Pte. Ltd.
  Asphere Holdings Pte. Ltd.
  Adroit Innovations Investment Pte Ltd

  Apex @ Henderson
  201 Henderson Road
  #03-26/27
  Singapore 159545

- **Malaysia**
  Raintree Rock Sdn. Bhd.
  Trackplus Sdn Bhd

  No. 177-3, 3rd Floor,
  Jalan Sarjana
  Taman Connaught, Cheras
  56000 Kuala Lumpur
  Malaysia

  Gemisuria Corporation Sdn Bhd

  1st Floor, Lot 13
  K.K. Chinese Chamber of Commerce
  Kampong Air PO Box 11849
  88000 Kota Kinabalu
  Sabah, Malaysia

- **Indonesia**
  PT Rel-ion Sterilization Services

  Kampung Meriuk RT 002 RW 002 Gandamekar
  West Cikarang
  Berkasi – West Java 17520
  Indonesia

- **British Virgin Islands**
  Powerlite Ventures Limited
  (voluntary liquidation commenced on 14 February 2018)

  c/o Apex @ Henderson
  201 Henderson Road
  #03-26/27
  Singapore 159545

NON-OPERATING SUBSIDIARIES

- **Singapore**
  G1 Investments Pte. Ltd.
  Phelago Holdings Pte. Ltd.
  (struck off on 9 March 2017)
  Blumont Copper Pte. Ltd.
  (struck off on 10 October 2017)

  Apex @ Henderson
  201 Henderson Road
  #03-26/27
  Singapore 159545

PRINCIPAL BANKERS
DBS Bank Ltd
12 Marina Boulevard Level 3
Marina Bay Financial Centre Tower 3
Singapore 018982

HL Bank
1 Wallich Street
#29-01 Gucco Tower
Singapore 078881

BOARD OF DIRECTORS

MR. SIAW LU HOWE
Executive Chairman and Chief Executive Officer

Mr. Siaw Lu Howe was appointed Interim Chief Executive Officer on 5 September 2017 and subsequently re-designated as Executive Chairman and Chief Executive Officer of the Group on 6 December 2017. He has had over 20 years of experience in managing diverse businesses, such as in hospitality, real estate and mining services industries, primarily located in the state of Sarawak, Malaysia. Mr. Siaw has been a director at Sri Datai Construction (Sarawak) Sdn Bhd since 1995 and at Modal Sempura Sdn Bhd since 2009 and is currently advisor to Juara Cahya Sarawak Sdn Bhd, since 2015.

MR. LEE BOON TECK
Executive Director and Chief Operating Officer

Mr. Lee Boon Teck was appointed Executive Director and Chief Operating Officer of the Group on 6 December 2017. He has 17 years of banking experience covering full aspect of retail banking segment including private banking. Mr. Lee was based in Indonesia for a few years. He also has working exposure to countries like Thailand, Vietnam, Myanmar, Laos and Cambodia. He has extensive experience in the financial industry as well as good network.

MS. KEK WEI NA
Executive Director and Chief Financial Officer

Ms. Kek Wei Na was appointed Executive Director and Chief Financial Officer of the Group on 6 December 2017. She graduated with a Bachelor of Accountancy degree from Nanyang Business School, NTU Singapore. She has been an accredited member of the Institute of Singapore Chartered Accountants since 2012. She has had working experience in auditing, finance, real estate and mineral, oil and gas industries.

MR. CALVIN LIM HUAN KIM
Lead Independent Director

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

MR. TAN GIM KANG, ARRAN
Independent Non-Executive Director

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

MR. ARIS MUHAMMAD RIZAL
Independent Non-Executive Director

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

EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors (the "**Board**") of Blumont Group Ltd. ("**Blumont**" or the "**Company**" and together with its subsidiaries, the "**Group**"), I am pleased to present to you the Group's annual report for the financial year ended 31 December 2017 ("**FY2017**").

EMBRACING CHANGE IN 2017

Year 2017 has been a year Blumont experienced major ownership and management renewal. On 24 August 2017, Ultimate Horizon Pte. Ltd. ("**Ultimate Horizon**") acquired major shareholding of 22,011,537,185 of the Company's issued and paid-up ordinary shares and subsequently an additional 119,647,019 ordinary shares by way of an unconditional general offer, according to the Singapore code on Takeovers and Mergers, completed on 12 October 2017. After the completion of the general offer, Ultimate Horizon owned approximately 69.93% of Blumont. The ownership of Ultimate Horizon was subsequently increased to approximately to 80.27% after the reconsolidation of Blumont's share capital in January 2018, as further explained below.

For the rest of the shareholders who accompanied us relentlessly on this journey, we express our deepest gratitude to your unwavering support.

We are glad that Blumont has passed several milestones in 2017 amidst the changes.

We have successfully applied to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for our removal from the watch-list, after being put on the watch-list from 3 June 2016, due to 3 consecutive years of losses prior to the financial year ended 31 December 2016.

RECONSOLIDATION OF SHARE CAPITAL

In December 2017, we also made an application to the High Court of the Republic of Singapore ("**High Court**") to rescind the 4,075,000,000 Award Shares ("**Award Shares**") under the Blumont Performance Share Plan, as the total number of Award Shares had exceeded the 15% limit prescribed under the rules of the Share Plan. The High Court subsequently granted the order to void the allotment and issuance of the Award Shares on 26 January 2018. We have since done the necessary rectification to our Company's records and statutory registers. Our efforts to reconsolidate our share capital will enhance our shareholders' value and re-instill confidence in our stakeholders.

MANAGEMENT RENEWAL

I was appointed the Interim Chief Executive Officer on 5 September 2017 and subsequently re-designated as the Executive Chairman and Chief Executive Officer on 6 December 2017. The renewal of the management team was carried out concurrently with my redesignation. I believe that the renewed management team will bring the Company to greater heights.

BUSINESS REVIEW

We are currently in the midst of reviewing the Group's existing businesses. We plan to spinoff less profitable businesses and close down loss-making businesses. Meanwhile, we will focus on profitable businesses and examine how we are able to boost our profits further for such businesses. We are also in the midst of sourcing for new partners in existing / new industries.

We will embrace all challenges having set the right vision and we seek to rejuvenate the image of Blumont and pave a new path for the Group, with the right strategy.

EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT

SUPPORT FROM MAJOR SHAREHOLDER

In FY2017, the Company's major shareholder, Ultimate Horizon had extended a S$1 million shareholder's loan to Blumont and acted as a corporate guarantor for a $500,000 bank loan to Blumont. This support is crucial to the Group for their operations and cashflow, as well as for managing creditors.

FINANCIAL REVIEW

Operationally, the Group reported a net loss of S$2,588,851 for FY2017.

The Group's revenue of S$3,697,557 mainly constituted the sterilisation business segment revenue of S$3,586,170 and property business segment revenue of S$111,387. Furthermore, the Group's other losses of S$711,187 for FY2017 was also contributed by loss on striking-off a dormant subsidiary during the year.

The above was offset by employee benefits of S$2,383,117, legal and professional fees of S$708,614 for a corporate exercise, depreciation expenses of S$541,109, rental and upkeep expenses of S$500,246, directors' fees of S$142,461, marketing and advertising expenses of S$110,881 and other miscellaneous operating expenses of S$739,274.

The cash and bank balances as at 31 December 2017 was S$929,704. The improved cash position was due to the bank loan and shareholder's loan secured in FY2017, offset by payment of operating expenses made during the year.

Net asset value per ordinary share to the owners of the Company as at 31 December 2017 was 0.01 cents (31 December 2016: 0.02 cents) based on issued share capital of 27,570,762,183 (31 December 2016: 27,525,762,183).

MANAGEMENT REVIEW

Our management team is currently assessing the Group's structure and we believe that these efforts will be reflected in the financials of the Group in the near future.

CONCLUSION

On behalf of the Board, I would like to extend my sincere thanks to every member of our Group. Our people are the foundation upon our future success.

Additionally, I wish to thank my fellow Board members and working partners for their valued input and support throughout the year.

Finally, on behalf of the Board, we are grateful to shareholders who have been with the Company through difficult times.

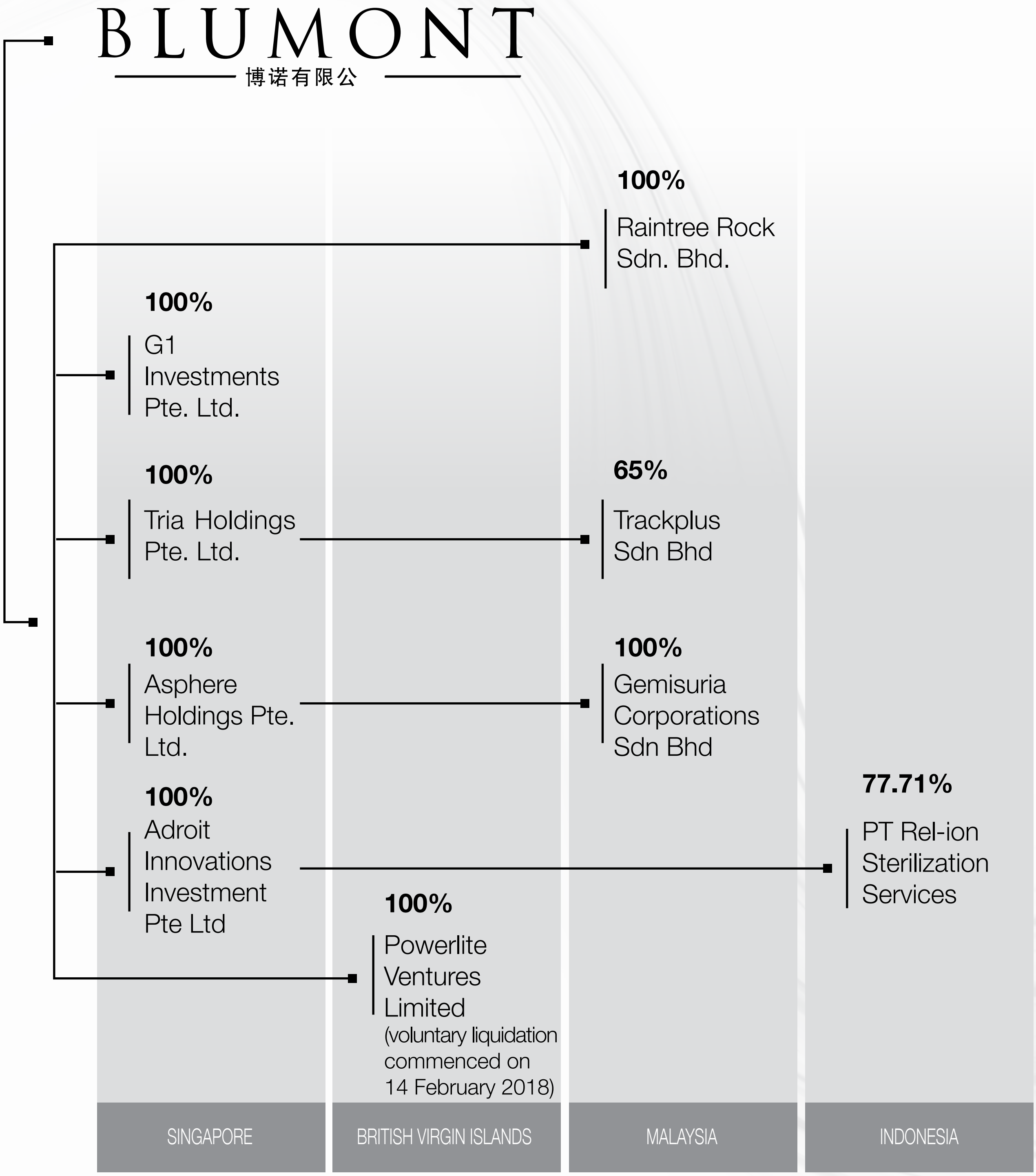
As we enter the new financial year ahead, we endeavor to work towards further enhancing shareholders' value going forward. We look forward to all stakeholders and shareholders' continual support and trust towards a better future for Blumont in the years to come.

Yours sincerely,

SIAW LU HOWE
Executive Chairman and Chief Executive Officer

GROUP STRUCTURE

As at 31 December 2017



MISSION STATEMENT AND MANAGEMENT TEAM

MISSION STATEMENT

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

MANAGEMENT TEAM

MR. SIAW LU HOWE
Executive Chairman and Chief Executive Officer of Blumont Group Ltd.
Mr. Siaw Lu Howe is responsible for setting the overall corporate direction, implementing the Group's strategic plans as well as overseeing the overall operations of the Group.

MR. LEE BOON TECK
Chief Executive Officer of Blumont Group Ltd. and Director of Malaysia subsidiaries
Mr. Lee Boon Teck is responsible for managing the day-to-day operation of the Group, as well as overseeing the operations of the Malaysia subsidiaries.

MS. KEK WEI NA
Chief Financial Officer of Blumont Group Ltd.
Ms. Kek Wei Na is responsible for managing the overall financials of the Group.

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

AUDITED FINANCIAL YEAR END SUMMARY

The Group **Consolidated Statement of Comprehensive Income – S$**	**31 December 2017** **12 months**	**31 December 2016** **12 months**
Operating Revenue	3,697,557	3,707,826
Other (Losses)/Gains – net	(711,187)	8,736,195
Total Expenses	(5,125,702)	(6,617,142)
Income Tax Expense	(449,519)	(406,655)
Total (Losses)/Profit: The Group	(2,588,851)	5,420,224
– Non-Controlling Interests	212,557	462,944
– Owners of the Company	(2,801,408)	4,957,280

The Group **Statements of Financial Position – S$**	**31 December 2017**	**31 December 2016**
Total Assets	12,942,893	12,725,298
Total Liabilities	(7,223,491)	(4,888,142)
Net Assets	5,719,402	7,837,156
Intangible Assets	–	–
Net Tangible Assets – The Group	5,719,402	7,837,156
Equity: The Group	5,719,402	7,837,156
– Non-Controlling Interests	2,850,206	2,739,805
– Owners of the Company	2,869,196	5,097,351

Owners of the Company **Per Share Computation**	**31 December 2017**	**31 December 2016**
Number of Shares	27,570,762,183	27,525,762,183
Net Assets Value per Share – in cents	0.01	0.02
Net Tangible Assets per Share – in cents	0.01	0.02
Weighted Average Number of Shares	27,549,926,567	6,840,527,937
(Loss)/Profit per Share – in cents	(0.01)	0.07

The Group **Ratio Computation**	**31 December 2017**	**31 December 2016**
Return on Assets	-20%	43%
Return on Equity	-45%	69%

MINERAL AND ENERGY RESOURCES INVESTMENTS

As at 16 March 2018

Blumont Group Ltd. (the "**Company**") holds investment in a company in the business of exploration, exploitation, development and production of mineral and energy resources. The Company presently does not have any direct interest in tenements and its investment in the mineral and energy resources segment is limited to minority stakes in an investee company. As such, the Company does not directly undertake any exploration, development or production activities.

A summary of the Company's existing investment in the mineral and energy resources investee company for the financial year ended 31 December 2017 and up to 16 March 2018 is set out below. Information on the investee company (including their respective exploration, development and/or production activities, and reserves and resources of tenements) is based on publicly available information.

Investee Company	Blumont's Interest as at 31 December 2017	Resource Type/ Location	Project Development Stage/Resource Classification
Hardey Resources Limited (formerly known as Elysium Resources Limited)	0.006%	Copper, gold/Australia, Indonesia	Burraga Project: Measured, Indicated and Inferred Resources Hackney's Creek: Inferred Resources Lucky Draw: Inferred Resources Other tenements: Exploration stage

HARDEY RESOURCES LIMITED

<u>COPPER AND GOLD DEPOSITS IN AUSTRALIA AND INDONESIA</u>

As at 31 December 2017, the Company has an approximate 0.006% stake in Hardey Resources Limited ("**Hardey**") (formerly known as Elysium Resources Limited or "**Elysium**" with ASX Code: EYM), a company incorporated in Australia whose shares are listed and quoted for trading on the ASX (ASX Code: HDY).

Hardey is a junior mineral resources company focused on the exploration and development of key demand driven commodities. Hardey's current focus is in discovering Paleo-placer Witwatersrand style mineralisation in the Pilbara region of Western Australia. The Pilbara conglomerate-hosted gold projects consist of three exploration licenses (E47/3578, E47/3827 and E45/5020). Hardey has aggregated a diversified portfolio assets that are at multiple stages, commodities and jurisdictions. The Grace Gold-Copper Project located in the world class Paterson mineral province in Western Australia consists of one granted exploration license and five granted prospecting licenses (E45/4524, P45/2905, P45/2906, P45/2907, P45/2908 and P45/2909) with additional applications pending (E45/5130, E45/5131, E45/5132). The Burraga Copper-Gold Project, located in the world-class minerals province of the East Lachland Fold Belt in central western New South Wales consists of three contiguous exploration licenses (EL6463, EL6874 and EL7975) and one exploration license application (ELA5454) covering a total area of approximately 221km^2.

MINERAL AND ENERGY RESOURCES INVESTMENTS

As at 16 March 2018

(i) Burraga Project, New South Wales

The Burraga Project consists of three contiguous exploration licenses (EL6463, EL6874 and EL7975), which encompass highly productive historic mine sites of Lloyd's Copper Mine ("**Lloyd's**") (produced 19,443 tonnes Cu @ grades of 3.5%-4.14%) and Lucky Draw Gold Mine (1.41 million tonnes of ore @ 4.2 g/t Au treated from 1988-1991) as well as the highly prospective Isabella and Hackney's Creek gold targets.

Lloyd's Copper Mine

The company's focus was on development of the wholly-owned copper project centered on the former Lloyd's near Burraga, New South Wales (EL6463). Work continued on Environmental Impact Study ("**EIS**"), with the air quality impact study component of the EIS drafted and completed.

In March 2017, the company acquired freehold land Lot 12 DP 241638 surrounding the Lloyd's Copper Mine within the Burraga Project. This covered a total of 80.41 hectares in and around the Lloyd's resource area. Acquisition of this land removed the requirement to seek the landholder's approval to pursue activities in the project area.

Exploration activities were limited to the first quarter of FY2017 due to restricted budgets and changes in management structure. This allowed time for planning and subsequent implementation of a multi-phase, targeted drilling program at Lloyd's. The program is seeking to extend known mineralisation horizons away from the original mine workings. Phase 1 of the program was undertaken before the end of 2017, while the following phases will run through 2018.

In Phase 1 of the Lloyd's extension program, the company completed five reverse circulation ("**RC**") drill holes for 1,176m in July 2017. Holes in the company's program were drilled further east than all previous company and historical drilling, successfully locating an eastern extension of copper mineralisation and returning promising assay results. These included:

- 9m @ 2.3% Cu, 0.1% Zn, 12.4 g/t Ag from 197m – including 1m @ 9.6% Cu, 0.4% Zn and 50.4 g/t Ag from 198m;
- 20m @ 0.8% Cu, 0.1% Zn, 7.5 g/t Ag from 180m – including 3m @ 3.1% Cu, 0.1% Zn and 28.6 g/t Ag from 192m;
- 1m @ 4.2% Cu, 1.1% Zn, 50.4 g/t Ag from 238m;
- 17m @ 0.6% Cu, 0.1% Zn, 5.4 g/t Ag from 164m to end of hole – including 13m @ 0.7% Cu, 0.1% Zn and 6.3 g/t Ag from 168m to EOH.

Lloyd's remains a focus moving forward. Mineralisation at Lloyd's is characterised by stacked lenses which has some characteristics of an epithermal-style system. Lloyd's also consists of two existing slag dumps totaling 90 kt at 1.3% Cu (all Indicated, no cut-off) and a drill proven tailings resources of 280 kt at 1.2% Cu (all Indicated, no cut-off).

Prior to 30 June 2017, Elysium engaged external geoscience consultants to conduct a review of current operations and tenements. Consultants will continue to work with the company to ensure exploration processes are of the highest quality and tenements are serviced accordingly.

As announced by Hardey in the half-year report for the half-year ended 31 December 2017, Hardey completed two RC drill, holes from the same pad (EYMRC032 and EYMRC033) during the previous quarter. Hardey drilled towards 210°N and 250°N (true) angled at -80° and -60° to allow for testing of mineralisation and sampling of alteration halos.

MINERAL AND ENERGY RESOURCES INVESTMENTS

As at 16 March 2018

Intended depth of each hole was 300 meters. However, both holes were cut-short due to impenetrable ground. The drill holes were designed to test targets generated from previous ore body modelling.

Results were made available in the quarter of these two holes and highlights are as follows:

EYMRC032

- 1m @ 1.6 g/t Ag (106-107m)
- 8m @ 1,327.5 ppm Zn (40-48m)
- 4m @ 2,130 ppm Zn (113-117m)

EYMRC033

- 10m @ 5,305.8 ppm Cu (183-193 EOH) including 8m @ 6,369.75 ppm Cu with 3.34 g/t Ag (183-191m)

Llyod's extension project will continue with Phase 3 drilling.

Lucky Draw West Target

As announced by Elysium on 4 October 2017, Elysium identified potential for mineralisation at the Lucky Draw prospect to continue at depth along the contact with the Burraga granite west of the historic mine site. Very little exploration has been completed other than very near the mine site in this area despite several historic drill holes intercepting anomalous gold zones. Pending positive results from its Hackney's Creek drilling program, Elysium plans to investigate this area further.

