# ISR

ISR CAPITAL LIMITED | 威豪投资集团

ANNUAL REPORT 2014

# Contents

# LETTER TO SHAREHOLDERS

Dear valued Shareholder,

On behalf of the Board of Directors, I present to you the annual report of ISR Capital Limited (the "Company" and together with its subsidiaries, "ISR" or "the Group") for the financial year ended 31 December 2014 ("FY2014").

The year ended 2014 brought much challenge to the Group, where we encountered stagnation in our business growth, and an overall loss for the Group.

The Group's revenue of S$131,000 for FY2014 was approximately S$1.2 million or 90% lower than the Group's revenue of S$1.3 million for FY2013; this was largely due to a decrease in business activity amidst the negative setbacks encountered. However, although the Group continued to incur losses in FY2014, it registered an overall net loss of S$8.8 million for FY2014, which was significantly lower than the Group's net loss of S$43.2 million for FY2013. The net loss for FY2014 was mainly attributed by further impairment losses of S$4.5 million that the Group made on its investments classified as financial assets, available-for-sale due to further significant and prolonged decline in their fair values during FY2014.

The business challenge stems primarily from a highly publicised probe where the Group is cooperating and assisting in. This gives rise to the unfortunate misconceived perception and leaves a trail of consequential reputational onslaught encountered by the Group, gravely impacting the Group's capital raising efforts, for both its proprietary investment business as well as its fund management business. One notable effects being the disposal of the Group's funds management business that was proposed in November 2014, and completed in early March 2015.

The Group is now operating in a more cost efficient structure with the singular principal focus to rebuild its proprietary investment portfolio.

Given the present nature of the business challenge, we are cognisant that we are operating in uncertain times. Fluid circumstances calls for flexibility and innovation. One such innovation exercised being the Group's initiative in securing partners for a proposed issue of convertible redeemable bonds with the principal objective to raise the much needed investment capital for the Group's continued operation in the investment business. The flexibility sees the Group taking the initiative to venture into debt financing. On a brighter note, the year 2015 sees an improved macroeconomic condition which is more conducive for business growth, and the Group intends to utilise the capital to be raised from the proposed convertible redeemable bonds to invest into sectors which the Group believes it has the necessary core competencies to manage and carry through, in companies which are undervalued, in need of managerial technical and financial resources to realise their full potential.

# LETTER TO SHAREHOLDERS

**Acknowledgement**

I would like to register my appreciation to the ISR board of directors for their active contributions, management for their dedicated services and commitment in these trying times, and our business partners who remain steadfast in their support and confidence in the ISR team.

On behalf of the Board, I would like to thank you, our shareholders for your continued support to the Company and look forward to earning your confidence in us for the future.

**Datuk Md Wira Dani Bin Abdul Daim**
Non-Executive Chairman and Non-Executive Director

# DIRECTORS' PROFILES

**Datuk Md Wira Dani Bin Abdul Daim**
*Non-Executive Chairman and Non-Executive Director*

Datuk Md Wira Dani Bin Abdul Daim was appointed to the Board on 30 April 2012 as Non-Executive Chairman and was re-designated as Executive Chairman on 1 August 2012. However, with effect from 31 March 2014, he has again been re-designated as Non-Executive Chairman and Non-Executive Director of the Company. He is a member of the Audit, Nominating and Remuneration Committees.

Datuk Md Wira Dani is actively involved in his family's merger and acquisitions business activities. These activities relate to power resources in the coal and oil sectors in Malaysia, Indonesia and Africa.

Currently, he is the Executive Deputy Chairman and Executive Director of Liongold Corp Ltd, a company listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"), a Non-Executive Director of GCM Resources plc, a company listed on the London Stock Exchange and Chairman of Astute Capital Limited, a company incorporated in the British Virgin Islands. He is also the Executive Director of Venaton Holdings Ltd, a company incorporated in the Marshall Islands and a Director of the following private companies that are incorporated in Malaysia: Dani Sdn Bhd, Daza Holdings Sdn Bhd, Menara Ampang Sdn Bhd, Ibu Kota Development Sdn Bhd, Maya Seni Holdings Sdn Bhd and Central Base (M) Sdn Bhd. He was previously a Non-Executive Director of Byford International Limited, a company listed on the Growth Enterprise Market of the Hong Kong Stock Exchange, and a Non-Executive Director and Deputy Chairman of Magnus Energy Group Ltd, a company listed on the Catalist Board of the SGX-ST.