Hackney's Creek

As announced by Elysium on 4 October 2017, the Hackney's Creek target is immediately north of Lucky Draw Gold Mine, which was mined by RGC Ltd ("**RGC**") from 1989-1992 and produced 1.41 Mt at 4.2 g/t for ~191,000 ounces of gold. Hackney's Creek was discovered by RGC and contains a JORC 2004 compliant Inferred resource of 2.21 million tonnes grading Code 2004. Elysium anticipates it can update the resource to JORC 2012 compliance and potentially grow the resource through infill drilling.

As announced by Hardey in its half-year report for the half-year ended 31 December 2017, Hardey has planned a 1,820m RC drill program to test gold targets at Hackney's Creek in 2018. This is subject to final landholder access approval.

The outline of proposed RC program at Hackney's Creek Prospect as follows:

HOLE_ID	RL	Depth	Dip	MAG AZI	GDA AZI	Hole diameter
EYM009	1000	200	-75	73	85	142mm
EYM010	1000	220	-75	73	85	142mm
EYM011	1000	300	-85	73	85	142mm
EYM012	1000	300	-85	73	85	142mm
EYM013	1000	300	-85	73	85	142mm
EYM014	1000	300	-80	73	85	142mm
EYM015	1000	200	-75	73	85	142mm

Planning is also underway for a large-scale 100x100 grid soil geochemistry program across the majority of EL7975.

MINERAL AND ENERGY RESOURCES INVESTMENTS

As at 16 March 2018

Isabella Gold Prospect

As announced by Elysium on 4 October 2017, Elysium would complete further soil testing at the Isabella prospect in EL7975, southeast of Lucky Draw and Hackney's Creek. Previous testing at Isabella indicated a geochemical signature similar to those at Hackney's Creek and Lucky Draw. Further testing would endeavor to progress Isabella to drill-ready status.

RGC conducted shallow RC drilling and sank one diamond drill hole at Isabella in the 1990s, generating significant gold intersections including 7m @ 5.33 g/t Au, including 1m @ 11.5 g/t Au and 1m @ 7.3 g/t Au in hole IRC020: and 8m @ 4.2 g/t Au, including 1m @ 9.58 g/t Au and 1m @ 14.6 g/t Au in hole IRC021. The mineralisation remains open in multiple directions and at depth.

Further exploration work

As announced by Elysium on 4 October 2017, Elysium planned to undertake soil testing at its Barrett's gold prospect and would continue with early-stage exploration across multiple gold targets within its landholding through 2018.

Further exploration work identified additional gold and polymetallic targets across the Burraga portfolio for which land access agreements are being pursued. Elysium had applied for a fourth New South Wales exploration license, subject to departmental approval.

As announced by Hardey in its quarterly activities report for the quarter ended 31 December 2017, cutting and sampling of core from the 2015 exploration drilling of the Lloyd's continued the quarter with submittal and subsequent lab analysis results expected in the quarter ended 31 March 2018.

(ii) Horseshoe South Project, Western Autralia

Horseshoe Metals Limited ("**Horseshoe Metals**") (ASX Code: HOR) had a two-year option-to-purchase agreement with the company in respect to E52/2569, which was extended to 30 April 2017. Horseshoe Metals offered the company A$50,000 cash to transfer the tenement and obligations to Horseshoe Metals. The company rejected the offer as the board of the company believed that A$50,000 undervalued the tenement. Hardey's board is currently seeking a joint venture partner for the Horseshoe South Project.

As announced by Hardey in the half-year report for the half-year ended 31 December 2017, no exploration work was carried out and Hardey is in the process of identifying further value accretive options either through discovery or divestment.

(iii) Indonesian Projects, South Malang

Elysium was earning into the South Malang Copper-Gold Project, located approximately 60 km to the south of the city of Malang on the island of Java in Indonesia. Under the agreement with Gata Sumber Daya, the company was to provide AU$2 million of exploration funding over a three-year period to earn 67.5% in this project.

During the year, the board of Elysium decided not to renew the Malang Project as part of cost saving measures and refocus on the Burraga drilling program.

MINERAL AND ENERGY RESOURCES INVESTMENTS

As at 16 March 2018

Environmental Impact Study

Elysium had re-employed Endure Consulting Pty Ltd to work on the outstanding components of the EIS study for Burraga Project with work undertaken in 2017 illustrated as follows:

- An air emissions inventory along with preliminary modelling was completed based upon an agreed set of project assumptions. The initial results of the air assessment (which is 80% complete) were promising with proposed management and mitigation measures that are typical for a mining project.

- The noise and vibration assessment was well progressed (60%) and updated files regarding the topography, which was a critical input to the assessment, had been received.

- They were liaising with DPE regarding the expiry of the Environmental Assessment Requirements and seeking their guidance on how to proceed. The best result was that they continue to assess against the original criteria.

- A potential high cost item for the project was the sourcing and securing of native vegetation offsets. They had begun negotiating with Oberon Council to obtain an agreement directly with them.

- Assumptions regarding the road design within and immediately adjacent to the mine site would be made with a view to finalising the historical heritage assessment.

Environmental Regulation

The directors of Elysium believed that the group was not regulated by any significant environmental regulation under a law of the Commonwealth or of a State of Territory.

Greenhouse Gas and Energy data reporting requirements

Elysium is subject to the reporting requirements of both the Energy Efficiency Opportunities Act 2006 and the National Greenhouse and Energy Reporting Act 2007.

The Energy Efficiency Opportunities Act 2006 requires Elysium to assess its energy usage, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action the group intended to take as a result.

The National Greenhouse and Energy Reporting Act 2007 requires Elysium to report its annual greenhouse gas emissions and energy use.

Elysium was below the reported threshold for both legislative reporting requirements therefore is not required to register or report. Elysium would continue to monitor its registration and reporting requirements however it does not expect to have future reporting requirements.

MINERAL AND ENERGY RESOURCES INVESTMENTS

As at 16 March 2018

Base Metal Mineral Resources (above 0.3% Cu cutoff)							
		Tonnes	**Cu (%)**	**Au (g/t)**	**Ag (g/t)**	**Zn (%)**	**Cu Metal (t)**
Lloyd's Hard Rock	Measured	80,000	1.0	0.1	5	0.2	800
	Indicated	910,000	0.8	0.1	7	0.2	7,130
	Inferred	320,000	0.7	0.1	5	0.1	2,200
	Total	**1,310,000**	**0.8**	**0.1**	**6**	**0.2**	**10,090**
Lloyd'sTailings	Indicated	280,000	1.2	0.3	9	0.2	3,490
Lloyd's Slag Heaps	Indicated	90,000	1.3	0.2	7	0.7	1,170
Lloyd's Total	Measured	80,000	1.0	0.1	5	0.2	800
	Indicated	1,280,000	0.9	0.1	7	0.2	11,520
	Inferred	320,000	0.7	0.1	5	0.1	2,200
	Total	**1,680,000**	**0.9**	**0.1**	**7**	**0.2**	**15,120**

Gold Mineral Resources (above 0.5 g/t Au cutoff)								
		Tonnes	**Cu (%)**	**Au (g/t)**	**Ag (g/t)**	**Zn (%)**	**Cu Metal (t)**	**Au Metal (koz)**
Hackney's Creek*	Measured	–	–	–	–	–	–	–
	Indicated	–	–	–	–	–	–	–
	Inferred	2,210,000	–	1.4	–	–	–	102.3
	Total	**2,210,000**	**–**	**1.4**	**–**	**–**	**–**	**102.3**
Lucky Draw*	Measured	–	–	–	–	–	–	–
	Indicated	–	–	–	–	–	–	–
	Inferred	470,000	–	2.1	–	–	–	31.7
	Total	**470,000**	**–**	**2.1**	**–**	**–**	**–**	**31.7**
Gold Total	Measured	–	–	–	–	–	–	–
	Indicated	–	–	–	–	–	–	–
	Inferred	2,680,000	–	1.6	–	–	–	134.0
	Total	**2,680,000**	**–**	**1.6**	**–**	**–**	**–**	**134.0**

** JORC 2004 Compliant only*

(iv) <u>Acquisition of Hardey Resources Pty Ltd</u>

As announced by Hardey in its half-year report for the half-year ended 31 December 2017, Hardey entered into a binding agreement pursuant to which it has agreed, subject to satisfaction of certain conditions precedent, to acquire 100% of the shares in Hardey Resources Pty Ltd from its current shareholders.

MINERAL AND ENERGY RESOURCES INVESTMENTS

As at 16 March 2018

Hardey Resources Pty Ltd owned gold and base metal projects located in the Pilbara region of Western Australia, being the Bellary, Hamersley, Cheela and Elsie North Projects, covering 512km^2 of Fortescue Group Rocks, as well as the Grace Project located in the Paterson Province in Western Australia (together, the "**Hardey Projects**")

Pilbara Conglomerate Gold Projects:

As announced by Hardey in its half-year report for the half-year ended 31 December 2017, the company undertook a first pass reconnaissance field exploration program at the Bellary project (E47/3578) 20 kilometers west of Paraburdoo, Western Australia.

Six (6) gold nuggets were discovered within the Hardey formation basalt conglomerate via metal detecting over a 50m strike extent, and rock chip samples from outcropping quartz veins recorded a best result of 3.89% Cu and 0.9 g/t Au (HR0002). Further stream sampling across the broader tenement area did not record any anomalous results. The sampling technique most appropriate for conglomerate gold is being assessed for the upcoming field work in 2018.

A program of works ("**PoW**") was approved at the Bellary Project by the Department of Mines, Industry Regulation and Safety ("**DMIRS**") for two (2) trenches at the locality where the six (6) gold nuggets were discovered at Bellary. Further necessary approvals are required from the respective native title claimant groups prior to the PoW work commencing.

Grace Gold Project

The Grace Project area is located approximately 25km southeast of the Telfer gold mine in Western Australia and consists of a sub-greenschist facies regional stratigraphic sequence of quartz rich sandstones and interbedded siltstone/dolomite units of the Malu and Isdell Formations. Hydrothermal breccia's cut the layered stratigraphy and gold mineralisation is associated with quartz-dolomite-pyrite veins and hydrothermal breccias. Highly altered metosamatised dolerite intrusives, occur locally throughout the project area and play an important role in overall fluid architecture and ultimately gold deposition.

Grace oxide mineralisation is variably open along strike and at depth associated with shallow dipping en-echelon stacked vein sets and a large vertical stockwork of hydrothermal breccias along the Grace-Bemms shear. At the Grace deposit, high grade primary gold remains open in all directions and the relationship for further high grade copper mineralisation remains prospective. Drilling is generally shallow and any deeper drilling is broad spaced – resulting in the data suffering from 'information effect' as many holes stop within the mineralised zone at Grace and the deeper drilling is insufficient to have adequately tested the continuity of gold mineralisation at depth.

As announced by Hardey in its half-year report for the half-year ended 31 December 2017, in December 2017, three (3) applications were lodged over 1,594km^2 in the Western Australia Paterson Province. The application complement the existing Grace Gold Project which Hardey is currently reviewing for the upcoming 2018 exploration calendar year.

The world-class Paterson Province is known to host huge economic gold, copper and uranium deposits such as Newscrest's 32Moz Telfer gold-copper-silver mine and O'Callaghans tungsten-base metal deposit, Metals X's Nifty copper mine and Cameco and Mitsubishi Development's Kintyre uranium deposit.

Hardey now has 100% ownership over a consolidated 1,651km^2 land package in the southern region of the Telfer District. Hardey's focus is to systematically explore the Telfer District. Hardey's focus is to systematically explore the Telfer District project which includes the advanced Grace asset and the considerable regional greenfields tenement application covering 1,594km^2.

MINERAL AND ENERGY RESOURCES INVESTMENTS

As at 16 March 2018

The Grace Project PoW application for 20 drill holes has been approved by the DMIRS. Further necessary approvals are required from the respective native title claimant groups prior to the PoW work commencing. In conjunction, Hardey is planning a heritage survey to be conducted in early 2018.

Hardey is currently working up an exploration program for the area which will include geochemical survey, IP geophysical surveys and drill targeting.

The mineral resource comprises 1.59 Mt at a grade of 1.35g/t for 69,000 contained ounces of gold.

As announced by Hardey on 20 February 2018, the mineral resource estimate has been carried out on a portion of the mineralised zone at Grace (1,140m strike length of a total strike length of 4,130m) where drilling is at an adequate spacing, and uses appropriate techniques (RC and diamond core) to support the estimate. The remainder of the mineralisation is delineated by rotary air blast ("**RAB**") drilling and wide spaced RC and diamond core drilling.

The mineral resource is open along strike and at depth, and does not incorporate the results of the recent review completed by Hardey Resources Pty Ltd which indicated the potential for high grade mineralisation by flat lying.

In addition to the mineral resources exploration target between 2.2 and 2.8 Mt at a grade between 0.9 and 1.3 g/t has been defined. This corresponds to a potential content of between 64,000 and 117,000 ounces of gold, though it should be noted that the tonnage and grade of the exploration target is conceptual, that there is insufficient exploration in the area of the exploration target to estimate the mineral resource. The exploration target is based on mineralisation intersected in both near surface RAB drilling and deep diamond drilling.

The copper mineralisation observed in drilling at Grace has not been modelled due to insufficient data spacing. Further drilling is anticipated to enable copper-bearing zones to be more accurately correlated with lithological or structural information and accordingly enable this to be incorporated in any future mineral resource estimations.

Other exploration projects

Hardey also has several other highly perspective projects including the polymetallic Au-Ag-Zn-Pb Cheela Project in the Ashburton region of Western Australia.

No exploration work was carried out on these projects. However, the company is in the process of identifying further value accretive options either through discovery or divestment.

CORPORATE SOCIAL RESPONSIBILITY

The Group does not directly undertake any exploration, development and/or production activities of its own. The Group will issue its first sustainability report for the financial year ended 31 December 2017 in accordance with the Singapore Exchange guideline, which will be published on or before 31 December 2018.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

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

This report describes the Company's corporate governance practices that were in place throughout the financial year ended 31 December 2017 ("**FY2017**"), with specific reference to the Code. Where there are deviations from the Code, appropriate explanations are provided. The Company has complied with the principles of the Code where appropriate.

The Board is pleased to confirm that the Group has adhered to all principles and guidelines set out in the Code where appropriate.

The Code

The Code is divided into four main sections, namely:

(A) Board Matters

(B) Remuneration Matters

(C) Accountability and Audit

(D) Shareholders Rights and Responsibilities

(A) BOARD MATTERS

***Principle 1:* The Board's Conduct of its Affairs**

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

As of the date of this report, the Board of the Company comprises six (6) members ("**Directors**"), namely:

Mr. Siaw Lu Howe (Executive Chairman and Chief Executive Officer)
Mr. Lee Boon Teck (Executive Director and Chief Operating Officer)
Ms. Kek Wei Na (Executive Director and Chief Financial Officer)
Mr. Calvin Lim Huan Kim (Lead Independent Non-Executive Director)
Mr. Tan Gim Kang, Arran (Independent Non-Executive Director)
Mr. Aris Muhammad Rizal (Independent Non-Executive Director)

The profile of each Director is presented in the section headed "Board of Directors" of this Annual Report.

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

CORPORATE GOVERNANCE REPORT

Newly appointed Directors will be provided with a formal letter, setting out their duties and obligations and first-time Directors will be required to attend relevant training. The Company has in place general orientation-training programmes to ensure that every newly appointed and incoming Director of the Company is familiar with the Group's operations and governance practices including briefing on the Group's financial performance, strategies and action plans, corporate strategic direction, policies and activities.

Mr. Siaw Lu Howe, Mr. Lee Boon Teck and Ms. Kek Wei Na were appointed as Directors of the Company on 6 December 2017 and each of them had undergone sufficient induction, whether internal or external, to familiarise themselves with the role and responsibilities as a Director of a listed company and discharge their respective duties.

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

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

Role of the Board of Directors

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

The Board has delegated the day-to-day management of the Group to the Management headed by the Executive Chairman and Chief Executive Officer to facilitate effective management. The principal functions of the Board are to, *inter alia*:

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

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

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

CORPORATE GOVERNANCE REPORT

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

- Nominating Committee ("**NC**");
- Remuneration Committee ("**RC**"); and
- Audit Committee ("**AC**").

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

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

Board Meetings Held

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

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

Matters Requiring the Board's Approval

The matters which require the Board's approval, include but are not limited to:

- statutory requirements such as approval of annual report and financial statements;
- other requirements such as interim and annual results announcements;
- financial objectives and financial performance of the Group;
- corporate strategic direction, strategies and action plans;
- the setting of policies and key business initiatives;
- major funding, material acquisition, investments, disposal and divestments and other material transactions; and
- the appointment and removal of the company secretaries.

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

CORPORATE GOVERNANCE REPORT

The number of Board and Board Committee meetings held in FY2017 and the attendance of each Director where relevant are as follows:

	Board of Directors		Nominating Committee ("NC")		Remuneration Committee ("RC")		Audit Committee ("AC")	
	No. of Meetings		No. of Meetings		No. of Meetings		No. of Meetings	
Name	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Mr. Siaw Lu Howe[1]	5	–	NA	NA	NA	NA	NA	NA
Mr. Lee Boon Teck[2]	5	–	NA	NA	NA	NA	NA	NA
Ms. Kek Wei Na[3]	5	–	NA	NA	NA	NA	NA	NA
Mr. Calvin Lim Huan Kim	5	5	1	1	1	1	4	4
Mr. Tan Gim Kang, Arran	5	5	1	1	1	1	4	4
Mr. Aris Muhammad Rizal	5	5	1	1	1	1	4	4
Mr. Ng Kim Huatt[4]	5	5	NA	NA	NA	NA	NA	NA
Mr. Alan Chin Yu[5]	5	4	NA	NA	NA	NA	4	1

NA: Not applicable

Notes:

1. *Mr. Siaw Lu Howe was appointed as Executive Chairman and Chief Executive Officer on 6 December 2017.*
2. *Mr. Lee Boon Teck was appointed as Executive Director and Chief Operating Officer on 6 December 2017.*
3. *Ms. Kek Wei Na was appointed as Executive Director and Chief Financial Officer on 6 December 2017.*
4. *Mr. Ng Kim Huatt resigned from the Board on 4 December 2017.*
5. *Mr. Alan Chin Yu was redesignated from Non-Independent Non-Executive Director, as well as a member of NC and RC to Executive Director and Chief Financial Officer on 2 May 2017. He subsequently resigned from the Board on 4 December 2017.*

***Principle 2:* Board Composition and Guidance**

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

Board Composition and Independent Directors

The Board comprises six (6) Directors, three (3) Directors being Executive Directors and three (3) Directors being Independent Non-Executive Directors.

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

The Independent Directors namely Mr. Calvin Lim Huan Kim, Mr. Tan Gim Kang, Arran and Mr. Aris Muhammad Rizal has each confirmed that they do not have any relationship with the Company, its related corporations, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interest of the Company.

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

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

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

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

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

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

Mr. Siaw Lu Howe is the Executive Chairman and Chief Executive Officer of the Company, appointed since 6 December 2017. The Company has adopted a single leadership structure taking into consideration of the current size, scope and operations of the Group.

CORPORATE GOVERNANCE REPORT

All major proposals and decisions made by the Executive Chairman and Chief Eexecutive Officer are discussed and reviewed by the AC. His performance and appointment to the Board is reviewed periodically by the NC and his remuneration package is reviewed periodically by the RC. As the AC, NC and RC consist of all independent directors, the Board believes that there are sufficient strong and independent elements and adequate safeguards in place against an uneven concentration of power and authority in a single individual.

The Company has appointed Mr. Calvin Lim as the Lead Independent Director. The Lead Independent Director is available to shareholders when they have concerns which contact through the normal channels of the Executive Chairman and Chief Executive Officer has failed to resolve or for which such contact is inappropriate.

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

The Executive Chairman and Chief Executive Officer's functions and responsibilities are mainly to:

- lead the Board to ensure its effectiveness on all aspects of its role and set its agenda;
- ensure that the Board's meetings are held regularly;
- set the agenda and ensure that adequate time is available for discussion of all agenda items;
- ensure that the Directors receive accurate, timely and clear information;
- promote a culture of openness and debate at the Board;
- ensure effective communication with shareholders;
- encourage constructive relations between the Board and the Management;
- encourage constructive relations between Executive Directors and Non-Executive Directors;
- facilitate the effective contribution of Non-Executive Directors in particular;
- provide and advise the Board in its strategic direction of the Company; and
- promote high standards of corporate governance by ensuring compliance with the Company's guidelines on corporate governance.

The Executive Chairman and Chief Executive Officer is also responsible for the Group's strategic direction, to ensure the execution of strategic goals and day-to-day management of the Group.

Principle 4: Board Membership

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

Nominating Committee

As at the date of this report, the NC of the Company comprises three (3) members, namely:

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

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

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

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

In FY2017, the NC is satisfied that sufficient time and attention were being given by the Directors to the affairs of the Group, and there is presently no need to implement internal guidelines to address their competing time commitments. The NC is also of the opinion that the current Board size is adequate for the effective functioning of the Board.

CORPORATE GOVERNANCE REPORT

Pursuant to the Constitution of the Company, one-third of the Directors are required to retire by rotation and submit themselves for re-election at each annual general meeting of the Company. The Constitution also provides that all the Directors shall retire by rotation at least once every three (3) years and such retiring Director shall be eligible for re-election. According to the Company's Constitution, Mr. Aris Muhammad Rizal shall retire pursuant to Article 110 of the Constitution, and Mr. Siaw Lu Howe, Mr. Lee Boon Teck and Ms. Kek Wei Na shall retire pursuant to Article 120 of the Company's Constitution and will each submit themselves for re-election at the Company's forthcoming annual general meeting ("**AGM**"). In making the recommendation, the NC had considered the Directors' overall contributions and performance.

There is no alternate director on the Board.

The NC has recommended to the Board that Mr. Aris Muhammad Rizal, Mr. Siaw Lu Howe, Mr. Lee Boon Teck and Ms. Kek Wei Na be nominated for re-election at the forthcoming AGM. The Board has accepted the recommendations and the retiring Directors will be offering themselves for re-election at the forthcoming AGM.

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

***Principle 5:* Board Performance**

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

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

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

For the FY2017, the Directors were requested to complete an assessment checklist/form which focuses on the criterion on effectiveness and efficiency on the Board's access to information, evaluation of the size and composition of the Board, the Board's processes, procedures and compliance, accountability, Board's performance in connection to discharging its responsibilities and duties and Directors' standards of conduct. In addition, the Board also considered the qualitative measures such as the effectiveness of the Board in its monitoring role and the attainment of the strategic objectives set by the Board.

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

Upon reviewing the assessment, the NC is of the opinion that the Board and all its members have sufficiently contributed to the Board and Group during the year.

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

CORPORATE GOVERNANCE REPORT

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

Principle 6: **Access to Information**

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

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

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

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

(B) REMUNERATION MATTERS

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

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

The Company had established a RC which comprises three (3) Directors, all of whom are independent Directors.

The members of the RC are:

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

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

CORPORATE GOVERNANCE REPORT

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

- recommend to the Board a framework of remuneration for the Board, Non-Executive Directors, Executive Director, Management and key employees of the Company;

- recommend specific remuneration packages for each Director and the key management personnel of the Group;

- review of service contracts and/or employee contracts, where applicable;

- oversee and review the administration of the Blumont Employee Share Option Scheme 2013 ("**Blumont ESOS 2013**") and Blumont Performance Share Plan ("**Blumont PSP**") as defined in the Blumont Employee Share Option Scheme and Blumont Performance Share Plan, respectively through Compensation Committee (comprise of Mr. Calvin Lim Huan Kim, Mr. Tan Gim Kang, Arran and Mr. Aris Muhammad Rizal);

- recommend payment of fees to Non-Executive Directors based on the effort, time spent and responsibilities of the individual Director;

- review the Company's obligations arising in the event of termination of the Executive Director, Management and key employees' contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and

- other acts as may be required by the SGX-ST and the Code from time to time.

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

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

The Board has not engaged any external remuneration consultant to advise on remuneration matter for FY2017.

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

The RC has proposed and recommended that the directors' fees for the financial year ending 31 December 2018 to be at S$100,000.00, payable quarterly in arrears. The Board concurred with the RC's proposal and recommended that the said directors' fees be tabled for shareholders' approval at the forthcoming AGM.

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

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

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

During the year, the RC reviewed the compensation and remuneration packages such that the Directors and the Management were sufficiently compensated. In addition, the RC provided appropriate compensation packages at market rates for the Board and the Management of the Company to reward good performance, attract and motivate the Directors and the Management.

The Company does not use contractual provision to allow the Company to claim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event such breach of fiduciary duties.

Principle 9: **Disclosure on Remuneration**

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

The Company recognises that a clear disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid/payable to the Directors and the Management personnel. Blumont ESOS 2013 and Blumont PSP are as described below:

Blumont ESOS 2013

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

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

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

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

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

(a) fixed at the market price equal to the average of the last dealt prices for the share on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the three (3) consecutive trading days immediately preceding the date of grant of that option; or

(b) set at a discount to a market price, provided that the maximum discount shall not exceed twenty per cent (20%) of the Market Price.

CORPORATE GOVERNANCE REPORT

No share options under the Blumont ESOS 2013 have been granted during and as at the financial year ended 31 December 2017.

Except as disclosed above,

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

Blumont PSP

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

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

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

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

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

On 13 June 2017, the Company granted 4,120,000,000 performance shares to directors and employees of the Company. The shares were issued and allotted at S$0.001 per share on 19 June 2017. On 1 December 2017, the Company applied to the High Court of the Republic of Singapore to seek declaration that the allotment and issuance of 4,075,000,000 performance shares at S$0.001 per share was void. On 26 January 2018, the High Court of the Republic of Singapore granted an order in terms of the application made by the Company. As a result, the allotment and issuance of 4,075,000,000 performance shares has been declared void, and the allotment and issuance of 45,000,000 performance shares has been validated and confirmed.

The Company has made applications and filings to the SGX-ST, CDP and Accounting and Corporate Regulatory Authority to make the necessary rectifications to the Company's records and statutory registers.

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

A breakdown, showing the level and mix of each individual Director's remuneration for the financial year ended 31 December 2017 is as follows:

Remuneration Band Above S$250,000

Name	Director Fees	Salary & Allowance	AWS	Bonus	Compensation	Total
Executive Director						
Ng Kim Huatt[1]	–	46%	–	–	54%	100%

Remuneration Band Below S$250,000

Name	Director Fees	Salary & Allowance	AWS	Bonus	Compensation	Total
Executive Directors						
Alan Chin Yu[2]	3%	55%	-	-	42%	100%
Siaw Lu Howe[3]	–	100%	–	–	–	100%
Lee Boon Teck[4]	–	100%	–	–	–	100%
Kek Wei Na[5]	–	100%	–	–	–	100%
Independent Non-Executive Directors						
Calvin Lim Huan Kim	97%	3%	–	–	–	100%
Tan Gim Kang, Arran	96%	4%	–	–	–	100%
Aris Muhammad Rizal	95%	5%	–	–	–	100%
Key Management Personnel (who are not Directors and/or CEO of the Company)						
John Lee Yow Meng	–	100%	–	–	–	100%

1 *Mr. Ng Kim Huatt resigned from the Board on 4 December 2017.*

2 *Mr. Alan Chin Yu was redesignated from Non-Independent Non-Executive Director, as well as a member of NC and RC to Executive Director and Chief Financial Officer on 2 May 2017. He subsequently resigned from the Board on 4 December 2017 and resigned as Chief Financial Officer on 6 December 2017.*

3 *Mr. Siaw Lu Howe was appointed as Executive Chairman and Chief Executive Officer on 6 December 2017.*

4 *Mr. Lee Boon Teck was appointed as Executive Director and Chief Operating Officer on 6 December 2017.*

5 *Ms. Kek Wei Na was appointed as Executive Director and Chief Financial Officer on 6 December 2017.*

The Company has only one key management personnel (who are not Directors and/or Chief Executive Officer of the Company) in FY2017. The total remuneration paid to the aforesaid key management personnel in FY2017 was S$30,000.

For FY2017, there are no employees who are immediate family members of a Director or the Chief Executive Officer.

(C) ACCOUNTABILITY AND AUDIT

***Principle 10:* Accountability**

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

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

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The Board furnishes the shareholders with interim financial results within 45 days from the end of each quarter and annual financial results within 60 days from the financial year end.

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

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

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

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

Internal Control Systems

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

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

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

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

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

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

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Risk Management

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

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

Principle 12: Audit Committee

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

As at the date of this report, the Audit Committee (the "**AC**") of the Company comprises three (3) members, all of whom are Independent Directors, namely:

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

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

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

- review the audit plan of the Company's independent auditors and, if any, their report on any recommendations on internal accounting controls arising from the statutory audit;
- review the assistance given by the Company's Management to the independent auditors;
- review the quarterly and the annual statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2017 before their submission to the Board of Directors, as well as the independent auditor's report on the statement of financial position of the Company and the consolidated financial statements of the Group;
- review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance;
- review the effectiveness of the Group's material internal control systems, including financial, operational, compliance, information technology controls and risk management;
- meet with the independent auditors, other committees, and/or the Management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- review the scope and results of the external audit, cost effectiveness and the independence and objectivity of the independent auditors;
- review the nature and extent of non-audit services provided by the independent auditors;

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- recommend to the Board the independent auditors to be nominated, approve the compensation and terms of engagement of the independent auditors;
- report actions and minutes of the AC to the Board with such recommendations as the AC considers appropriate; and
- review interested person transactions, if any, in accordance with the requirements of the SGX-ST's Listing Manual.

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

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

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

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

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

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

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

There was no non-audit services provided by the independent auditors to the Group during FY2017. The audit fees paid and/or payable to the independent auditors of the Company for FY2017 amounted to approximately S$93,000. During the financial year under review, the AC has met with the Company's independent auditors without the presence of the Management.

Throughout FY2017, the Board has assessed and reviewed, together with the assistance of NC, to ensure that the members of the AC are appropriately qualified to discharge their responsibilities. The Board's view is that adequate and reasonable assistance and support has been properly rendered by the Directors, Management and officers to the AC and that the AC has been effectively and efficiently contributed to the Board and the Group. In addition, one (1) of the members of the AC has relevant accounting and related financial management expertise, experience, knowledge related to the business of the Group, as the Board interprets such qualification in its business judgement. The Board has determined that one member with relevant

CORPORATE GOVERNANCE REPORT

accounting and related financial management expertise, experience, knowledge related to the business of the Group is sufficient based on its current business operation scale. The Board will review the requirement of additional member with relevant accounting and related financial management, expertise, experience, knowledge related to the business of the Group. During the financial year 2017, the AC held four (4) meetings to review and undertake the scope of work as set above. The independent auditors provide regular updates and briefing to the AC on changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

Based on the Group's latest audited consolidated financial statements for FY2017, assets in the mineral and energy resources sector held by the Group contributed to less than 1% of the Group's total assets (as outlined in the Annual Report under heading Operating Segments). Pursuant to Practice Note 6.3 of the Listing Manual of the SGX-ST, the Company may not be considered principally in the business of exploration or extraction of mineral, oil or gas assets as at 31 December 2017. The Group may consider to acquire mineral and energy resources assets in the future and will continue to comply with all listing rules under the Listing Manual of the SGX-ST that are applicable to mineral, oil and gas companies.

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

***Principle 13:* Internal Audit**

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

(D) SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 14:

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

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

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

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

The Board has not declared dividend payments for FY2017 after taken into account various factors including:

- the level of the available cash;
- the projected levels of capital expenditure and other investment plans; and
- the losses for the year and the accumulated losses of the Company for the FY2017.

Principle 15: **Communication with Shareholders**

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

The Board is mindful of the obligation to provide regular, effective and fair communication with shareholders. In line with the continuous obligations of the Company pursuant to the Rules of the Listing Manual of the SGX-ST, the Board's policy is that all shareholders should be equally informed of all major developments and the Company will make disclosure publicly to all shareholders as soon as practicable.

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

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

Principle 16: **Conduct of shareholder meetings**

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

Pursuant to the Code, all directors should attend general meetings of shareholders and the chairman of the Board should be present and available to address shareholders' queries at the meeting.

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

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

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

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

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

OTHER GOVERNANCE PRACTICES

Material Contracts

There is no material contract of the Company and its subsidiaries, including loans, involving the interests of any Director or the controlling shareholders either still subsisting at the end of FY2017 or if not then subsisting, entered into since the end of the previous financial year, save as for those as announced via SGXNet and as outlined in the Annual Report under heading "Borrowings" in the "Financial Statements" section of this Annual Report.

Interested Person Transactions

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

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

Except those as announced via SGXNet and as outlined in the Annual Report under headings "Trade and Other Payables" and "Related Party Transactions" in the "Financial Statements" section of this Annual Report, there is no other interested person transaction for FY2017.

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

Dealing in Securities

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

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

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

DIRECTORS' STATEMENT

For the financial year ended 31 December 2017

The directors present their statement to the members together with the audited consolidated financial statements of Blumont Group Ltd. (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2017 and the statement of financial position of the Company as at 31 December 2017.

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company 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 2017 and of the financial performance, changes in equity and cash flows of the Group for the year then ended on that date; 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.

1 Directors

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

Siaw Lu Howe	Executive Chairman and Chief Executive Officer (Appointed on 6 December 2017)
Lee Boon Teck	Executive Director and Chief Operating Officer (Appointed on 6 December 2017)
Kek Wei Na	Executive Director and Chief Financial Officer (Appointed on 6 December 2017)
Calvin Lim Huan Kim	Lead Independent Director
Tan Gim Kang, Arran	Independent Non-Executive Director
Aris Muhammad Rizal	Independent Non-Executive Director

2 Arrangements to Enable Directors to Acquire Shares or Debentures

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

DIRECTORS' STATEMENT

For the financial year ended 31 December 2017

3 Directors' Interests in Shares or Debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company as stated below:

	Holdings registered in the name of director			Holdings in which a director is deemed to have an interest		
	At 1.1.2017 / date of appointment	**At 31.12.2017**	**At 21.1.2018**	**At 1.1.2017 / date of appointment**	**At 31.12.2017**	**At 21.1.2018**
The Company						
Number of ordinary shares						
Calvin Lim Huan Kim	21,700,000	21,700,000	21,700,000	–	–	–
Tan Gim Kang, Arran	15,000,000	15,000,000	15,000,000	–	–	–
Aris Muhammad Rizal	10,000,000	10,000,000	10,000,000	–	–	–
Siaw Lu Howe (Appointed on 6 December 2017)	–	–	–	22,131,184,204	22,131,184,204	22,131,184,204

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

4 Share Options

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

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

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

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

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

4 **Share Options** (cont'd)

Blumont Employee Share Option Scheme 2013 (the "Blumont ESOS 2013") (cont'd)

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

(i) fixed at the market price equal to the average of the last dealt prices for the share on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the three (3) consecutive trading days immediately preceding the date of grant of that option; or

(ii) set at a discount to a market price, provided that the maximum discount shall not exceed twenty per cent (20%) of the market price.

No share options under the Blumont ESOS 2013 have been granted during and as at the financial years ended 31 December 2017 and 2016.

Except as disclosed above,

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

Blumont Performance Share Plan (the "Blumont PSP")

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

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

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

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

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

DIRECTORS' STATEMENT

For the financial year ended 31 December 2017

4 Share Options (cont'd)

Blumont Performance Share Plan (the "Blumont PSP") (cont'd)

On 13 June 2017, the Company granted 4,120,000,000 performance shares to directors and employees of the Company. The shares were issued and allotted at S$0.001 per share on 19 June 2017. On 1 December 2017, the Company applied to the High Court of the Republic of Singapore to seek declaration that the allotment and issuance of 4,075,000,000 performance shares at S$0.001 per share was void. On 26 January 2018, the High Court of the Republic of Singapore granted an order in terms of the application made by the Company. As a result, the allotment and issuance of 4,075,000,000 performance shares has been declared void, and the allotment and issuance of 45,000,000 performance shares has been validated and confirmed.

The Company has made applications and filings to the SGX-ST, CDP and Accounting and Corporate Regulatory Authority to make the necessary rectifications to the Company's records and statutory registers.

5 Audit Committee

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

Calvin Lim Huan Kim (Chairman)
Tan Gim Kang, Arran
Aris Muhammad Rizal

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

(i) reviewed the audit plan of the Company's independent auditors and, if any, their report on any recommendations on internal accounting controls arising from the statutory audit;

(ii) reviewed the assistance given by the Company's management to the independent auditors;

(iii) reviewed the quarterly and annual statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2017 before their submission to the Board of Directors, as well as the independent auditors' report on the statement of financial position of the Company and the consolidated financial statements of the Group;

(iv) reviewed the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's performance;

(v) reviewed the effectiveness of the Group's material internal control systems, including financial, operational, compliance and information technology controls and risk management;

(vi) met with the independent auditors, other committees, and/or the management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

DIRECTORS' STATEMENT

For the financial year ended 31 December 2017

5 **Audit Committee** (cont'd)

(vii) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

(viii) reviewed the scope and results of the external audit, cost effectiveness and independence and objectivity of the independent auditors;

(ix) reviewed the nature and extent of non-audit services provided by the independent auditors;

(x) recommended to the Board of Directors the independent auditors to be nominated, approved the compensation and terms of engagement of the auditors;

(xi) reported actions and minutes of the AC to the Board of Directors with such recommendations as the AC considered appropriate; and

(xii) reviewed interested person transactions, if any, in accordance with the requirements of the SGX-ST's Listing Manual.

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

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

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

The Company confirms that Rules 712 and 715 of the SGX-ST's Listing Manual have been complied with.

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

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

DIRECTORS' STATEMENT

For the financial year ended 31 December 2017

6 Independent Auditors

The independent auditors, Moore Stephens LLP, have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors,

……………………………………...
SIAW LU HOWE
Executive Chairman and Chief Executive Officer

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

Singapore
2 April 2018

INDEPENDENT AUDITOR'S REPORT

To the members of Blumont Group Ltd.
(Incorporated in Singapore)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Blumont Group Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 47 to 125.

In our opinion, the accompanying 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 Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

As stated in Note 3(b) to the financial statements, the Group incurred a net loss after tax of S$2.6 million and recorded negative cash flows from operating activities of S$2.1 million during the year ended 31 December 2017. The Company was in a net current liabilities position of S$5.2 million as at 31 December 2017. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Group and the Company to continue as going concerns and to realise their assets and discharge their liabilities in the ordinary course of business. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

To the members of Blumont Group Ltd.
(Incorporated in Singapore)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Net realisable value of development property</td></tr>
<tr><td><u>Risk identified</u>

We refer to Notes 3(n), 4(a)(iv) and 16 to the financial statements.

The Group's development property amounted to S$4,581,730 as at 31 December 2017.

The development property held for sale is stated at the lower of its cost and net realisable value. Management estimates the net realisable value based on independent valuation reports which are inherently subject to significant judgment and estimates.</td><td><u>Our response</u>

Our procedures are designed to challenge the appropriateness of the valuation of the development property. These procedures included, amongst others:

• discussed with management the basis of their estimated net realisable value and reviewing the stage of development of the development property;
• reviewed the latest available valuation report on the development property and compared it to the carrying amount;
• assessed the competency, capability and objectivity of the independent valuer and compared the valuer's underlying assumptions on estimated selling prices to market comparables; and
• considered the adequacy of the Group's disclosure concerning the uncertainty of the carrying value of the development property.

<u>Our findings</u>

We are satisfied with the qualifications of the professional valuer and the valuation methodology adopted by the valuer was found to be appropriate and comparable to the methods used for similar properties and those used in the prior years. We consider that the Group's disclosures for the development property to be appropriate.</td></tr>
<tr><td colspan="2">Valuation of investment property held for sale</td></tr>
<tr><td><u>Risk identified</u>

We refer to Notes 3(l), 4(a)(v) and 17 to the financial statements.

The Group's assets held for sale comprising investment property amounted to S$1,186,560 at 31 December 2017. The valuation of investment property involves significant judgment and estimation.</td><td><u>Our response</u>

Our audit procedures included, amongst others, checking the valuation of the investment property held for sale to the external valuation report used by management. We evaluated the competency, capability and objectivity of the independent valuer by reviewing their professional credentials and corroborating the valuation inputs used to available comparable market data.