He holds a Bachelor of Arts and a Master of Arts from the University of Cambridge.

**Ms Quah Su-Yin**
*Chief Executive Officer and Executive Director*

Ms Quah Su-Yin is our Chief Executive Officer and Executive Director. She was appointed to the Board on 29 April 2011.

Ms Quah is also a Non-Executive Director of Hill End Gold Limited, a company listed on the Australian Securities Exchange.

She comes with more than 20 years business experience with 14 years in the investment management business, and has held senior roles in large bank backed as well as small boutique fund management companies in the South East Asian region. Her earlier professional experience includes business risk consultancy within a regional investment holding conglomerate with exposure in multimedia, telecommunication, and gaming industries, and formal legal practice.

Ms Quah holds a Master of Business Administration from the Australian Graduate School of Management of the University of New South Wales, Bachelor of Laws and Bachelor of Economics degrees from the University of Adelaide, and a Graduate Diploma in Legal Practice from the University of South Australia. She was admitted as a legal practitioner to the Supreme Court of South Australia and an advocate and a solicitor to the Malaysian Bar.

# DIRECTORS' PROFILES

**Mr Kwok Wei Woon**
*Lead Independent Director*

Mr Kwok Wei Woon is our Lead Independent Director and our Chairman for Audit Committee. He was appointed to the Board on 14 May 2012 and is also a member of the Remuneration Committee and Nominating Committee.

Mr Kwok is currently the Deputy General Manager and Head of Products and Research with Professional Investment Advisory Services Pte Ltd. He has more than 16 years' experience in the financial services industry and has held senior roles with global financial institutions like Standard Life; JP Morgan Private Wealth Management; UBS AG and Standard Chartered.

Apart from his professional roles, he is active in non-profit organisations. He is currently the Honorary Secretary of the Financial Planning Association of Singapore, Audit Committee Chairman for Singapore Gymnastics and a member of the finance sub-committee of National University of Singapore Society.

Mr Kwok is also currently an Independent Director of Asia Fashion Holdings Limited and Chiwayland International Limited, both of which are listed on the Mainboard of Singapore Exchange Securities Trading Limited ("SGX-ST").

Mr Kwok graduated with a Master of Commerce degree (majoring in advance finance) and a Bachelor of Commerce degree (majoring in Accounting and Finance) from University of New South Wales. He is also a Certified Financial Planner ("CFP") and a certified accountant with CPA Australia.

**Dato' Seri Krishna Kumar Sivasubramaniam, JP**
*Independent Director*

Dato' Seri Krishna Sivasubramaniam is our Independent Director and was appointed to our Board on 24 July 2013. He is also a member of the Audit Committee and Chairman of the Nominating and Remuneration Committees of our Company.

Dato' Seri Krishna Sivasubramaniam is the Managing Partner of Messrs Krish Maniam & Co. which is a regional commercial firm with offices in various other countries. He was previously a board member of Kuantan Flour Mills Berhad and Bio Osmo Berhad, both of which are listed in Bursa Saham, Malaysia.

Dato' Seri Krishna Sivasubramaniam was educated in Croydon, Surrey in the United Kingdom and graduated with a bachelor degree in law with honours from the University of Wales.

# FINANCIAL HIGHLIGHTS

| | 2014 | 2013 | Increase/ (Decrease) |
|---|---|---|---|
| | S$ '000 | S$ '000 | % |
| **Consolidated Statement of Profit or Loss and Other Comprehensive Income** | | | |
| Revenue (from continuing operations) | 131 | 1,322 (re-presented) | (90.1) |
| Total Loss | (8,767) | (43,183) | (79.7) |
| **Balance Sheets** | | | |
| Total Assets | 2,436 | 10,213 | (76.1) |
| Total Liabilities | 949 | 646 | 46.9 |
| Total Equity | 1,487 | 9,567 | (84.5) |

| | 2014 | 2013 | Increase/ (Decrease) |
|---|---|---|---|
| | % | % | % |
| **Ratios** | | | |
| Return On Equity | (589.6) | (451.4) | 30.6 |
| Return On Assets | (359.9) | (422.8) | (14.9) |

| | 2014 | 2013 | Increase/ (Decrease) |
|---|---|---|---|
| | cents | cents | % |
| **Per Ordinary Share** | | | |
| Loss per share | (4.08) | (22.72) | (82.0) |