<u>Our findings</u>

We concluded that the fair value attributed to the investment property held for sale to be reasonable.</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT

To the members of Blumont Group Ltd.
(Incorporated in Singapore)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

To the members of Blumont Group Ltd.
(Incorporated in Singapore)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Chang Fook Kay.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
2 April 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2017

	Note	Group 2017 S$	Group 2016 S$
Revenue	5	3,697,557	3,707,826
Other (losses)/gains - net	6	(711,187)	8,736,195
Expenses			
- Raw materials and consumables used	15	(99,031)	(85,483)
- Employee benefits	7	(2,383,117)	(1,764,916)
- Others	8	(2,572,287)	(2,223,343)
- Impairment loss on financial assets, available-for-sale	20(a)	(4,015)	(110,147)
- Dilution loss on investment in an associate	19	–	(1,379,744)
- Share of loss of an associate	19	–	(1,050,005)
- Finance costs	9	(67,252)	(3,504)
Total expenses		(5,125,702)	(6,617,142)
(Loss)/Profit before income tax		(2,139,332)	5,826,879
Income tax	10	(449,519)	(406,655)
(Loss)/Profit for the year		(2,588,851)	5,420,224
Other comprehensive (loss)/income			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial loss on defined benefit plans	25	(128,447)	(58,278)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation loss			
- Loss on translating foreign operations		(352,628)	(914,876)
- Reclassified to profit or loss on striking-off of a subsidiary		907,069	561,478
Net change in fair value of financial assets, available-for-sale	20(a), 28(b)(i)	199	–
Cumulative gain in fair value of financial assets, available-for-sale reclassified to profit or loss		–	(1,524,826)
Share of other comprehensive income of an associate	19	–	94,740
Other comprehensive gain/(loss), net of tax		426,193	(1,841,762)
Total comprehensive (loss)/income for the year		(2,162,658)	3,578,462
(Loss)/Profit for the year attributable to:			
Owners of the Company		(2,801,408)	4,957,280
Non-controlling interests	18(f)	212,557	462,944
		(2,588,851)	5,420,224
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		(2,273,059)	3,089,972
Non-controlling interests		110,401	488,490
		(2,162,658)	3,578,462
(Loss)/Profit per share (S$ cents)	11		
- Basic		(0.01)	0.07
- Diluted		(0.01)	0.07

The accompanying notes form an integral part of the financial statements

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017

	Note	Group 2017 S$	Group 2016 S$	Company 2017 S$	Company 2016 S$
ASSETS					
Current assets					
Cash and bank balances	12	929,704	497,849	522,491	36,876
Financial assets, at fair value through profit or loss	13	80,040	133,400	80,040	–
Trade and other receivables	14	602,832	672,715	25,103	5,618
Other current assets	15	992,064	372,676	83,607	115,752
Development property	16	4,581,730	4,651,424	–	–
Assets held for sale	17	1,186,560	1,426,114	–	–
		8,372,930	7,754,178	711,241	158,246
Non-current assets					
Investments in subsidiaries	18	–	–	104,454	250,519
Investment in an associate	19	–	–	–	–
Loans to subsidiaries	18	–	–	8,016,435	8,149,744
Financial assets, available-for-sale	20	625	32,355	625	32,355
Property and equipment	21	4,272,983	4,701,471	18,456	160,294
Deferred tax assets	26	296,355	237,294	–	–
		4,569,963	4,971,120	8,139,970	8,592,912
Total Assets		12,942,893	12,725,298	8,851,211	8,751,158
LIABILITIES					
Current liabilities					
Trade and other payables	22	3,298,362	3,468,741	1,895,535	2,418,790
Borrowings	23	2,134,936	32,736	1,500,000	32,736
Loan from a subsidiary	18	–	–	2,562,892	611,392
Current income tax liabilities		42,688	36,400	–	–
		5,475,986	3,537,877	5,958,427	3,062,918
Non-current liabilities					
Trade and other payables	22	–	500,000	–	–
Defined benefit plan	25	1,002,567	799,060	–	–
Borrowings	23	744,938	51,205	–	51,205
		1,747,505	1,350,265	–	51,205
Total Liabilities		7,223,491	4,888,142	5,958,427	3,114,123
Net Assets		5,719,402	7,837,156	2,892,784	5,637,035
EQUITY					
Equity attributable to owners of the Company					
Share capital	27	127,338,850	127,293,946	127,338,850	127,293,946
Reserves	28	(4,607,352)	(6,197,813)	199	–
Accumulated losses		(119,862,302)	(115,998,782)	(124,446,265)	(121,656,911)
		2,869,196	5,097,351	2,892,784	5,637,035
Non-controlling interests	18(f), 29	2,850,206	2,739,805	–	–
Total Equity		5,719,402	7,837,156	2,892,784	5,637,035

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2017

	Note	Share capital S$	Fair value reserve S$	Currency translation reserve S$	Other reserves S$	Accumulated losses S$	Attributable to owners of the Company S$	Non-controlling interests S$	Total equity S$
		← Attributable to owners of the Company					→		
Group									
Balance at 1 January 2017		127,293,946	–	(5,213,075)	(984,738)	(115,998,782)	5,097,351	2,739,805	7,837,156
Loss for the year		–	–	–	–	(2,801,408)	(2,801,408)	212,557	(2,588,851)
Other comprehensive (loss)/income, net of tax:									
Foreign currency translation gain/(loss)		–	–	627,966	–	–	627,966	(73,525)	554,441
Net change in fair value of financial assets, available-for-sale		–	199	–	–	–	199	–	199
Actuarial loss on defined benefit plan		–	–	–	–	(99,816)	(99,816)	(28,631)	(128,447)
Total comprehensive (loss)/income for the year		–	199	627,966	–	(2,901,224)	(2,273,059)	110,401	(2,162,658)
Issue of shares	27	45,000	–	–	–	–	45,000	–	45,000
Share issue expense	27	(96)	–	–	–	–	(96)	–	(96)
Striking-off a dormant subsidiary transferred to accumulated losses		–	–	–	962,296	(962,296)	–	–	–
Balance at 31 December 2017		127,338,850	199	(4,585,109)	(22,442)	(119,862,302)	2,869,196	2,850,206	5,719,402

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2017

	Note	Attributable to owners of the Company							
		Share capital S$	Fair value reserve S$	Currency translation reserve S$	Other reserves S$	Accumulated losses S$	Attributable to owners of the Company S$	Non-controlling interests S$	Total equity S$
Group									
Balance at 1 January 2016		107,095,362	1,524,826	(4,915,881)	(1,483,938)	(120,389,132)	(18,168,763)	4,075,761	(14,093,002)
Profit for the year		–	–	–	–	4,957,280	4,957,280	462,944	5,420,224
Other comprehensive (loss)/ income, net of tax:									
Foreign currency translation (loss)/ gain		–	–	(391,934)	–	–	(391,934)	38,536	(353,398)
Cumulative gain in fair value of financial assets, available-for-sale reclassified to profit or loss		–	(1,524,826)	–	–	–	(1,524,826)	–	(1,524,826)
Actuarial loss on defined benefit plan		–	–	–	–	(45,288)	(45,288)	(12,990)	(58,278)
Share of other comprehensive income of an associate		–	–	94,740	–	–	94,740	–	94,740
Total comprehensive (loss)/ income for the year		–	(1,524,826)	(297,194)	–	4,911,992	3,089,972	488,490	3,578,462
Issue of shares	27	20,232,340	–	–	–	–	20,232,340	–	20,232,340
Share issue expense	27	(33,756)	–	–	–	–	(33,756)	–	(33,756)
Dividends paid to non-controlling shareholder of a subsidiary	18(f), 29	–	–	–	–	–	–	(346,888)	(346,888)
Disposal of investment in an associate		–	–	–	521,642	(521,642)	–	–	–
Acquisition of additional interest in a subsidiary	18(e)	–	–	–	(22,442)	–	(22,442)	(1,477,558)	(1,500,000)
Balance at 31 December 2016		127,293,946	–	(5,213,075)	(984,738)	(115,998,782)	5,097,351	2,739,805	7,837,156

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2017

	Note	Group 2017 S$	Group 2016 S$
Cash Flows from Operating Activities			
(Loss)/Profit before income tax		(2,139,332)	5,826,879
Adjustments for:			
Share of loss of an associate	19	–	1,050,005
Unrealised foreign exchange gain		(68,602)	(1,026,983)
Write-off of property and equipment	6	837	1,735
Depreciation of property and equipment	8	541,109	529,625
Allowance for impairment loss of other receivables	8	–	8,003
Write-back of impairment loss of other receivables	8	–	(532,775)
Allowance for impairment loss of financial assets, available-for-sale	20(a)	4,015	110,147
Gain on disposal of investment in an associate	6	–	(1,773,531)
Dilution loss on investment in an associate	19	–	1,379,744
Loss on striking-off a dormant subsidiary	6	907,059	–
Interest expense	9	67,252	3,504
Interest income	6	(1,709)	(39,415)
Gain on disposal of property and equipment	6	(13,312)	(6,040)
Fair value loss on financial assets, at fair value through profit or loss	6	53,336	453,560
Fair value (gain)/loss on assets held for sale	6	(8,089)	216,758
Loss/(Gain) on disposal of debt, instrument to equity, available-for-sale	6	4,902	(6,330,726)
Loss on conversion of debt instrument to equity, available-for-sale	6	–	58,885
Share-based compensation expenses	27	45,000	–
Write-off of financial assets, at fair value through profit or loss	6	24	–
Write back of payables		–	(200,947)
Operating cash flow before working capital changes		(607,510)	(271,572)
Changes in working capital:			
Financial assets, at fair value through profit or loss		–	487,228
Financial assets, available-for-sale		–	(123,943)
Receivables		(669,610)	43,114
Payables		143,066	(169,413)
Inventories and development properties		199,807	–
Cash used in operations		(934,247)	(34,586)
Income tax paid		(1,167,622)	(526,032)
Net cash used in operating activities		(2,101,869)	(560,618)
Cash Flows from Investing Activities			
Proceeds from disposal of property and equipment		149,584	16,208
Purchase of property and equipment		(620,390)	(609,547)
Proceeds from disposal of financial assets, available-for-sale		23,012	–
Proceeds from disposal of asset held for sale		272,900	–
Interest received		1,709	39,415
Net cash used in investing activities		(173,185)	(553,924)

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2017

		Group	
	Note	2017 S$	2016 S$
Cash Flows from Financing Activities			
Repayment of finance lease liabilities	23(d)	(83,941)	(31,584)
Repayment of borrowings	23(d)	(77,505)	–
Payment of share issue expenses		(96)	(33,756)
Proceeds from borrowings	23(d)	2,957,379	–
Interest paid		(67,252)	(3,504)
Dividends paid to non-controlling shareholder of a subsidiary	18(f), 29	–	(346,888)
Repayment of pledged deposits		–	2,587
Net cash generated from/(used in) financing activities		2,728,585	(413,145)
Net increase/(decrease) in cash and cash equivalents		453,531	(1,527,687)
Cash and cash equivalents at the beginning of the year		497,849	2,018,722
Effect of changes in foreign exchange rates on cash and cash equivalents		(21,676)	6,814
Cash and cash equivalents at the end of the year	12	929,704	497,849

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

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

1 General Information

Blumont Group Ltd. (the "Company") is a public limited company incorporated and domiciled in Singapore and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The address of the Company's registered office and principal place of business is Apex @ Henderson, 201 Henderson Road, #03-26/27, Singapore 159545.

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

The ultimate holding company is Ultimate Horizon Pte. Ltd., which is incorporated in Singapore.

2 Application of New/Revised Financial Reporting Standards ("FRSs") Issued

(a) FRSs effective for annual period beginning on or after 1 January 2017

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2017. The adoption of these standards did not have any effect on the financial performance or financial position of the Group and the Company.

Amendments to FRS 7 *Statements of Cash Flow: Disclosure Initiative*

The amendments require new disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities in respect of:

(i) Changes from financing cash flows;
(ii) Changes arising from obtaining or losing control of subsidiaries or other businesses;
(iii) The effect of changes in foreign exchange rates;
(iv) Changes in fair values; and
(v) Other changes.

The above disclosure also applies to changes in financial assets if cash flows from those financial assets are included in cash flows from financing activities. Comparatives are not required in the first year of adoption.

As this is a disclosure requirement, the application of this amendment has had no impact on the Group's consolidated financial statements. The above information is provided in Note 23(d).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2 Application of New/Revised Financial Reporting Standards ("FRSs") Issued (cont'd)

(a) FRSs effective for annual period beginning on or after 1 January 2017 (cont'd)

Amendments to FRS 12 *Income Taxes – Recognition of Deferred Tax Assets for Unrealised losses*

The amendments clarify the application of FRS 12 to unrealised losses on debt investments, and the assessment of future taxable profits against which deferred tax assets can be recognised. Specifically:

(i) Deductible temporary differences will result from unrealised losses on debt investments measured at fair value in financial statements, but measured at cost for tax purposes. This is regardless of how the entity intends to realise the investment.

(ii) Estimates of future taxable profits used to assess recoverability of deferred tax assets resulting from deductible temporary differences:

(1) Includes profits on the recovery of assets for more than their carrying amount if such recovery is probable;
(2) Includes only income types against which those temporary differences qualify to be deducted under tax legislation; and
(3) Excludes tax deductions resulting from the reversal of those temporary differences.

The adoption of the amendments did not have any effect on the financial performance or financial position of the Group and the Company.

Amendments to FRS 112 *Disclosure of Interests in Other Entities*

The amendment clarifies that the disclosure requirements of FRS 112, except for paragraphs B10 to B16, are applicable to interests classified as held for sale, held for distribution to owners, or discontinued operations.

The adoption of the amendments did not have any effect on the financial performance or financial position of the Group and the Company.

(b) FRSs issued but not yet effective

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

Description		Effective for annual periods beginning on or after
FRS 109	*Financial Instruments*	1 January 2018
FRS 115	*Revenue from Contracts with Customers*	1 January 2018
Amendments to FRS 102	*Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to FRS 40	*Investment Property*	1 January 2018
FRS 116	*Leases*	1 January 2019

2 Application of New/Revised Financial Reporting Standards ("FRSs") Issued (cont'd)

(b) FRSs issued but not yet effective (cont'd)

Except for FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the other new and revised standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 are described below.

FRS 109 *Financial Instruments*

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

FRS 109 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group has assessed the impact of the new standard on the financial statements and concluded that it will not have a significant impact on adoption.

FRS 115 *Revenue from Contracts with Customers*

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

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

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

FRS 115 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group has assessed the impact of the new standard on the financial statements and concluded that it will not have a significant impact on adoption.

FRS 116 *Leases*

FRS 116 *Leases* sets out a revised framework for the recognition, measurement, presentation and disclosure of leases, and replaces FRS 17 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*; and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. FRS 116 requires lessees to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, except where the underlying asset is of low value. The right-of-use asset is depreciated and interest expense is recognised on the lease liability. The accounting requirements for lessors have not been changed substantially, and continue to be based on classification as operating and finance leases. Disclosure requirements have been enhanced for both lessors and lessees.

FRS 116 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted for companies but only if it also apply FRS 115 *Revenue from Contracts with Customers* at or before the date of initial application of FRS 116. The Group is still in the process of assessing the impact of this new standard on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2 Application of New/Revised Financial Reporting Standards ("FRSs") Issued (cont'd)

(b) FRSs issued but not yet effective (cont'd)

Convergence with International Financial Reporting Standards (IFRS)

Singapore-incorporated companies listed on the Singapore Exchange ("SGX") are required to apply a new financial reporting framework identical to the International Financial Reporting Standards (referred to as SG-IFRS in these financial statements) for the financial year ending 31 December 2018 onwards.

The Group has performed a preliminary assessment of the impact of SG-IFRS 1 *First-time adoption of International Financial Reporting Standards* for the transition to the new reporting framework. Based on the Group's preliminary assessment, the Group expects that the impact on adoption of SG-IFRS 15 *Revenue from Contracts with Customers* and SG-IFRS 9 *Financial Instruments* will be similar to adopting FRS 115 and FRS 109 as described in this note.

Based on its preliminary assessment, management does not expect the Group to be materially impacted upon the transition to SG-IFRS including the adoption of SG-IFRS 1, SG-IFRS 9 and SG-IFRS 15. The management also does not expect to adopt the optional exemption relating to the cumulative translation differences under IAS 21 on transitioning to SG-IFRS 15.

3 Significant Accounting Policies

(a) Basis of Preparation

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

The preparation of financial statements in conformity with FRS requires management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date, 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, actual results may ultimately differ from these estimates. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgment or complexity, are disclosed in Note 4 Critical Accounting Judgments and Key Sources of Estimation Uncertainty.

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

(b) Going Concern Assumption

For the financial year ended 31 December 2017, the Group incurred a net loss after tax of S$2.6 million and recorded negative cash flows from operating activities of S$2.1 million. The Company was in a net current liabilities position of S$5.2 million as at 31 December 2017. In addition, the Company has received two demand notes from the Inland Revenue Authority of Singapore ("IRAS") on 8 February 2017 to pay the outstanding withholding taxes of S$1.1 million and late payment penalty of S$0.1 million, as disclosed in Note 22. Subsequently on 21 November 2017, IRAS granted a new repayment schedule to the Company from November 2017 to June 2018, but did not agree to waive the late payment penalties in full.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

3 Significant Accounting Policies (cont'd)

(b) Going Concern Assumption (cont'd)

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and the Company to continue as going concerns and to realise their assets and discharge their liabilities in the ordinary course of business. Nevertheless, the directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 December 2017 remains appropriate after taking into consideration the following factors:

(i) Management has prepared a cash flow forecast which shows that the Company and the Group will have sufficient cash resources to satisfy their day-to-day operations for the next twelve months from 31 December 2017 and to pay their debts as and when they fall due, which include the following assumptions:

- The ultimate holding company has undertaken to provide continuing financial support to the Group and will not demand repayment of the loan due to the ultimate holding company within 12 months from the reporting year end date;

- The Group will successfully settle the legal suit relating to the sale of the condominium unit at Suasana Sentral Condominium located in Malaysia and collect the balance payment of the sale proceeds of approximately S$1.0 million (equivalent to RM3.0 million) (Notes 17 and 35).

(ii) Management continues to evaluate various strategies to improve profitability and generate positive cash flows from the Group's current business activities. These strategies include, *inter alia*, obtaining alternative sources of funds and the sale of the Group's other assets.

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

(c) Group Accounting

(i) <u>Subsidiaries</u>

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

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

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

3 Significant Accounting Policies (cont'd)

(c) Group Accounting (cont'd)

(i) Subsidiaries (cont'd)

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previously held equity interest in the acquiree over the fair value of the investee's identifiable net assets acquired. Goodwill on acquisitions of subsidiaries is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment loss. Gains and losses on the disposal of subsidiaries, include the carrying amount of goodwill relating to the entity sold.

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

Acquisition-related costs are expensed as incurred.

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

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

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

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

3 Significant Accounting Policies (cont'd)

(c) Group Accounting (cont'd)

(i) Subsidiaries (cont'd)

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of interest in subsidiaries to non-controlling interests without loss of control are also recorded in equity.

When the Group loses control of a subsidiary, it:

- derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- derecognises the carrying amount of any non-controlling interest (including any components of other comprehensive income attributable to them);
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained in the former subsidiary at its fair value;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate; and
- recognises any resulting difference as a gain or loss in profit or loss.

(ii) Associate

Associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Goodwill on acquisition of an associate represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill relating to an associate is included in the carrying amount of the investment. Gain and loss on the disposal of an associate includes the carrying amounts of goodwill relating to the entity sold.

Investment in associate is accounted for using the equity method of accounting less impairment losses, if any. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

When the Group reduces its ownership interest in an associate, but continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

3 Significant Accounting Policies (cont'd)

(c) Group Accounting (cont'd)

(ii) Associate (cont'd)

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

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

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

(d) Investments in Subsidiary Companies and Associate

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

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

(e) Revenue Recognition

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

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

(i) Rendering of services

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

3 Significant Accounting Policies (cont'd)

(e) Revenue Recognition (cont'd)

(ii) Sale of development properties

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

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

(iii) Rental income

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

(iv) Property management fees

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

(v) Dividend income

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

(vi) Interest income

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

(f) Leases

Lessee - Finance leases

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

3 Significant Accounting Policies (cont'd)

(f) Leases (cont'd)

Lessee - Operating leases

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

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

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

(g) Foreign Currencies

(i) Functional and presentation currency

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

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

(ii) Transactions and balances

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

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

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

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

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

Exchange difference on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivables from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

3 Significant Accounting Policies (cont'd)

(g) Foreign Currencies (cont'd)

(iii) Translation of Group entities' financial statements

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

– Assets and liabilities are translated at the closing rates at the statement of financial position date;

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

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss.

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

(h) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

3 Significant Accounting Policies (cont'd)

(i) Employee Benefits

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

(i) Defined contribution plans

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

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

(ii) Defined benefit plan

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

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

– Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

– Net interest expense or income; and

– Remeasurement of the net defined benefit liability/(asset) in other comprehensive income.

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

(iii) Share-based compensation

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

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

3 Significant Accounting Policies (cont'd)

(i) Employee Benefits (cont'd)

(iii) Share-based compensation (cont'd)

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

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

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

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

(j) Income Tax

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

(i) Current tax

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

(ii) Deferred tax

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

3 Significant Accounting Policies (cont'd)

(j) Income Tax (cont'd)

(ii) Deferred tax (cont'd)

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

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

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

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

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

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

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

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

(iii) Current and deferred tax for the year

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

3 **Significant Accounting Policies** (cont'd)

(k) Property and Equipment

(i) Measurement

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

Construction-in-progress are carried at cost less any impairment losses. Depreciation of construction-in-progress, on the same basis as other assets, commences when the assets are ready for their intended use.

(ii) Depreciation

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

Depreciation is recognised so as to write off the cost of assets (other than freehold land and construction-in-progress) less their residual values (if any) over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each financial year end, with the effect of any changes in estimate accounted for on a prospective basis.

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

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

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

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

Useful lives

Freehold building	20 years
Renovations	3 years
Furniture and fittings	5 years
Office, computer and other equipment	3, 5 and 8 years
Cobalt isotope	10 years
Motor vehicles	7 and 8 years

(iii) Subsequent expenditure

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

3 **Significant Accounting Policies** (cont'd)

(k) Property and Equipment (cont'd)

(iv) Disposal

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

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

(l) Investment Properties

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

Subsequent to initial recognition, investment properties are measured at fair value, determined annually by independent professional valuers on the highest-and-best use basis. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

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

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

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

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

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

(m) Impairment of Non-financial Assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

3 Significant Accounting Policies (cont'd)

(m) Impairment of Non-financial Assets (cont'd)

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

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

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

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

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

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

(n) Development Properties

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

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

(o) Inventories

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

3 Significant Accounting Policies (cont'd)

(p) Assets Held for Sale

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

Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

The assets are not depreciated or amortised while they are classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

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

– its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluation that would have been recognised had the asset not been classified as held for sale; and

– its recoverable amount at the date of the subsequent decision not to sell.

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

(q) Financial Assets

(i) <u>Classification</u>

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

Financial assets, at fair value through profit or loss

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

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

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

3 Significant Accounting Policies (cont'd)

(q) Financial Assets (cont'd)

(i) Classification (cont'd)

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 twelve months after the statement of financial position date which are presented as non-current assets.

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

Financial assets, available-for-sale

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

(ii) Recognition and derecognition

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

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

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

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

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

(iii) Initial measurement

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

3 **Significant Accounting Policies** (cont'd)

(q) Financial Assets (cont'd)

(iv) Subsequent measurement

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

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

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

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

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

The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

(v) Impairment

Loans and receivables

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

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

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

Financial assets, available-for-sale

In addition to the objective evidence of impairment described above, a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that an available-for-sale equity investment is impaired.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

3 Significant Accounting Policies (cont'd)

(q) Financial Assets (cont'd)

(v) Impairment (cont'd)

Financial assets, available-for-sale (cont'd)

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

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

If the fair value of debt instruments, available-for-sale increases and the increase is related to the event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of reversal recognised in profit or loss. The impairment losses recognised as an expenses on available-for-sale equity investment are not reversed through profit or loss.

(r) Provisions

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

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

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

(s) Financial Liabilities

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

Financial liabilities are recognised initially at fair value.

Financial liabilities are classified as "other financial liabilities".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

3 Significant Accounting Policies (cont'd)

(s) Financial Liabilities (cont'd)

Other financial liabilities

Other financial liabilities (including borrowings, trade and other payables and loan from a subsidiary), are initially measured at fair value, plus any direct attributable transaction costs and are subsequently measured at amortised cost using the effective interest method.

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

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

<u>Derecognition of financial liabilities</u>

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

(t) Segment Reporting

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

(u) Cash and Cash Equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, and deposits with financial institutions which are subject to an insignificant risk of change in value.

(v) Share Capital

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

4 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

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

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

4 Critical Accounting Judgments and Key Sources of Estimation Uncertainty (cont'd)

(a) Critical judgments in applying accounting policies

In addition to Note 3(b) to the financial statements, the application of judgments in the process of applying the Group's accounting policies that are expected to have a significant effect on the amounts recognised in the financial statements are as follows:

(i) Impairment of Investments in Subsidiaries

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

The carrying amounts of the Company's net investments in subsidiaries as at 31 December 2017 and the movements in the relevant allowances for impairment loss during the financial year are disclosed in Note 18.

(ii) Impairment of Trade and Other Receivables

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

During the financial year, the Group has no impairment loss on other receivables (2016: S$8,003) and no write-back of impairment allowance (2016: S$532,775) to profit or loss as disclosed in Note 31(b)(i). The carrying amount of the Group's trade and other receivables as at 31 December 2017 are disclosed in Note 14.

(iii) Income Taxes

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

The carrying amount of the Group's current income tax liabilities as at 31 December 2017 is S$42,688 (2016: S$36,400). The Group's deferred taxes are disclosed in Note 26. For the financial year ended 31 December 2017, the Group has recognised income tax expense of S$449,519 (2016: S$406,655) (Note 10).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

4 Critical Accounting Judgments and Key Sources of Estimation Uncertainty (cont'd)

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

(iv) Net Realisable Value of Development Property

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realisable value. The development property, which is held by the Group with the intention of development and sale in the ordinary course of business, is stated at the lower of cost plus, where appropriate, a portion of attributable profit, less progress billings and estimated net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the properties.

As at 31 December 2017, the carrying amount of the Group's development property amounted to S$4,581,730 (2016: S$4,651,424), and no allowance for impairment loss is required for the development property as disclosed in Note 16.

(v) Impairment of Investment Property Held for Sale

The Group will classify a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when:

- the sale is highly probable and the asset is available for immediate sale in its present condition; and
- the management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

The Group will measure a non-current asset classified as held for sale at the lower of its carrying amount and fair value less costs to sell.

As at 31 December 2017, the Group's investment property held for sale amounted to S$1,186,560 (2016: S$1,426,114) and no allowance for impairment loss is required for the investment property held for sale as disclosed in Note 17.

(b) Key sources of estimation uncertainty

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

(i) Defined Benefit Plan

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

4 Critical Accounting Judgments and Key Sources of Estimation Uncertainty (cont'd)

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

(i) Defined Benefit Plan (cont'd)

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

The carrying amount of the Group's employee compensation as at 31 December 2017 is disclosed in Note 25.

5 Revenue

	Group	
	2017	**2016**
	S$	**S$**
Revenue from sterilisation contracts	3,586,170	3,668,344
Revenue from sale of development property	80,264	–
Rental income (Note 17(c))	4,816	14,006
Revenue from property management fees	26,307	25,476
	3,697,557	3,707,826

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

6 Other (Losses)/Gains - Net

	Group 2017 S$	Group 2016 S$
Losses arising from investment holding:		
Fair value loss on financial assets, at fair value through profit or loss - net (Note 13)	(53,336)	(453,560)
Write-off of financial assets, at fair value through profit or loss (Note 13)	(24)	–
Loss on the disposal of financial assets, at fair value through profit or loss - net	–	(163,785)
	(53,360)	(617,345)
Currency exchange gain - net	178,036	1,032,647
Fair value gain/(loss) on assets held for sale (Note 17)	8,089	(216,758)
Interest income		
- bank balances	1,502	38,509
- others	207	906
	1,709	39,415
(Loss)/Gain on disposal of financial assets, available-for-sale	(4,902)	6,330,726
Gain on disposal of investment in an associate	–	1,773,531
Loss on conversion of debt instrument to equity, available-for-sale	–	(58,885)
Gain on disposal of property and equipment	13,312	6,040
Write-off of property and equipment	(837)	(1,735)
Claims from Prospect Resources Limited	–	269,344
Loss on striking-off a dormant subsidiary	(907,059)	–
Miscellaneous income	53,825	179,215
	(711,187)	8,736,195

7 Employee Benefits

	Group 2017 S$	Group 2016 S$
Short-term employee benefits	2,206,258	1,603,810
Post-employment benefits	40,469	48,913
Other long-term employee benefits (Note 25)	136,390	112,193
	2,383,117	1,764,916

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

8 Other Expenses

	Group	
	2017	2016
	S$	S$
Audit fees:		
- auditors of the Company	93,000	149,669
- other auditors	12,940	7,461
Legal, professional and consultancy fees	708,614	630,485
Allowance for impairment loss on other receivables (Note 31(b)(i))	–	8,003
Write-back of impairment loss on other receivables (Note 31(b)(i))	–	(532,775)
Depreciation of property and equipment (Note 21)	541,109	529,625
Rental expense - operating leases	236,923	236,285
Upkeep expenses	263,323	275,499
Directors' fees	142,461	152,623
Travelling expenses	97,368	38,535
Marketing and advertising	110,881	104,942
(Write-back)/Provision for withholding tax expenses	(137,562)	156,659
Others	503,230	466,332
	2,572,287	2,223,343

There were no non-audit fees paid/payable to the Company's auditors during the financial years ended 31 December 2017 and 2016.

Legal, professional and consultancy fees were mainly incurred for the Group's various acquisitions and disposal of investments, Blumont Performance Share Plan (Note 27(a)), financing arrangements and litigation during the relevant financial years.

Withholding tax expenses were incurred in relation to the interest payable to Wintercrest Advisors LLC ("Wintercrest") and the dividend received from a subsidiary.

9 Finance Costs

	Group	
	2017	2016
	S$	S$
Interest expense		
- loans from banks	63,689	–
- loan from a shareholder	986	–
- finance lease liabilities	2,567	3,504
- others	10	–
	67,252	3,504

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

10 Income Tax

	Group	
	2017	**2016**
	S$	**S$**
Income tax expense comprised:		
Current income tax	484,668	470,085
Deferred tax (Note 26)	(45,922)	(79,532)
	438,746	390,553
Under provision in prior years:		
Current income tax	1,682	1,160
Deferred tax (Note 26)	9,091	14,942
	10,773	16,102
	449,519	406,655

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

	Group	
	2017	**2016**
	S$	**S$**
(Loss)/Profit before income tax	(2,139,332)	5,826,879
Tax at the statutory tax rate of 17% (2016: 17%)	(363,686)	990,569
Effect of different tax rates in other countries	127,009	106,360
Tax effect of non-taxable income*	(88,003)	(1,656,980)
Tax effect of non-deductible expenses**	691,697	820,747
Deferred tax assets not recognised	71,729	129,857
Under provision of income tax in prior years	10,773	16,102
	449,519	406,655

* attributable mainly to currency exchange gain, write-back of provision of withholding tax (2016: gain on disposal of financial assets, available-for-sale and investment in associate) recognised by the Group.

** attributable mainly to non-deductible expenses of Malaysia and Singapore operations and loss on striking-off a dormant subsidiary (2016: non-deductible expenses of Malaysia and Singapore operations and dilution loss on investment in associate) recognised by the Group.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

11 (Loss)/Profit per Share

(a) Basic (loss)/profit per share

Basic (loss)/profit per share is calculated on the net loss attributable to owners of the Company of S$2,801,408 (2016: Profit attributable to owners of the Company of S$4,957,280) divided by the weighted average number of ordinary shares of 27,549,926,567 (2016: 6,840,527,937) in issue during the financial year.

(b) Diluted (loss)/profit per share

Diluted (loss)/profit per share is calculated on the net loss attributable to owners of the Company of S$2,801,408 (2016: Profit attributable to owners of the Company of S$4,957,280) divided by the weighted average number of ordinary shares of 27,549,926,567 (2016: 6,840,527,937) in issue during the financial year after adjustment for the effects of all dilutive potential ordinary shares.

Diluted (loss)/profit per share is the same as the basic (loss)/profit per share as there were no dilutive potential ordinary shares outstanding as at 31 December 2017 and 2016.

12 Cash and Bank Balances

	Group		Company	
	2017	2016	2017	2016
	S$	S$	S$	S$
Cash at bank and on hand	929,704	497,849	522,491	36,876

13 Financial Assets, at Fair Value through Profit or Loss

	Group		Company	
	2017	2016	2017	2016
	S$	S$	S$	S$
Balance at the beginning of the year	133,400	1,074,188	–	1,500
Additions (a)	–	–	186,760	–
Disposals	–	(487,228)	–	(1,500)
Write-off (Note 6)	(24)	–	–	–
Fair value loss - net (Note 6)	(53,336)	(453,560)	(106,720)	–
Balance at the end of the year	80,040	133,400	80,040	–
At fair value				
Listed securities:				
Equity securities - Singapore	80,040	133,400	80,040	–

(a) The addition of financial assets, at fair value through profit or loss was transferred from a subsidiary of the Company to the Company during the year.

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For the financial year ended 31 December 2017

14 Trade and Other Receivables

	Group		Company	
	2017	2016	2017	2016
	S$	S$	S$	S$
Trade receivables				
- third parties (a)	249,411	309,688	–	–
Other receivables				
- third parties (b)	483,032	492,462	146,804	127,319
Less: Allowance for impairment loss (b), (Note 31(b)(i))	(129,611)	(129,435)	(121,701)	(121,701)
Other receivables - net	353,421	363,027	25,103	5,618
Total trade and other receivables	602,832	672,715	25,103	5,618

(a) Trade receivables from third parties are non-interest bearing and repayable within the normal trade credit terms of 30 to 60 days (2016: 30 to 60 days).

(b) As at 31 December 2017, the Group and the Company's other receivables - third parties include a receivable from a third party with a carrying amount of S$129,611 and S$121,701 respectively (2016: S$129,435 and S$121,701 respectively). The Group and the Company has impaired S$129,611 and S$121,701 respectively (2016: S$129,435 and S$121,701 respectively) based on management's assessment of the recoverable amount of the said receivable as at the financial year end.

15 Other Assets

	Group		Company	
	2017	2016	2017	2016
	S$	S$	S$	S$
Current				
Inventories	1,422	1,039	–	–
Deposits	104,985	149,462	63,140	91,151
Prepayments	885,657	222,175	20,467	24,601
Total other assets	992,064	372,676	83,607	115,752

The cost of inventories recognised as an expense and included in "Raw materials and consumables used" amounted to S$99,031 (2016: S$85,483) during the financial year.

Prepayments relate mainly to payments to acquire property and equipment - cobalt isotope of RP7,794,750,665 (S$771,680) (2016: Nil) during the current financial year.

16 Development Property

	Group 2017 S$	Group 2016 S$
Balance at beginning of the year	4,651,424	4,749,561
Transfer from property and equipment* (Note 21)	29,297	–
Disposal of development property*	(29,297)	–
Development cost transferred to profit or loss	(170,511)	–
Currency exchange difference	100,817	(98,137)
Balance at end of the year - property for development representing leasehold land, at cost	4,581,730	4,651,424

* During the financial year, a development property with a carrying amount of RM91,198 (S$29,297) (2016: RM97,024 (S$31,271) classified as property and equipment) that was previously developed by a subsidiary of the Group and used as office premises was transferred to development property when it was sold for RM250,000 (S$80,264) (2016: Nil).

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

Description and Location	Usage	Tenure, (unexpired terms) and Land Area (square metre)	Stage of Completion and (Expected Year of Completion)	Effective Interest in Property %	Net Book Value 2017 S$	Net Book Value 2016 S$
Leasehold land Malaysia H.S. (D) 181352, P.T. No. 948, Section 13, Town of Shah Alam, District of Petaling, Selangor	Commercial	Leasehold, (84 years) 7,863 sq. metre	–	65	4,581,730	4,651,424

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

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

The JVA has expired on 4 September 2017. Management has the intention to undertake development plans for the leasehold land and has classified the land as development property accordingly as at 31 December 2017. Management has obtained an independent valuation of the development property which has a valuation of RM25.0 million (S$8.2 million) as at 31 December 2017. The valuation was based on the Direct Market Comparison Method and was classified under Level 2 (2016: Level 2) of the fair value hierarchy, as defined in Note 31(d).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

17 Assets Held for Sale

	Group	
	2017	2016
	S$	S$
Investment properties		
Balance at the beginning of the year	1,426,114	1,670,118
Disposal	(280,160)	–
Fair value gain/(loss) recognised in profit or loss (Note 6)	8,089	(216,758)
Currency translation differences	32,517	(27,246)
Balance at end of the year	1,186,560	1,426,114

(a) During the current financial year, the Group has disposed the condominium unit at Clear Water Residences for RM0.85 million (approximately S$0.28 million).

(b) On 15 September 2015, the Group entered into a sale and purchase agreement for the disposal of the unit number B-37-01 (the "Property") at Suasana Sentral Condominium for a total cash consideration of RM3.6 million (S$1.2 million). A deposit of RM0.6 million (S$0.2 million) was received in the financial year ended 31 December 2015. Accordingly, this investment property was reclassified to assets held for sale as at 31 December 2015.

In financial year ended 31 December 2016, a legal suit was filed against the Group in respect of the sale of the Property. As at the date of these financial statements, the litigation is still ongoing. The details are disclosed in Note 35.

(c) Investment properties classified under assets held for sale are leased to non-related parties under operating leases.

	Group	
	2017	2016
	S$	S$
The following amounts are recognised in profit or loss:		
Rental income from investment properties (Note 5)	4,816	14,006
Direct operating expenses (including repairs and maintenance) arising from rental generating properties	13,302	15,855

(d) Investment properties classified as assets held for sale are carried at fair value as at the statement of financial position date as determined by reference to market evidence of transaction prices of similar properties in the vicinity and/or independent professional valuers, which use the Direct Comparison Method.

The fair value of the Group's investment properties as at the statement of financial position date has been arrived at on the basis of a valuation amounting to RM3.6 million (S$1.2 million) carried out at that date by Messrs Firdaus & Associates Property Professionals Sdn Bhd, independent valuers not related to the Group. The independent valuers are members of the Board of Valuers, Appraisers and Estate Agents Malaysia, and they have appropriate recognised professional qualifications and relevant experience in the locations and type of investment properties being valued. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

During the financial year, management has determined the fair values of the investment properties held to be S$1,186,560 (2016: S$1,426,114) and recognised a fair value gain of S$8,089 (31 December 2016: fair value loss of S$216,758) in profit or loss. The fair value of investment properties was classified under Level 2 (2016: Level 2) of the fair value hierarchy, as defined in Note 31(d).

17 Assets Held for Sale (cont'd)

(e) For the purposes of measuring deferred taxes for investment properties that are measured using a fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. Management has reviewed the Group's investment property portfolio and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, management has determined that the 'sale' presumption is not rebutted. As a result, the Group did not recognise any deferred taxes on changes in fair value of the investment properties, as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

18 Investments in Subsidiaries/Loans to Subsidiaries/Loan from a Subsidiary

	Company	
	2017	**2016**
	S$	**S$**
Investments in subsidiaries (a)	5,390,706	5,390,834
Less: Allowance for impairment loss	(5,286,252)	(5,140,315)
	104,454	250,519
Loans to subsidiaries (b)	11,698,717	41,458,826
Less: Allowance for impairment loss	(3,682,282)	(33,309,082)
	8,016,435	8,149,744
Loan from a subsidiary	2,562,892	611,392

(a) Investments in subsidiaries

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

	Company	
	2017	**2016**
	S$	**S$**
Unquoted equity shares, at cost		
Balance at the beginning of the year	5,390,834	5,390,836
Written off during the year (ii)	(128)	(2)
Balance at the end of the year	5,390,706	5,390,834

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For the financial year ended 31 December 2017

18 Investments in Subsidiaries/Loans to Subsidiaries/Loan from a Subsidiary (cont'd)

(a) Investments in subsidiaries (cont'd)

Movements in investments in subsidiaries and allowance for impairment loss during the financial year are as follows: (cont'd)

	Company 2017 S$	Company 2016 S$
Allowance for impairment loss		
Balance at the beginning of the year	5,140,315	974,551
Impairment recognised during the year (i)	146,065	4,165,766
Allowance written off during the year (ii)	(128)	(2)
Balance at the end of the year	5,286,252	5,140,315
Carrying amount of investments in subsidiaries	104,454	250,519

(i) As at 31 December 2017, the Company has impaired S$146,065 (2016: S$4,165,766) of its investments in subsidiaries to profit or loss based on management's judgment of the fair value of the relevant subsidiaries' net assets and liabilities as at the financial year end. The fair value was classified under Level 2 of the fair value hierarchy, as defined in Note 31(d).

(ii) As at 31 December 2017, the Company has written off the allowance for impairment loss of S$128 (2016: S$2) in relation to its investment in a subsidiary that has been struck off from the Register of Companies.

(b) Loans to subsidiaries

As at 31 December 2017, the loans to subsidiaries consist of interest-free loan receivables of S$11,698,717 (2016: S$41,458,826).

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

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

	Company 2017 S$	Company 2016 S$
Balance at the beginning of the year	33,309,082	51,119,306
Write-back of impairment during the year (i)	(26,596)	(6,190,792)
Allowance written off during the year (ii)	(29,600,204)	(11,619,432)
Balance at the end of the year	3,682,282	33,309,082

18 Investments in Subsidiaries/Loans to Subsidiaries/Loan from a Subsidiary (cont'd)

(b) Loans to subsidiaries (cont'd)

(i) As at 31 December 2017, the Company had written back an allowance for impairment loss of S$26,596 (2016: S$6,190,792) of its loans to subsidiaries to profit or loss based on management's judgment of the recoverable amount of the loans to the relevant subsidiaries as at the financial year end.

(ii) As at 31 December 2017, the Company had written-off an allowance for impairment loss of S$29,600,204 (2016: S$11,619,432) in relation to the loans to two subsidiaries as subsequent to the year end, Powerlite Ventures Limited is in the process of voluntary liquidation and G1 Investments Pte. Ltd. is currently pending tax clearance to apply for strike-off from the Register of Companies.

(c) Loan from a subsidiary

The loan from a subsidiary bears interest at between 9% and 10% (2016: 9%) per annum and is repayable on demand or within one year of draw down with the option to extend the principal loan repayment for another year.

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

Name of companies **Country of business/incorporation**	**Principal activities**	**Effective equity held by the Group** **2017** **%**	 **2016** **%**
<u>Held by the Company</u>			
Adroit Innovations Investment Pte Ltd [(a)] Singapore	Investment holding	100	100
G1 Investments Pte. Ltd.[(a)] Singapore	Investment holding	100	100
Tria Holdings Pte. Ltd. [(a)] Singapore	Investment holding	100	100
Asphere Holdings Pte. Ltd. [(a)] Singapore	Investment holding	100	100
Phelago Holdings Pte. Ltd. [(f)] Singapore	Investment holding	–	100
Raintree Rock Sdn. Bhd. [(b)] Malaysia	Investment holding	100	100
Powerlite Ventures Limited [(e), (h)] British Virgin Islands	Investment holding	100	100
Blumont Copper Pte. Ltd. [(g)] Singapore	Investment holding and copper mining	–	100

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For the financial year ended 31 December 2017

18 Investments in Subsidiaries/Loans to Subsidiaries/Loan from a Subsidiary (cont'd)

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

Name of companies Country of business/incorporation	Principal activities	Effective equity held by the Group 2017 %	 2016 %
Held by Adroit Innovations Investment Pte Ltd			
PT Rel-ion Sterilization Services [c] Indonesia	Sterilisation and polymerisation services	77.71	77.71
Held by Tria Holdings Pte. Ltd.			
Trackplus Sdn Bhd [b] Malaysia	Property development	65	65
Held by Asphere Holdings Pte. Ltd.			
Gemisuria Corporation Sdn Bhd [d] Malaysia	Property development	100	100

[a] Audited by Moore Stephens LLP, Singapore.

[b] Audited by Moore Stephens Associates PLT, Malaysia, a member firm of Moore Stephens International Limited of which Moore Stephens LLP is also a member.