# CORPORATE INFORMATION

**BOARD OF DIRECTORS**
Datuk Md Wira Dani Bin Abdul Daim
*Non-Executive Chairman and Non-Executive Director*

Quah Su-Yin
*Chief Executive Officer and Executive Director*

Kwok Wei Woon
*Lead Independent Director*

Dato' Seri Krishna Kumar Sivasubramaniam
*Independent Director*

**AUDIT COMMITTEE**
Kwok Wei Woon – Chairman
Datuk Md Wira Dani Bin Abdul Daim
Dato' Seri Krishna Kumar Sivasubramaniam

**NOMINATING COMMITTEE**
Dato' Seri Krishna Kumar Sivasubramaniam – Chairman
Datuk Md Wira Dani Bin Abdul Daim
Kwok Wei Woon

**REMUNERATION COMMITTEE**
Dato' Seri Krishna Kumar Sivasubramaniam – Chairman
Datuk Md Wira Dani Bin Abdul Daim
Kwok Wei Woon

**COMPANY SECRETARIES**
Vincent Lee Chung Ngee
Teo Meng Keong

**REGISTERED OFFICE**
20 Martin Road
#10-01 Seng Kee Building
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**AUDITORS**
RT LLP
1 Raffles Place
#17-02 One Raffles Place
Singapore 048616
Partner-in-charge: Ong Kian Meng
(Appointed in Financial Year 2014)

**SHARE REGISTRAR**
Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #02-00
Singapore 068898

**PRINCIPAL BANKERS**
The Bank of East Asia, Limited
BEA Building
60 Robinson Road
Singapore 068892

United Overseas Bank Limited
1 Raffles Place #23-61
One Raffles Place Tower 2
Singapore 048616

# CORPORATE GOVERNANCE STATEMENT

## INTRODUCTION

The Board of Directors (the "Board") of ISR Capital Limited (the "Company") is committed to uphold good corporate governance within the Company and its subsidiaries (the "Group"). This commitment to corporate governance is seen in their continuous support of the Code of Corporate Governance in their effort to observe high standards of transparency, accountability and integrity in managing the Group's business in order to create value for its stakeholders and safeguard the Group's assets.

This Statement describes the practices which the Company has taken with respect to each of the principles and guidelines and the extent of its compliance with the revised Code of Corporate Governance 2012 (the "Code") during the financial year ended 31 December 2014 ("FY2014"). Where there are deviations from the Code, appropriate explanations will be provided.

## BOARD MATTERS

**The Board's Conduct of Affairs**

***Principle 1:*** ***Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the Company. The Board works with Management to achieve this and the Management remains accountable to the Board.***

The Company is headed by an effective Board, comprising competent individuals with diversified background and collectively brings with them a wide range of experience, to lead and control the Company.

The Board's principal functions are:

- Setting the strategic directions and long-term goals of the Group and ensuring that adequate resources are available to meet these objectives;
- Reviewing and approving financial policies, investments and divestment proposals, major funding proposals;
- Approving the Group's annual business plan including the annual budget, capital expenditure and operational plans;
- Reviewing and evaluating the adequacy and integrity of the Group's internal controls, risk management and financial reporting system;
- Identifying the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
- Considering sustainability issues including environmental and social factors in the formulation of the Group's strategies; and
- Ensuring accurate and timely reporting in communication with shareholders.

# CORPORATE GOVERNANCE STATEMENT

To assist in the execution of its responsibilities, the Board has established an Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). 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 reviewed by the Board. The roles and responsibilities of the AC, NC and RC are provided for in the latter sections of this Corporate Governance Statement.

The full Board meets on a regular basis and as when necessary, to address any significant matters that may arise.

As provided for under Article 97 of the Company's Articles of Association, the Directors of the Company may participate in any meeting of Directors by means of a conference telephone, video conferencing, audio visual or other similar communications equipment by means of which all persons participating in the meeting can hear each other.