[c] Audited by Paul Hadiwinata, Hidajat, Arsono, Achmad, Suharli & Rekan, Indonesia.

[d] Audited by KBCF Tan, Malaysia.

[e] No audit requirement in the country of incorporation.

[f] Phelago Holdings Pte Ltd was struck off the Register of Companies on 9 March 2017 pursuant to Section 344A of the Act.

[g] Blumont Copper Pte. Ltd. was struck off the Register of Companies on 10 October 2017 pursuant to Section 344A of the Act.

[h] Audited by Moore Stephens LLP, Singapore for consolidation purposes.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

18 Investments in Subsidiaries/Loans to Subsidiaries/Loan from a Subsidiary (cont'd)

(e) Acquisition of additional interest in a subsidiary

On 27 June 2016, the Group acquired an additional 22.28% equity interest in PT Rel-ion Sterilization Services ("PTRI") for a cash consideration of S$1,500,000. Following the additional acquisition, the Group has increased its equity interest in PTRI from 55.43% to 77.71%.

The following summarises the effect of the change in the ownership interest in PTRI on the equity attributable to owners of the Company:

	Group 2016 S$
Consideration paid to non-controlling interest	1,500,000
Carrying amount of non-controlling interests acquired (Note 29)	(1,477,558)
Change in interest in subsidiary recognised in equity under other reserves (Note 28(b)(iii))	22,442

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

Name of companies (Country of business/ incorporation)	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2017 %	2016 %	2017 S$	2016 S$	2017 S$	2016 S$
PT Rel-ion Sterilization Services (Indonesia)	22.29	22.29	291,385	475,253	1,432,039	1,273,915
Trackplus Sdn Bhd* (Malaysia)	35.00	35.00	(78,828)	(12,309)	1,418,167	1,465,890
			212,557	462,944	2,850,206	2,739,805

* The accumulated non-controlling interest of S$1,418,167 (2016: S$1,465,890) of Trackplus Sdn Bhd as at 31 December 2017 includes the non-controlling interest share of the fair value adjustment on acquisition of Trackplus Sdn Bhd in prior years of S$1,084,384 (2016: S$1,060,367).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

18 Investments in Subsidiaries/Loans to Subsidiaries/Loan from a Subsidiary (cont'd)

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

Summarised financial information for each subsidiary that has non-controlling interests that are material to the Group is set out below. The summarised financial information represents amounts before inter-company eliminations:

	2017 S$	2016 S$
PT Rel-ion Sterilization Services		
Current assets	4,311,958	1,855,813
Non-current assets	4,550,881	4,741,556
Current liabilities	(690,752)	(83,125)
Non-current liabilities	(1,747,506)	(799,060)
Equity attributable to owners of the Company	4,992,542	4,441,269
Non-controlling interests	1,432,039	1,273,915
Revenue	3,568,170	3,668,344
Profit for the year	1,307,247	1,298,294
Profit attributable to owners of the Company	1,015,862	823,041
Profit attributable to non-controlling interests	291,385	475,253
Profit for the year	1,307,247	1,298,294
Other comprehensive loss attributable to owners of the Company	(99,816)	(45,288)
Other comprehensive loss attributable to non-controlling interests	(28,631)	(12,990)
Other comprehensive loss for the year	(128,447)	(58,278)
Total comprehensive income attributable to owners of the Company	916,046	777,753
Total comprehensive income attributable to the non-controlling interests	262,754	462,263
Total comprehensive income for the year	1,178,800	1,240,016
Net cash outflow from operating activities	(915,456)	(605,911)
Net cash outflow from investing activities	(671,035)	(620,311)
Net cash inflow from financing activities	1,509,447	–
Net cash outflow for the year	(77,044)	(1,226,222)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

18 Investments in Subsidiaries/Loans to Subsidiaries/Loan from a Subsidiary (cont'd)

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

	2017 S$	2016 S$
Trackplus Sdn Bhd		
Current assets	1,483,648	1,642,727
Non-current assets	–	–
Current liabilities	(620,380)	(582,108)
Non-current liabilities	–	–
Equity attributable to owners of the Company	561,124	689,402
Non-controlling interests	302,144	371,217
Revenue	–	–
Loss for the year	(225,224)	(35,168)
Loss attributable to owners of the Company	(146,396)	(22,859)
Loss attributable to non-controlling interests	(78,828)	(12,309)
Loss for the year	(225,224)	(35,168)
Other comprehensive income attributable to owners of the Company	–	–
Other comprehensive income attributable to the non-controlling interests	–	–
Other comprehensive income for the year	–	–
Total comprehensive loss attributable to owners of the Company	(146,396)	(22,859)
Total comprehensive loss attributable to the non-controlling interests	(78,828)	(12,309)
Total comprehensive loss for the year	(225,224)	(35,168)
Net cash (outflow)/inflow from operating activities	(22,897)	93,361
Net cash inflow/(outflow) from financing activities	18,138	(90,547)
Net cash (outflow)/inflow for the year	(4,759)	2,814

During the financial year ended 31 December 2017, the Group did not pay dividends (2016: paid S$346,888) to a non-controlling shareholder of a subsidiary (Note 29).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

19 Investment in an Associate

	Group 2016 S$
Balance at the beginning of the year	5,151,789
Share of loss of an associate	(1,050,005)
Dilution loss	(1,379,744)
Share of other comprehensive income of an associate	94,740
Settlement of loan with Wintercrest	(2,816,780)
Currency translation differences	–
Balance at the end of the year	–
Less: Allowance for impairment loss	–
	–

During the previous financial year ended 31 December 2016, Azarga Uranium Corp. ("Azarga Uranium") issued shares resulting in a dilution of the Group's shareholding to 24.39%. The Group recognised a dilution loss of S$1,379,744.

On 25 November 2016, the Group has transferred all its beneficial ownership interest in the shares of Azarga Uranium to Wintercrest in settlement of the loan from Wintercrest.

Movement in allowance for impairment loss is as follows:

	Group 2016 S$
Balance at the beginning of the year	4,568,521
Allowances written off during the year	(4,568,521)
	–

Details of the Group's associate is as follows:

Name of company (Country of business/ incorporation)	Principal activities	Effective equity held by the Group 2016
Azarga Uranium Corp. (Canada) [(a)]	Uranium exploration and development	–

[(a)] Audited by BDO Canada LLP

20 Financial Assets, Available-for-Sale

	Group and Company 2017 S$	Group and Company 2016 S$
Quoted equity investments (a)	625	32,355
Cokal Convertible loan (b)	–	–
Total financial assets, available-for-sale	625	32,355

As at 31 December 2016, the Group transferred certain financial assets, available-for-sale to Wintercrest in settlement of the loan from Wintercrest.

(a) Quoted equity investments

Movements in quoted equity investments during the financial year are as follows:

	Group and Company 2017 S$	Group and Company 2016 S$
Quoted equity investments, at fair value		
Balance at the beginning of the year	32,355	10,847,458
Additions during the year	–	142,502
Disposal during the year	(27,914)	–
Cumulative fair value gain recognised in other comprehensive income (Note 28(b)(i))	199	–
Impairment recognised during the year	(4,015)	(110,147)
Settlement of loan with Wintercrest	–	(10,847,458)
Balance at the end of the year	625	32,355

During the financial year, the Group and Company have impaired S$4,015 (2016: S$110,147) of its quoted equity investments to profit or loss as a result of a significant or prolonged decline in the fair value of these investments.

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For the financial year ended 31 December 2017

20 Financial Assets, Available-for-Sale (cont'd)

(b) Cokal Convertible Loan

	Group and Company 2016 S$
At cost	
Balance at the beginning of the year	–
Settlement of loan with Wintercrest	(4,805,900)
Write-back of impairment recognised during the year	4,805,900
Balance at the end of the year	–

During the previous financial year ended 31 December 2016, the Group has written back an impairment loss of S$4,805,900 of the Cokal Convertible Loan to profit or loss based on the agreed amount to be assigned to Wintercrest in settlement of the loan with Wintercrest. The impairment written back was recognised as part of the gain on disposal of financial assets, available-for-sale.

21 Property and Equipment

	Freehold land S$	Freehold building S$	Renovations S$	Furniture and fittings S$	Office, computer and other equipment S$	Cobalt isotope S$	Motor vehicles S$	Construction in-progress S$	Total S$
Group									
2017									
Cost									
At 1 January	913,277	1,021,068	79,504	9,245	1,439,326	3,360,834	1,053,054	157,199	8,033,507
Additions	–	–	–	–	245,618	–	68,561	306,211	620,390
Transfer	–	129,991	–	–	–	–	–	(129,991)	–
Disposals/Write-off	–	–	(4,419)	–	(15,770)	–	(423,468)	–	(443,657)
Transferred to development property (Note 16)	–	(44,501)	–	–	–	–	–	–	(44,501)
Currency translation differences	(68,282)	(73,174)	(17)	12	(111,798)	(251,277)	(46,332)	(22,689)	(573,557)
At 31 December	844,995	1,033,384	75,068	9,257	1,557,376	3,109,557	651,815	310,730	7,592,182
Accumulated depreciation									
At 1 January	–	380,319	54,258	6,078	827,930	1,529,492	533,959	–	3,332,036
Depreciation during the year (Note 8)	–	49,238	21,639	1,000	130,915	236,577	101,740	–	541,109
Disposals/Write-off	–	–	(4,419)	–	(13,685)	–	(287,212)	–	(305,316)
Transferred to development property (Note 16)	–	(15,204)	–	–	–	–	–	–	(15,204)
Currency translation differences	–	(29,177)	(17)	12	(63,194)	(122,804)	(18,246)	–	(233,426)
At 31 December	–	385,176	71,461	7,090	881,966	1,643,265	330,241	–	3,319,199
Net carrying amount									
At 31 December	844,995	648,208	3,607	2,167	675,410	1,466,292	321,574	310,730	4,272,983

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For the financial year ended 31 December 2017

21 Property and Equipment (cont'd)

	Freehold land S$	Freehold building S$	Renovations S$	Furniture and fittings S$	Office, computer and other equipment S$	Cobalt isotope S$	Motor vehicles S$	Construction in-progress S$	Total S$
Group									
2016									
Cost									
At 1 January	870,601	844,591	79,598	9,257	1,069,303	3,203,785	943,285	125,717	7,146,137
Additions	–	2,175	–	–	317,060	–	133,114	157,198	609,547
Transfer	–	131,880	–	–	–	–	–	(131,880)	–
Disposals/Write-off	–	–	–	–	(5,973)	–	(49,588)	–	(55,561)
Currency translation differences	42,676	42,422	(94)	(12)	58,936	157,049	26,243	6,164	333,384
At 31 December	913,277	1,021,068	79,504	9,245	1,439,326	3,360,834	1,053,054	157,199	8,033,507
Accumulated depreciation									
At 1 January	–	317,992	32,712	5,090	696,057	1,222,979	444,167	–	2,718,997
Depreciation during the year (Note 8)	–	46,236	21,639	1,000	101,028	239,073	120,649	–	529,625
Disposals/Write-off	–	–	–	–	(4,237)	–	(39,421)	–	(43,658)
Currency translation differences	–	16,091	(93)	(12)	35,082	67,440	8,564	–	127,072
At 31 December	–	380,319	54,258	6,078	827,930	1,529,492	533,959	–	3,332,036
Net carrying amount									
At 31 December	913,277	640,749	25,246	3,167	611,396	1,831,342	519,095	157,199	4,701,471

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For the financial year ended 31 December 2017

21 Property and Equipment (cont'd)

	Renovations S$	Furniture and fittings S$	Office, computer and other equipment S$	Motor vehicle S$	Total S$
Company					
2017					
Cost					
At 1 January	75,069	8,700	45,792	323,488	453,049
Additions	–	–	8,036	–	8,036
Disposal/Write-off	–	–	(3,457)	(323,488)	(326,945)
At 31 December	75,069	8,700	50,371	–	134,140
Accumulated depreciation					
At 1 January	49,822	5,533	29,444	207,956	292,755
Depreciation during the year	21,640	1,000	10,454	23,106	56,200
Disposal/Write-off	–	–	(2,209)	(231,062)	(233,271)
At 31 December	71,462	6,533	37,689	–	115,684
Net carrying amount					
At 31 December	3,607	2,167	12,682	–	18,456
2016					
Cost					
At 1 January	75,069	8,700	51,765	323,488	459,022
Disposal/Write-off	–	–	(5,973)	–	(5,973)
At 31 December	75,069	8,700	45,792	323,488	453,049
Accumulated depreciation					
At 1 January	28,183	4,533	19,601	161,744	214,061
Depreciation during the year	21,639	1,000	14,081	46,212	82,932
Disposal/Write-off	–	–	(4,238)	–	(4,238)
At 31 December	49,822	5,533	29,444	207,956	292,755
Net carrying amount					
At 31 December	25,247	3,167	16,348	115,532	160,294

As at 31 December 2016, the carrying amount of the Group's motor vehicles held under finance leases amounted to S$115,532.

As at 31 December 2017, the Group's loans from a bank are secured by the Group's freehold land and freehold building, which have a carrying amount of S$1,493,203 (2016: Nil) (Note 23).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

22 Trade and Other Payables

	Group		Company	
	2017 S$	2016 S$	2017 S$	2016 S$
Current				
Other payables (a)	1,902,253	1,691,005	903,777	695,437
Amounts due to directors (b)	44,100	27,181	44,100	27,181
Deposit payable	370,793	3,267	2,300	2,300
Interest payable	2,512	–	2,512	–
Accrued operating expenses (c)	978,704	1,747,288	942,846	1,693,872
	3,298,362	3,468,741	1,895,535	2,418,790
Non-current				
Other payables (a)	–	500,000	–	–
Total trade and other payables	3,298,362	3,968,741	1,895,535	2,418,790

(a) The Group's other payables include a payable to a non-controlling shareholder of a subsidiary for the additional acquisition of shares in that subsidiary, professional fees in relation to the additional acquisition of shares and general legal advice.

(b) The amounts due to directors are unsecured, interest-free and repayable on demand in cash.

(c) Accrued operating expenses include a provision for withholding tax in relation to the Wintercrest Financing Loans interest payables amounting to S$0.5 million (2016: S$1.2 million).

The Company has received two demand notes from the Inland Revenue Authority of Singapore ("IRAS") on 8 February 2017 to pay the outstanding withholding taxes and late payment penalty of S$1.2 million. The Company is unable to repay this amount and has written to IRAS to request for the deferment of payment of the outstanding withholding tax for a period of one year from 15 January 2017, or alternatively to pay the outstanding withholding tax in instalments over a one-year period, and to waive the late payment penalty and interest arising from the non-payment of the outstanding withholding tax. On 21 November 2017, IRAS granted a new repayment schedule to the Company, but did not waive the late payment penalties in full.

At the date of authorisation of these financial statements, the Company has paid S$947,231.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

23 Borrowings

	Group		Company	
	2017	2016	2017	2016
	S$	S$	S$	S$
Current				
Loans from banks (a)	1,134,936	–	500,000	–
Loan from a shareholder (b)	1,000,000	–	1,000,000	–
Finance lease liabilities (c), (Note 24)	–	32,736	–	32,736
	2,134,936	32,736	1,500,000	32,736
Non-current				
Loans from banks (a)	744,938	–	–	–
Finance lease liabilities (c), (Note 24)	–	51,205	–	51,205
	744,938	51,205	–	51,205
Total borrowings	2,879,874	83,941	1,500,000	83,941

(a) Loans from banks are secured over the Group's freehold land and freehold building (Note 21) and a fixed deposit from a shareholder. The loans from banks bear an interest between 3.59% and 10% per annum.

(b) Loan from a shareholder bears interest of 3% per annum. The loan will mature on 18 December 2018, with the option to extend the tenure of the loan for another twelve months. Refer to Note 3(b).

(c) Finance lease liabilities are effectively secured over the leased motor vehicles of the Group (Note 21), as the legal title is retained by the lessors and will be transferred to the Group upon full settlement of the finance lease liabilities. The weighted average effective interest rates of the finance lease liabilities were 3.66% (2016: between 3.66% and 7.76%) per annum during the financial year. The finance lease liabilities were fully repaid in the financial year ended 31 December 2017.

(d) The reconciliation of movements of the Group's liabilities to the Group's cash flows arising from financing activities is presented below:

	At 1 January 2017	Cash flows		Non-cash changes	At 31 December 2017
		Proceeds	Repayments		
	S$	S$	S$	S$	S$
Loans from banks	–	1,957,379	(77,505)	–	1,879,874
Finance lease liabilities	83,941	–	(83,941)	–	–
Loan from a shareholder	–	1,000,000	–	–	1,000,000
	83,941	2,957,379	(161,446)	–	2,879,874

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

24 Finance Lease Liabilities (Secured)

	Group and Company 2016 S$
Not later than one year	35,088
Later than one year but not later than five years	52,573
	87,661
Less: Future finance charges	(3,720)
Present value of finance lease liabilities	83,941
Presented as:	
Current (Note 23)	32,736
Non-current (Note 23)	51,205
	83,941

25 Defined Benefit Plan

	Group 2017 S$	Group 2016 S$
Present value of unfunded obligations	1,002,567	799,060

Movements in the present value of the defined benefit obligations during the financial year are as follows:

	Group 2017 S$	Group 2016 S$
Defined benefit obligations at the beginning of the year	799,060	603,753
Benefits paid by the plan	(33,414)	(30,134)
Current service costs	71,690	58,320
Excess of benefit paid	6,713	–
Interest on obligations	57,502	53,873
Actuarial loss recognised in other comprehensive income	128,447	58,278
Currency translation differences	(27,431)	54,970
Defined benefit obligations at the end of the year	1,002,567	799,060

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

25 Defined Benefit Plan (cont'd)

The amounts recognised in profit or loss during the financial year are as follows:

	Group	
	2017 S$	2016 S$
Current service costs	71,690	58,320
Interest on obligations	57,502	53,873
Amortisation of past services cost – non vested	485	–
Excess of benefit paid	6,713	–
Total, included in "Employee Benefits" (Note 7)	136,390	112,193

Actuarial loss recognised in other comprehensive income during the financial year are as follows:

	Group	
	2017 S$	2016 S$
Amount accumulated in accumulated gains at the beginning of the year	151,810	86,025
Recognised during the year	128,447	58,278
Currency translation differences	(25,454)	7,507
Amount accumulated in accumulated gains at the end of the year	254,803	151,810

Principal actuarial assumptions at the end of the financial year are as follows:

	Group 2017 and 2016
Valuation method	Projected Unit Credit based on Actuarial Cost Method
Mortality rate	TMI 2011 (2016: TMI 2011)
Discount rate	6.72% (2016: 7.5%)
Future salary increase	10%
Disability rate	1% from TMI 2011 (2016: 1% from TMI 2011)
Resignation rate	3% per annum up to age 25 years old, reducing linearly to 1% per annum at age 45 years old and thereafter
Normal retirement age	55 years old
Retirement rate	100% at normal retirement age

The Group has no significant exposure from changes in the principal actuarial assumptions disclosed above. Thus, no sensitivity analysis is presented.

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For the financial year ended 31 December 2017

26 Deferred Taxes

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position as follows:

	Group	
	2017	2016
	S$	S$
To be settled after one year		
- Deferred tax assets	(296,355)	(237,294)
- Deferred tax liabilities	–	–
Net balance at the end of the year	(296,355)	(237,294)

The movements in the deferred tax assets and liabilities (on an aggregated basis) during the financial year are as follows:

	Group	
	2017	2016
	S$	S$
Balance at the beginning of the year	(237,294)	(143,562)
Tax credited to:		
- profit or loss (Note 10)	(36,831)	(64,590)
- other comprehensive income	(42,815)	(19,426)
	(79,646)	(84,016)
Currency translation differences	20,585	(9,716)
Balance at the end of the year	(296,355)	(237,294)

Deferred tax assets are recognised for employee benefit provision and capital allowances carried forward to the extent that realisation of related tax benefits through future taxable profits is probable.

The Group and the Company had the following unrecognised tax losses and capital allowances which can be carried forward and used to offset against future taxable income subject to meeting certain statutory tax requirements by those group entities in their respective countries of incorporation:

	Group		Company	
	2017	2016	2017	2016
	S$	S$	S$	S$
Capital allowances	72,512	70,906	–	–
Tax losses	46,785,270	46,681,719	31,557,393	31,557,393
	46,857,782	46,752,625	31,557,393	31,557,393

26 Deferred Taxes (cont'd)

The tax losses have no expiry date. The Group's and the Company's deferred tax benefits of approximately S$7,984,798 and S$5,364,757 respectively (2016: S$7,975,186 and S$5,364,757 respectively) arising from these unutilised tax losses and unabsorbed capital allowances have not been recognised in the financial statements, as the Group and the Company have assessed that it is not probable that taxable profits will be available against which the unutilised tax losses and unabsorbed capital allowances can be utilised.

Deferred tax liabilities:

	Accelerated tax depreciation S$	Fair value gains of investment properties S$	Total S$
Group			
2016			
Balance at the beginning of the year	(836)	11,979	11,143
Currency translation differences	–	159	159
Credited to profit or loss	–	(12,138)	(12,138)
Reclassified to deferred tax assets	836	–	836
Balance at the end of the year	–	–	–

27 Share Capital

	Group and Company			
	2017		2016	
	Number of ordinary shares	S$	Number of ordinary shares	S$
Ordinary shares issued and fully paid				
Balance at the beginning of the year	27,525,762,183	127,293,946	4,514,224,998	107,095,362
Issue of shares	45,000,000	45,000	23,011,537,185	20,232,340
Share issue expense	–	(96)	–	(33,756)
Balance at the end of the year	27,570,762,183	127,338,850	27,525,762,183	127,293,946

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For the financial year ended 31 December 2017

27 Share Capital (cont'd)

(a) Share options

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

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

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

The Blumont ESOS 2013 shall continue to be in force at the discretion of the Compensation Committee for a period of 10 years from 22 April 2013. However, the period may be extended or terminated with the approval of shareholders at a general meeting of the Company and any relevant approvals which may then be required.

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

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

(i) fixed at the market price equal to the average of the last dealt prices for the share on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the three (3) consecutive trading days immediately preceding the date of grant of that option; or

(ii) set at a discount to a market price, provided that the maximum discount shall not exceed twenty per cent (20%) of the market price.

No share options under the Blumont ESOS 2013 have been granted during and as at the financial year ended 31 December 2017 and 2016.

Blumont Performance Share Plan (the "Blumont PSP")

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

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

27 Share Capital (cont'd)

(a) Share options (cont'd)

Blumont Performance Share Plan (the "Blumont PSP") (cont'd)

The Blumont PSP shall continue to be in force at the discretion of the Compensation Committee for a period of 10 years from 22 April 2013. However, the period may be extended or terminated with the approval of shareholders at a general meeting of the Company and any relevant approvals which may then be required.

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

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

No incentive share awards under the Blumont PSP have been granted during the financial year ended 31 December 2016.

On 13 June 2017, the Company granted 4,120,000,000 performance shares to directors and employees of the Company. The shares were issued and allotted at S$0.001 per share on 19 June 2017. On 1 December 2017, the Company applied to the High Court of the Republic of Singapore to seek declaration that the allotment and issuance of 4,075,000,000 performance shares at S$0.001 per share was void. On 26 January 2018, the High Court of the Republic of Singapore granted an order in terms of the application made by the Company. As a result, the allotment and issuance of 4,075,000,000 performance shares has been declared void, and the allotment and issuance of 45,000,000 performance shares has been validated and confirmed. Accordingly, S$45,000 was recognised as share-based payment expense in the profit of loss for the financial year ended 31 December 2017.

The Company has made applications and filings to the SGX-ST, CDP and Accounting and Corporate Regulatory Authority to make the necessary rectifications to the Company's records and statutory registers.

(b) Issue of shares

On 25 November 2016, the Group and the Company allotted and issued 23,011,537,185 ordinary shares to Wintercrest pursuant to the settlement agreement dated 7 April 2016 entered into with Wintercrest for repayment of loans. The shares were issued at a price of S$0.00088 per share.

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For the financial year ended 31 December 2017

27 Share Capital (cont'd)

(c) Capital management

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising share capital, reserves, accumulated losses and net debts, which includes borrowings net of cash and bank balances.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debts.

Consistently, the Group monitors capital on the basis of the net debt-to-adjusted capital ratio. This ratio is calculated as net debt over adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less income tax and deferred tax liabilities and cash and bank balances. Adjusted capital comprises all components of equity attributable to owners of the Company (i.e. share capital, reserves and accumulated losses).

There were no changes in the Group's approach to capital management during the current and previous financial years.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The Group's net debt-to-adjusted capital ratio as at the statement of financial position date is as follows:

	Group		Company	
	2017 S$	2016 S$	2017 S$	2016 S$
Net debt	6,251,099	4,353,893	5,435,936	3,077,247
Total equity	2,869,196	5,097,351	2,892,784	5,637,035
Adjusted capital	9,120,295	9,451,244	8,328,720	8,714,282
Net debt-to-adjusted capital ratio	68.5%	46.1%	65.3%	35.3%

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28 Reserves

	Group 2017 S$	Group 2016 S$	Company 2017 S$	Company 2016 S$
(a) Composition:				
Fair value reserve	199	–	199	–
Currency translation reserve	(4,585,109)	(5,213,075)	–	–
Other reserves	(22,442)	(984,738)	–	–
	(4,607,352)	(6,197,813)	199	–

(b) Movements during the financial year are as follows:

	Group and Company 2017 S$	Group and Company 2016 S$
(i) Fair value reserve		
Balance at the beginning of the year	–	1,524,826
Net change in fair value of financial assets, available-for-sale (Note 20(a))	199	–
Cumulative gain in fair value of financial assets, available-for-sale reclassified to profit or loss	–	(1,524,826)
Balance at the end of the year	199	–

	Group 2017 S$	Group 2016 S$	Company 2017 S$	Company 2016 S$
(ii) Currency translation reserve				
Balance at the beginning of the year	(5,213,075)	(4,915,881)	–	–
Foreign exchange translation gain/(loss)	627,966	(297,194)	–	–
Balance at the end of the year	(4,585,109)	(5,213,075)	–	–
(iii) Other reserves				
Balance at the beginning of the year	(984,738)	(1,483,938)	–	–
Acquisition of additional interest in a subsidiary (Note 18(e))	–	(22,442)	–	–
Disposal of investment in an associate	–	521,642	–	–
Reclassified to accumulated losses upon striking-off of a dormant subsidiary	962,296	–	–	–
Balance at the end of the year	(22,442)	(984,738)	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

29 Non-Controlling Interests

	Group	
	2017	2016
	S$	S$
Balance at the beginning of the year	2,739,805	4,075,761
Share of comprehensive income for the year	110,401	488,490
Dividend paid to non-controlling shareholder of a subsidiary (Note 18(f))	–	(346,888)
Acquisition of additional interest in a subsidiary (Note 18(e))	–	(1,477,558)
Balance at the end of the year	2,850,206	2,739,805

30 Commitments

(a) Operating Lease Commitments - where the Group is a lessee

The Group leases an office and certain office equipment from non-related parties under non-cancellable operating leases. The operating lease expenses charged to profit or loss during the financial year are disclosed in Note 8.

The future aggregate minimum lease payable under non-cancellable operating leases contracted for as at the statement of financial position date but not recognised as liabilities in the financial statements is analysed as follows:

	Group	
	2017	2016
	S$	S$
Not later than one year	116,371	236,923
Later than one year but not later than five years	67,230	80,881
	183,601	317,804

The leases entered into by the Group do not include any contingent rentals, renewal purchase option or any escalation clauses.

(b) Others

The Company has given an undertaking to provide continuing financial support to certain subsidiaries of the Group for the next twelve months from the date of authorisation of their financial statements.

31 Financial Risk Management

The Group's and the Company's activities is exposed to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk arising in the normal course of the Group's and the Company's business. The Group's and the Company's overall risk management strategy seeks to minimise potential adverse effects from the unpredictability of financial markets on the Group's and the Company's financial performance.

The Company's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group and the Company. Risk management is carried out by the Group's executive management.

(a) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rate, interest rate and equity prices will affect the Group's and the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) *Currency risk*

The Group and the Company operates internationally and is subject to various currency exposures, primarily with respect to the Indonesian Rupiah ("IDR"), Malaysian Ringgit ("RM"), United States Dollar ("USD"), and Australian Dollar ("AUD"). Currency risk arises from recognised assets and liabilities and net investments in foreign operations.

The Group and the Company has certain investments in foreign operations, whose net assets are exposed to currency translation risk. Currency exposures to the net assets of the Group's and the Company's foreign operations in Malaysia and Indonesia are kept at a minimal level. The Group and the Company does not presently hedge this foreign exchange exposure.

Generally, recognised assets and liabilities are denominated in currencies that match the cash flows generated by the underlying operations of the Group and the Company, primarily in Singapore Dollar, IDR, RM, USD and AUD. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances. The Group and the Company monitors exposure of foreign currency risk on an ongoing basis by reviewing the liquid assets and liabilities held in currencies other than the Singapore Dollar to ensure that the net exposure are within acceptable parameters.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

31 Financial Risk Management (cont'd)

(a) Market Risk (cont'd)

(i) Currency risk (cont'd)

The Group's and the Company's currency exposure based on the information provided to key management as at the statement of financial position date is as follows:

2017

	Singapore Dollar S$	Indonesian Rupiah S$	Malaysia Ringgit S$	Australia Dollar S$	United States Dollar S$	Total S$
Group						
Trade and other receivables	25,103	576,102	1,627	–	–	602,832
Cash and cash equivalents	543,484	285,024	99,023	–	2,173	929,704
Other financial assets	80,040	–	–	625	–	80,665
Trade and other payables	(2,852,002)	(14,761)	(413,186)	(5,046)	(13,367)	(3,298,362)
Borrowings	(1,500,000)	(1,379,874)	–	–	–	(2,879,874)
Net financial liabilities	(3,703,375)	(533,509)	(312,536)	(4,421)	(11,194)	(4,565,035)
Less: Net financial liabilities denominated in the respective entities' functional currency	3,711,558	531,875	312,536	–	–	4,555,969
Currency exposure	8,183	(1,634)	–	(4,421)	(11,194)	(9,066)
Company						
Trade and other receivables	25,103	–	–	–	–	25,103
Cash and cash equivalents	522,491	–	–	–	–	522,491
Loans to subsidiaries	8,016,435	–	–	–	–	8,016,435
Other financial assets	80,040	–	–	625	–	80,665
Loan from a subsidiary	(2,562,892)	–	–	–	–	(2,562,892)
Borrowings	(1,500,000)	–	–	–	–	(1,500,000)
Trade and other payables	(1,875,488)	(1,634)	–	(5,046)	(13,367)	(1,895,535)
Net financial assets/ (liabilities)	2,705,689	(1,634)	–	(4,421)	(13,367)	2,686,267
Less: Net financial (assets)/liabilities denominated in the Company's functional currency	(2,705,689)	–	–	–	–	(2,705,689)
Currency exposure	–	(1,634)	–	(4,421)	(13,367)	(19,422)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

31 Financial Risk Management (cont'd)

(a) Market Risk (cont'd)

(i) *Currency risk* (cont'd)

2016

	Singapore Dollar S$	Indonesian Rupiah S$	Malaysia Ringgit S$	Australia Dollar S$	United States Dollar S$	Total S$
Group						
Trade and other receivables	17,053	652,249	3,413	–	–	672,715
Cash and cash equivalents	70,410	391,853	33,163	–	2,423	497,849
Other financial assets	133,400	–	–	32,355	–	165,755
Trade and other payables	(3,434,837)	(46,725)	(453,127)	(19,588)	(14,464)	(3,968,741)
Borrowings	(83,941)	–	–	–	–	(83,941)
Net financial (liabilities)/ assets	(3,297,915)	997,377	(416,551)	12,767	(12,041)	(2,716,363)
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currency	3,306,159	(997,377)	416,551	–	–	2,725,333
Currency exposure	8,244	–	–	12,767	(12,041)	8,970
Company						
Trade and other receivables	5,618	–	–	–	–	5,618
Cash and cash equivalents	36,876	–	–	–	–	36,876
Loans to subsidiaries	8,149,744	–	–	–	–	8,149,744
Other financial assets	–	–	–	32,355	–	32,355
Loan from a subsidiary	(611,392)	–	–	–	–	(611,392)
Borrowings	(83,941)	–	–	–	–	(83,941)
Trade and other payables	(2,384,738)	–	–	(19,588)	(14,464)	(2,418,790)
Net financial assets/ (liabilities)	5,112,167	–	–	12,767	(14,464)	5,110,470
Less: Net financial (assets)/liabilities denominated in the Company's functional currency	(5,112,167)	–	–	–	–	(5,112,167)
Currency exposure	–	–	–	12,767	(14,464)	(1,697)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

31 Financial Risk Management (cont'd)

(a) Market Risk (cont'd)

(i) Currency risk (cont'd)

A 1% strengthening of the Singapore Dollar against the following foreign currencies at the statement of financial position date would (decrease)/increase loss before tax and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest and tax rates, remain constant. The analysis was performed on the same basis for 2016, as indicated below:

	Group		**Company**	
	Loss before tax S$	**Equity S$**	**Loss before tax S$**	**Equity S$**
2017				
United States Dollar	(134)	(134)	(134)	(134)
Australian Dollar	(50)	(44)	(50)	(44)
Indonesian Rupiah	16	16	16	16
2016				
United States Dollar	(120)	120	(145)	145
Australian Dollar	(196)	(128)	(196)	(128)

A 1% weakening of the Singapore Dollar against the above foreign currencies would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables, in particular interest and tax rates, remain constant.

(ii) Price risk

The Group and the Company is exposed to equity securities price risk from its investments held, which are classified on the statement of financial position as financial assets, at fair value through profit or loss or available-for-sale. However, the exposure is not significant to the Group and the Company.

(iii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's and the Company's exposure to interest rates arises from fixed interest-earning financial assets and fixed interest-bearing financial liabilities. Fixed interest-bearing financial assets primarily relates to cash and bank balances while fixed interest-bearing financial liabilities mainly relates to financing facilities. The interest rates and repayment terms are disclosed in the respective notes to the financial statements. The Group and the Company has no significant exposure from all of these financial assets and financial liabilities as these mainly bear fixed interest rates. Thus, no sensitivity analysis is presented.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

31 Financial Risk Management (cont'd)

(b) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company, and arises principally from the Group's and the Company's receivables from customers, bank deposits and investment securities.

The carrying amount of financial assets in the statement of financial position represents the Group's and the Company's respective maximum exposure to credit risk, before taking into account any collateral held. For trade and other receivables, the Group and the Company has a credit policy in place and monitors credit evaluation and exposure to credit risk on an ongoing basis. The counterparty's payment pattern and credit exposure are continuously monitored at the entity level by the respective management and at the Group level.

(i) Trade and other receivables

The Group and the Company does not require any collateral in respect of trade and other receivables.

The maximum exposure to credit risk for trade and other receivables as at the statement of financial position date by geographic region is as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	S$	**S$**	**S$**	**S$**
Singapore	25,103	17,053	25,103	5,618
Malaysia	1,627	3,413	–	–
Indonesia	576,102	652,249	–	–
	602,832	672,715	25,103	5,618

The trade and other receivables of the Group comprised 7 debtors (2016: 8 debtors) that individually represent 22% (2016: 21%) of trade and other receivables. There is no concentration of customer risk at the Company level.

The aging of trade and other receivables that were past due but not impaired as at the statement of financial position date is as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	S$	**S$**	**S$**	**S$**
Past due less than 2 months	118,217	115,111	–	–
Past due more than 2 months	–	1,236	–	–
	118,217	116,347	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

31 Financial Risk Management (cont'd)

(b) Credit Risk (cont'd)

(i) Trade and other receivables (cont'd)

Management believed that the unimpaired amounts that are past due are still collectible, based on historical payment behaviour and analysis of customer credit risk, including underlying customers' credit rating, where applicable.

The Group and the Company establishes an allowance for impairment loss that represents incurred losses in respect of trade and other receivables based on expected collectability of the receivables. The movements in the allowance for impairment loss in respect of trade and other receivables based on individual impairments during the financial year are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	S$	**S$**	**S$**	**S$**
Balance at the beginning of the year	129,435	654,476	121,701	654,476
Impairment loss recognised during the year (Note 8)	–	8,003	–	–
Allowance written back during the year (Note 8)	–	(532,775)	–	(532,775)
Currency translation differences	176	(269)	–	–
Balance at the end of the year (Note 14)	129,611	129,435	121,701	121,701

Based on management's monitoring of customer credit risk, management believed that, apart from the above, no impairment allowance is necessary in respect of trade and other receivables.

The allowances account in respect of trade and other receivables is used to record impairment losses unless the Group and the Company is satisfied that no recovery of the amounts owing are possible, at that point, the amounts are considered irrecoverable and are written off against the financial assets directly.

(ii) Investments

The Group and the Company limits its exposure to credit risk on investments held by investing only in liquid marketable securities and with counterparties that have good credit ratings. Management does not expect any counterparty to fail to meet its obligations, except for certain impaired financial assets, available-for-sale as disclosed in Note 20.

The allowance account in respect of financial assets, available-for-sale is used to record impairment losses unless the Group and the Company is satisfied that no recovery of the investments held are possible, at that point, the investments are considered irrecoverable and are written off against the financial assets directly.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

31 Financial Risk Management (cont'd)

(b) Credit Risk (cont'd)

(iii) Cash and bank balances

The Group and the Company held cash and bank balances of S$929,704 and S$522,491 respectively as at 31 December 2017 (2016: S$497,849 and S$36,876 respectively), which represents their maximum credit exposure on these assets. The cash at bank are held with banks with good credit ratings.

(c) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's and the Company'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 and the Company's reputation.

The Group and the Company monitors its liquidity risk by maintaining sufficient cash and marketable securities and the ability to close out market positions at a short notice. Where necessary, fund raising exercise will be considered through right issues and private placements. Further discussion on the Group's liquidity risk is disclosed in Note 3(b).

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the statement of financial position date based on contractual undiscounted payments.

	Carrying amounts S$	Contractual amounts S$	< 1 year S$	1 - 5 years S$	> 5 years S$
Group					
2017					
Trade and other payables	3,298,362	3,298,362	3,298,362	–	–
Borrowings	2,879,874	3,173,869	2,284,836	889,033	–
	6,178,236	6,472,231	5,583,198	889,033	–
2016					
Trade and other payables	3,968,741	3,968,741	3,468,741	500,000	–
Borrowings	83,941	87,661	35,088	52,573	–
	4,052,682	4,056,402	3,503,829	552,573	–
Company					
2017					
Trade and other payables	1,895,535	1,895,535	1,895,535	–	–
Borrowings	1,500,000	1,545,552	1,545,552	–	–
Loan from a subsidiary	2,562,892	2,562,892	2,562,892	–	–
	5,958,427	6,003,979	6,003,979	–	–
2016					
Trade and other payables	2,418,790	2,418,790	2,418,790	–	–
Borrowings	83,941	87,661	35,088	52,573	–
Loan from a subsidiary	611,392	611,392	611,392	–	–
	3,114,123	3,117,843	3,065,270	52,573	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

31 Financial Risk Management (cont'd)

(d) Fair Value of the Group's and the Company's Financial Assets and Liabilities that are Measured at Fair Value on a Recurring Basis

The Group and the Company categories fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date (Level 1);

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

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

The following table presents the Group's and the Company's financial assets and financial liabilities measured at fair value as at the statement of financial position date by level of the fair value measurement hierarchy:

	Level 1 S$	Level 2 S$	Level 3 S$	Total S$
Group				
2017				
Financial assets at fair value through profit or loss				
- Trading securities	80,040	–	–	80,040
Financial assets, available-for-sale				
- Quoted equity investments	625	–	–	625
2016				
Financial assets at fair value through profit or loss				
- Trading securities	133,400	–	–	133,400
Financial assets, available-for-sale				
- Quoted equity investments	32,355	–	–	32,355

31 Financial Risk Management (cont'd)

(d) Fair Value of the Group's and the Company's Financial Assets and Liabilities that are Measured at Fair Value on a Recurring Basis (cont'd)

	Level 1 S$	Level 2 S$	Level 3 S$	Total S$
Company				
2017				
Financial assets at fair value through profit or loss				
- Trading securities	80,040	–	–	80,040
Financial assets, available-for-sale				
- Quoted equity investments	625	–	–	625
2016				
Financial assets, available-for-sale				
- Quoted equity investments	32,355	–	–	32,355

The fair value of financial instruments traded in active markets (such as trading securities) is based on quoted market prices as at the statement of financial position date. The quoted market price used for financial assets held by the Group and the Company is the current bid price. If third party information, such as broker quotes or pricing services, is used to measure fair value, then the valuation team assess and review the evidence obtained from the third parties to support the conclusion that such valuation meet the requirements of FRS, including the level in fair value hierarchy the resulting fair value estimate should be classified. These financial instruments are included in Level 1.

As at the date of these financial statements, based on the prevailing quoted market prices, the Group's listed security classified under financial assets, at fair value through profit or loss had no fair value gain or loss (2016: fair value gain of S$93,000) and quoted equity investment classified under financial assets, available-for-sale recorded a net fair value loss arising from changes in fair value amounting to approximately S$373 (2016: fair value loss S$3,000) from the statement of financial position date.

(e) Fair Value of the Group's and the Company's Financial Assets and Liabilities that are not Measured at Fair Value on a Recurring Basis (but Fair Value Disclosure is Required)

(i) Non-derivative financial liabilities

The carrying amounts of borrowings approximate its fair value as they bear interest at rates which approximate the current incremental borrowing rate for similar type of lending and borrowing arrangements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

31 Financial Risk Management (cont'd)

(e) Fair Value of the Group's and the Company's Financial Assets and Liabilities that are not Measured at Fair Value on a Recurring Basis (but Fair Value Disclosure is Required) (cont'd)

(i) Non-derivative financial liabilities (cont'd)

Fair Value of Non-current Borrowings

	Group		Company	
	2017	**2016**	**2017**	**2016**
	S$	**S$**	**S$**	**S$**
Loans from banks	575,958	–	–	–
Finance lease liabilities	–	49,277	–	49,277

The above fair values of finance lease liabilities were determined from cash flow analyses, discounted at market borrowing rates of an equivalent instrument as at the date of the statement of financial position which management expects to be available to the Group and the Company as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	S$	**S$**	**S$**	**S$**
Loans from banks	5.28	–	–	–
Finance lease liabilities	–	5.00	–	5.00

The fair value of the loan from a shareholder of S$1 million (2016: Nil) is not considered to be materially different from its carrying amount.

The carrying amount of the non-current other payable approximates its fair value as the effect of discounting is not material.

(ii) Other financial assets and liabilities

The carrying amounts of financial assets and financial liabilities with a maturity of less than one year (including trade and other receivables, cash and bank balances, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

(f) Valuation Policies and Procedures

The Group and the Company has established a control framework with respect to the measurement of fair values. This framework includes the finance team that reports directly to the Chief Financial Officer, and has overall responsibility for all significant fair value measurements, including Level 3 fair values.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

31 Financial Risk Management (cont'd)

(f) Valuation Policies and Procedures (cont'd)

The finance team regularly reviews significantly unobservable inputs and valuation adjustments. If third party confirmation, such as broker quotes or pricing services, is used to measure fair value, then the finance team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

Significant valuation issues are reported to the Company's Audit Committee.

32 Related Party Transactions

A related party is defined as follows:

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

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

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

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

There are no other related party transactions other than as disclosed in Notes 22 and 23 to these financial statements and below during the current and previous financial years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

32 Related Party Transactions (cont'd)

(a) Key management compensation

The remuneration of directors of the Company and directors of the Group's subsidiaries, who are the key management personnel of the Group, is as follows:

	Group	
	2017	**2016**
	S$	**S$**
Directors' fees	146,567	152,624
Short-term employee benefits	1,118,361	409,671
Retainer fees	11,237	–
Post-employment benefits	9,862	5,018
	1,286,027	567,313
Comprised:		
Directors of the Company	1,095,383	298,056
Directors of the Group's subsidiaries	190,644	269,257
	1,286,027	567,313

No share options were granted to the directors of the Company during the financial years ended 31 December 2017 and 2016.

33 Operating Segments

Management has determined four reportable segments, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Company's Chief Executive Officer review internal management reports on at least a quarterly basis. The Group's reportable segments are as follows:

- Investment holding - investment in transferable securities including but not limited to marketable shares, warrants and debentures etc.
- Sterilisation - providing contract sterilisation and polymerisation services to food packaging, medical devices, cosmetic raw materials and consumers products.
- Property - development of properties for sale, long-term holding of properties for rental and related income.
- Mineral and energy resources - exploration, exploitation, development and production of mineral and energy resources and investments in mineral and energy resources projects, entities and companies.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

33 Operating Segments (cont'd)

Information regarding the results of each reportable segment is included below. Performance is measured based on segment (loss)/profit before income tax, as included in the internal reports that are reviewed by the Company's Chief Executive Officer.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments.

Information about reportable segments

	Investment holding S$	Sterilisation S$	Property S$	Mineral and energy resources S$	Total S$
Group					
2017					
External revenues	–	3,586,170	111,387	–	3,697,557
Segment results	793,439	2,296,309	(260,639)	(4,361,789)	(1,532,680)
Interest income	207	1,502	–	–	1,709
Finance costs*	(5,079)	(62,163)	(10)	–	(67,252)
Depreciation	(56,200)	(481,297)	(3,612)	–	(541,109)
Reportable segment (loss)/profit before income tax	732,367	1,754,351	(264,261)	(4,361,789)	(2,139,332)
Other material non-cash items					
- fair value loss on financial assets, at fair value through profit or loss	(53,336)	–	–	–	(53,336)
Other material items					
Capital expenditure					
- property and equipment	8,036	612,354	–	–	620,390
Segment assets	1,046,741	5,995,342	5,604,455	–	12,646,538
Unallocated assets - deferred tax assets					296,355
Consolidated total assets					12,942,893
Segment liabilities	3,474,067	2,395,570	413,186	897,980	7,180,803
Unallocated liabilities:					
- current income tax liabilities					42,688
Consolidated total liabilities					7,223,491

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

33 Operating Segments (cont'd)

Information about reportable segments (cont'd)

	Investment holding S$	Sterilisation S$	Property S$	Mineral and energy resources S$	Total S$
Group					
2016					
External revenues	–	3,668,344	39,482	–	3,707,826
Segment results	(2,789,863)	2,116,422	(456,292)	8,500,331	7,370,598
Interest income	320	38,509	586	–	39,415
Finance costs*	(3,504)	–	–	–	(3,504)
Share of loss of an associate	–	–	–	(1,050,005)	(1,050,005)
Depreciation	(82,932)	(439,003)	(7,690)	–	(529,625)
Reportable segment (loss)/profit before income tax	(2,875,979)	1,715,928	(463,396)	7,450,326	5,826,879
Other material non-cash items					
- write-back of impairment loss on other receivables	–	–	–	532,775	532,775
- dilution loss on investment in an associate	–	–	–	(1,379,744)	(1,379,744)
- fair value loss on financial assets, at fair value through profit or loss	(453,560)	–	–	–	(453,560)
Other material items					
Capital expenditure					
- property and equipment	–	608,275	1,272	–	609,547
Segment assets	791,559	5,751,750	5,912,340	32,355	12,488,004
Unallocated assets - deferred tax assets					237,294
Consolidated total assets					12,725,298
Segment liabilities	1,650,407	845,785	453,127	1,818,482	4,767,801
Unallocated liabilities:					
- borrowings*					83,941
- current income tax liabilities					36,400
					120,341
Consolidated total liabilities					4,888,142

* The finance lease liabilities included in borrowings have not been disclosed by segment as this item is managed on a Group basis and are not provided to the Company's Chief Executive Officer at the operating segment level.

33 Operating Segments (cont'd)

Geographical segments

The Group's four business segments operate in four main geographical areas - Singapore (country of domicile), Malaysia and Indonesia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets or the underlying investments held.

Geographical information

	External revenues S$	Non-current assets * S$
Group		
2017		
Singapore	–	19,081
Malaysia	111,387	–
Indonesia	3,586,170	4,254,527
	3,697,557	4,273,608
2016		
Singapore	–	192,648
Malaysia	39,482	36,915
Indonesia	3,668,344	4,504,263
	3,707,826	4,733,826

* Non-current assets exclude deferred tax assets.

Information about major customers

Included in revenue arising from sterilisation services of approximately S$3.59 million (2016: S$3.67 million) are revenues of approximately S$1.20 million (2016: S$1.66 million) which arose from sales to the Group's five (2016: seven) largest customers.

34 Non-Cash Transactions by the Group

2016

(i) The following assets were assigned/transferred to Wintercrest for the settlement of the loans from Wintercrest:

	S$
Financial assets, available-for-sale	15,653,358
Interest receivables	484,172
Investment in an associate	5,151,789
	21,289,319

(ii) On 25 November 2016, the Group issued 23,011,537,185 ordinary shares to Wintercrest for the settlement of the loans from Wintercrest.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

35 Litigation

Suasana Sentral Condominium

On 26 April 2016, the Group was notified that it had on 22 April 2016, been served with a writ of summons (the "Writ of Summons") and a statement of claim filed in the High Court of Malaya in Kuala Lumpur (the "Legal Proceedings"). The Writ of Summons was filed on behalf of Suresh Kumar ("SK"-First Plaintiff), Vigneswari Gopalan ("VG"-Second Plaintiff) and Libertare Sdn Bhd (Third Plaintiff), collectively known as the "Plaintiffs" against the Group, Onescentral Park Sdn Bhd and Pendaftar Hakmilik Tanah Wilayah Persekutuan Kuala Lumpur (the Land Title Registrar of the Federal Territory of Kuala Lumpur) as the defendants. The Legal Proceedings was triggered due to the strata title registered in the name of and held by one of the Group's subsidiaries, Raintree Rock Sdn Bhd ("Raintree Rock"), for the property at Unit B-37-01 Suasana Sentral Condominium (the "Property") was a wrong strata title. On the grounds that the Group could not and was not in a position to register and perfect the transfer of the Property in favour of the purchasers (first and second Plaintiffs), the Group terminated the Sale and Purchase Agreement ("SPA") previously entered into to sell the Property and offered to refund all deposits paid thus far. The first and second Plaintiffs refused to accept the termination and instead filed the Legal Proceedings against the Group.

In the legal proceeding, the Plaintiffs are seeking, *inter alia*, a declaration that the Group and the other defendants take steps to effect rectification of the strata title of the property, an order for specific performance by the Group of the SPA, subject to the Court varying certain terms of the SPA, including the purchase price, or, in lieu of specific performance, a refund of deposits paid by the Plaintiffs, together with liquidated damages of RM600,000 and damages for misrepresentation.

The first and second Plaintiffs, through their Company who is the third Plaintiff, are the tenant of the Property and continue to remain in occupation of the Property despite the termination of the SPA and has been holding over the Property without any payment of rental since January 2016. Hence, the Group has filed a counterclaim against the Plaintiffs for the delivery of vacant possession of the Property and for all unpaid rentals and double rental. The Group has also filed a claim in the counterclaim against the Developer of the Property, i.e. Onesentral Park Sdn Bhd pleading, *inter alia*, negligence by the Developer in the issuance and allocation of the wrong strata title to the wrong unit resulting in damages to the Group. As such, the Group seeks against the Developer for, *inter alia*, an order for rectification of the strata title, an indemnity for all loss and damages as may be suffered by the Group. The Developer is defending the Group's claims.

The Group is currently seeking legal advice and will, in consultation with its solicitors, take such necessary steps to defend the Legal Proceedings. Based on the legal advice from its solicitors, the Group is of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement. The Group does not expect the outcome of the litigation to have a material effect on the Group's financial statements.

36 Other Matters

On 2 April 2014, the Company announced that G1 Investments Pte. Ltd., a wholly owned subsidiary of the Company, has received a notice dated 2 April 2014 from the Commercial Affairs Department of the Singapore Police Force (the "CAD") requiring the subsidiary's assistance with the CAD's investigations into an offence under the Securities and Futures Act, Chapter 289 (the "SFA").

Further to the announcements on 2 April 2014, the Company announced that the Company and G1 Investments Pte. Ltd. have each received notice dated 29 April 2014 from CAD requiring their respective assistances with the CAD's investigations into an offence under the SFA.

There have been no further development or requests from CAD since then up to the date of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

37 Events after the Reporting Period

(i) Subsequent to the year end, on 26 January 2018, the High Court of the Republic of Singapore has approved the Company's application to void 4,075,000,000 shares issued under the 2017 Award Shares, and to validate the 45,000,000 shares issued under the 2017 Award Shares that had been sold during the year (Note 27(a)).

(ii) On 29 March 2018, the Company announced that it has entered into a term sheet with Asaro Federico for the proposed potential acquisition of the entire share capital of Samadhi Retreats Pte. Ltd. for a sum not exceeding S$43.8 million subject to certain terms and conditions including approvals from shareholders and the SGX-ST. Further details can be found in the Company's announcement on SGX-ST, released on 29 March 2018.

38 Authorisation of Financial Statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Blumont Group Ltd. on 2 April 2018.

STATISTICS OF SHAREHOLDINGS

As at 16 March 2018

Issued share capital	:	S$127,338,850
Class of shares	:	Ordinary shares
Number of shares	:	27,570,762,183
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil
Voting rights	:	one vote per share

DISTRIBUTION OF SHAREHOLDINGS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Percentage of Shareholders %	No. of Shares Held	Percentage of Shares Held %
1 - 99	66	1.01	636	0.00
100 - 1,000	419	6.38	395,634	0.00
1,001 - 10,000	1,124	17.11	7,347,739	0.03
10,001 - 1,000,000	4,454	67.81	861,409,305	3.12
1,000,001 AND ABOVE	505	7.69	26,701,608,869	96.85
Total	**6,568**	**100.00**	**27,570,762,183**	**100.00**

SUBSTANTIAL SHAREHOLDER

As shown in the Register of Substantial Shareholders

Name of Shareholders	No. of Shares Direct Interest	No. of Shares Deemed Interest	Percentage (%)
Ultimate Horizon Pte. Ltd.	22,131,184,204	–	80.27
Siaw Lu Howe[(1)]	–	22,131,184,204	80.27

(1) Mr. Siaw Lu Howe is demed interested in the shares held by Ultimate Horizon Pte. Ltd.

PUBLIC FLOAT

Based on information available to the Company as at 16 March 2018, approximately 19.56% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

STATISTICS OF SHAREHOLDINGS

As at 16 March 2018

TOP TWENTY SHAREHOLDERS

NO.	Name of Shareholders	No. of Shares	Percentage %
1	HL Bank Nominees (S) Pte Ltd	22,142,624,204	80.31
2	Goh Seh Kiat	301,628,208	1.09
3	Citibank Nominees Singapore Pte Ltd	300,097,223	1.09
4	OCBC Securities Private Ltd	268,253,798	0.97
5	Ho Beng Siang	234,500,000	0.85
6	Raffles Nominees (Pte) Ltd	191,459,799	0.69
7	Phillip Securities Pte Ltd	187,056,844	0.68
8	UOB Kay Hian Pte Ltd	186,294,750	0.68
9	CGS-CIMB Securities (S) Pte Ltd	169,845,299	0.62
10	Maybank Kim Eng Securities Pte Ltd	106,276,340	0.39
11	Ng Kim Huatt	100,000,000	0.36
12	Lim & Tan Securities Pte Ltd	97,624,743	0.35
13	DBS Nominees Pte Ltd	94,701,016	0.34
14	ABN Amro Clearing Bank N.V.	87,106,700	0.32
15	RHB Securities Singapore Pte Ltd	79,307,870	0.29
16	DBS Vickers Securities (S) Pte Ltd	65,520,100	0.24
17	Koh Chuan Chong	60,000,000	0.22
18	Tjiong Boen Ngiap @ Bushar Tomi or Oey Mi Ling @ Mery Widjaya	54,000,000	0.20
19	United Overseas Bank Nominees Pte Ltd	48,841,250	0.18
20	Lim Cheng Hiap or Lim Chee Seng	40,000,000	0.14
	Total	**24,815,138,144**	**90.01**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Robertson Room, 3rd Storey, Four Points by Sheraton Singapore, Riverview, 382 Havelock Road, Singapore 169629 on Thursday, 26 April 2018 at 2.00 p.m. for the purpose of transacting the following businesses:

AS ORDINARY BUSINESSES:

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2017 together with the Directors' Statement and Independent Auditor's Report thereon. **Resolution 1**

2. To approve the payment of Directors' fees of S$100,000 for the financial year ending 31 December 2018, to be paid quarterly in arrears. **Resolution 2**

3. To re-elect Mr. Aris Muhammad Rizal, who is retiring pursuant to Article 110 of the Company's Constitution and who, being eligible, offers himself for re-election. *[See Explanatory Note (i)]* **Resolution 3**

4. To re-elect Mr. Siaw Lu Howe, who is retiring pursuant to Article 120 of the Company's Constitution and who, being eligible, offers himself for re-election. **Resolution 4**

5. To re-elect Mr. Lee Boon Teck, who is retiring pursuant to Article 120 of the Company's Constitution and who, being eligible, offers himself for re-election. **Resolution 5**

6. To re-elect Ms. Kek Wei Na, who is retiring pursuant to Article 120 of the Company's Constitution and who, being eligible, offers herself for re-election. **Resolution 6**

7. To re-appoint Messrs Moore Stephens LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

AS SPECIAL BUSINESSES

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

8. **Authority to allot and issue shares** **Resolution 8**

That pursuant to Section 161 of the Companies Act, Chapter 50, and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given for the Directors of the Company (the "**Directors**") at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

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

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

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

NOTICE OF ANNUAL GENERAL MEETING

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

provided that:

(1) the aggregate number of Shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed, after adjusting for:

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

    (b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

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

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Singapore Companies Act, Chapter 50 and the Constitution for the time being of the Company; and

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

NOTICE OF ANNUAL GENERAL MEETING

9. **Authority to issue shares under the Blumont Employee Share Option Scheme 2013 and the Blumont Performance Share Plan** **Resolution 9**

   That authority be and is hereby given to the Directors of the Company to offer and grant options in accordance with the Blumont Employee Share Option Scheme 2013 (the "**Blumont ESOS 2013**") and/or to grant awards in accordance with the Blumont Performance Share Plan (the "**Blumont PSP**") and allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Blumont ESOS 2013 and/or the vesting of awards under the Blumont PSP, provided always that the aggregate number of additional shares to be allotted and issued pursuant to the Blumont ESOS 2013 and the Blumont PSP shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.
   [See Explanatory Note (iii)]

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

By Order of the Board

Siaw Lu Howe
Executive Chairman and Chief Executive Officer

11 April 2018
Singapore

Explanatory Notes:

(i) Mr. Aris Muhammad Rizal will, upon re-election as a Director of the Company, remain as a member of the Audit, Nominating, Remuneration and Compensation Committees. Mr. Aris Muhammad Rizal is considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Detailed information on Mr. Aris Muhammad Rizal can be found under the sections titled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Annual Report 2017. Apart from the above disclosure, there are no relationships (including immediate family relationships) between Mr. Aris Muhammad Rizal and the other Directors or the Company or its shareholders.

(ii) Ordinary Resolution 8 proposed in item no. 8 is to empower the Directors, from the date of the passing of Ordinary Resolution 8 to the date of the next Annual General Meeting, to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding in total 50% of the issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, with a sub-limit of 20% of the issued shares (excluding treasury shares and subsidiary holdings) for issues other than on a pro rata basis to shareholders.

(iii) Ordinary Resolution 9 proposed in item no. 9 above, if passed, will empower the Directors to allot and issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time pursuant to the exercise of the options under the Blumont ESOS 2013 and vesting of the share awards under Blumont PSP.

Notes:

1. A member who is not a relevant intermediary is entitled to appoint not more than 2 proxies to attend, speak and vote on his behalf at the annual general meeting. A proxy need not be a member of the Company.

2. Where a member of the Company appoints more than one proxy, the proportion of his/her Shareholding to be represented by each proxy shall be specified. 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 his 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.

NOTICE OF ANNUAL GENERAL MEETING

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

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

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

   (c) Central Provident Fund ("**CPF**") Board established by the Central Provident Fund Act (Chapter 36), 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 of the forthcoming annual general meeting.

4. 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 seal or under the hand of an officer or attorney duly authorised.

5. 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 at the annual general meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

6. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

PERSONAL DATA PRIVACY:

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

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BLUMONT GROUP LTD.

(Company Registration No.: 199302554G)
(Incorporated in the Republic of Singapore)

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT:

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than 2 proxies to attend, speak and vote at the Annual General Meeting.
2. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the meeting in person. CPF and SRS Investors who are unable to attend the meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
3. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*I/We ______________________ (Name) ______________________ (NRIC/Passport No.)

of ____ (Address)

being *a member/members of **BLUMONT GROUP LTD.** (the "**Company**"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing *him/them, the Chairman of the Annual General Meeting ("AGM") as *my/our proxy/proxies to vote for *me/us on *my/our behalf, at the AGM to be held at Robertson Room, 3rd Storey, Four Points by Sheraton Singapore, Riverview, 382 Havelock Road, Singapore 169629 on Thursday, 26 April 2018 at 2.00 p.m. and at any adjournment thereof. *I/We direct *my/our proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specified direction as to voting is given, the *proxy/proxies may vote or abstain from voting at *his/their discretion, as *he/they may on any other matter arising at the AGM.

No.	Ordinary Resolutions	For#	Against#
1.	Adoption of the Audited Financial Statements for the financial year ended 31 December 2017 together with the Directors' Statement and Independent Auditor's Report thereon.		
2.	Approval of payment of Directors' fees of S$100,000 for the financial year ending 31 December 2018, to be paid quarterly in arrears.		
3.	Re-election of Mr. Aris Muhammad Rizal as a Director of the Company.		
4.	Re-election of Mr. Siaw Lu Howe as a Director of the Company.		
5.	Re-election of Mr. Lee Boon Teck as a Director of the Company.		
6.	Re-election of Ms. Kek Wei Na as a Director of the Company.		
7.	Re-appointment of Messrs Moore Stephens LLP as Auditors and to authorise the Directors to fix their remuneration.		
8.	Authority to allot and issue shares.		
9.	Authority to issue shares under the Blumont Employee Share Option Scheme 2013 and the Blumont Performance Share Plan.		

* Delete accordingly.
# If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Otherwise, please indicate the number of votes "For" or "Against" for each resolution within the box provided.

Dated this ________ day of ______________ 2018

Total Number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the shareholder accepts and agrees to the personal data privacy terms as set out in the Notice of Annual General Meeting dated 11 April 2018.

NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register as well as registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member who is not a relevant intermediary is entitled to appoint not more than 2 proxies to attend, speak and vote on his behalf at the annual general meeting.
3. Where a member of the Company appoints more than one proxy, the proportion of his/her shareholding to be represented by each proxy shall be specified. 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 his 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, who is either:
   (a) a banking corporation licensed under the Banking Act (Chapter 19) 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) Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Chapter 36), 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 forthcoming annual general meeting.
5. The instrument appointing a proxy or proxies must be lodged at the office of the Company's Share Registrar at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 not less than 48 hours before the time appointed for the annual general meeting.
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 seal or under the hand of an officer or attorney duly authorised.
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 at the annual general meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
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 shareholder, 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 annual general meeting, as certified by The Central Depository (Pte) Limited to the Company.

AFFIX
POSTAGE
STAMP
HERE

The Share Registrar
BLUMONT GROUP LTD.
c/o B.A.C.S Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

BLUMONT
博诺有限公司

BLUMONT GROUP LTD.
Company Registration No.199302554G
Apex @ Henderson
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