The number of Board and Board Committee meetings held during FY2014 and the attendance of each Director where relevant is as follows:–

| **Type of meetings** | **Board** | **AC** | **NC** | **RC** |
|---|---|---|---|---|
| No. of meetings held in FY2014 | 6 | 5 | 2 | 2 |
| **Attendance** | | | | |
| Datuk Md Wira Dani Bin Abdul Daim(1) | 4/6 | 2/3 | 2/2 | 1/1 |
| Quah Su-Yin | 5/6 | N/A | N/A | N/A |
| Tan Soo Khoon Raymond(2) | 3/3 | 1/1 | 1/1 | 1/1 |
| Kwok Wei Woon | 5/6 | 5/5 | 2/2 | 2/2 |
| Dato' Seri Krishna Kumar Sivasubramaniam(3) | 5/6 | 5/5 | 1/1 | 2/2 |

*N/A – Not applicable*

*(1) Datuk Md Wira Dani Bin Abdul Daim was designated as Non-Executive Director and Chairman with effect from 31 March 2014. He was appointed as a member of Audit and Remuneration Committees with effect from 12 June 2014.*

*(2) Mr Tan Soo Khoon Raymond retired on 12 June 2014.*

*(3) Dato' Seri Krishna Kumar was appointed as Chairman of Nominating and Remuneration Committees with effect from 12 June 2014.*

# CORPORATE GOVERNANCE STATEMENT

The Board has identified the following areas for which the Board has direct responsibility for decision making:

- Approving the Group's major investments and funding decisions;
- Approving the Group's half-year and full-year results announcements for release via the SGXNET in accordance to the Listing Rules of the Singapore Exchange Securities Trading Limited ("SGX-ST");
- Approving annual report and audited financial statements;
- Convening of shareholders' meetings;
- Approving of corporate strategies;
- Approving corporate or financial restructuring;
- Approving annual management plans and budgets; and
- Approving of material acquisitions and disposal of assets.

While matters relating to the Group's objectives, strategies and policies require the Board's decision and approval, Management is responsible for the day-to-day operation and administration of the Group.

Upon appointment, each Director will receive appropriate training to ensure that the Director is familiar with the Group's business, financial performance and governance practices. Newly appointed Directors will receive a formal appointment letter setting out their duties and obligations. The Directors are continuously updated with the changes to relevant laws, regulations, changing commercial risks and accounting standards. To enable the Directors to remain updated with the law and corporate governance practices, the Company continues to provide a training budget for the Directors to fund their participation at industry conferences and seminars, and attendance at any training course, where required.

During the year, the Board was briefed and updated on the impending changes to the Companies Act (Chapter 50) of Singapore and Listing Manual. All Directors are encouraged to constantly keep abreast of developments in regulatory, legal and accounting frameworks that are of relevance to the Group through the extension of opportunities for participation in the relevant training courses, seminars and workshops as relevant and/or applicable.

# CORPORATE GOVERNANCE STATEMENT

**Board Composition and Guidance**

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

As at 31 December 2014, the Board consisted of four (4) members comprising the Non-Executive Chairman, the Chief Executive Officer ("CEO") and two (2) Independent Non-Executive Directors. As Independent Directors make up half of the Board, there is a strong independent element on the Board and no individual or groups of individuals are able to dominate the Board's decision-making process. The Independent Directors provide the Board with independent and objective judgment on the corporate affairs of the Group and together with the Non-Executive Chairman, they have the necessary experience to assist the Board in decision making and to provide a check and balance to the Board as they are not involved in the day-to-day operations of the Company.

The profile of each Director is presented on pages 4 to 5 of this Annual Report.

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

The Board examines its size and after taking into account the scope and nature of the Company's operations as well as the diversified background and experience of the Directors that provide core competencies in areas such as finance, accounting, legal, business management, industry knowledge and strategic planning experience, is satisfied that the Board is of an appropriate size to facilitate effective decision making.

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

# CORPORATE GOVERNANCE STATEMENT

**Chairman and Chief Executive Officer**

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

Datuk Md Wira Dani Bin Abdul Daim is the Non-Executive Chairman of the Company while Ms Quah Su-Yin is the Executive Director and Chief Executive Officer ("CEO").

The Board subscribes to the principles set out in the Code on the separation of roles of the Chairman and the CEO. There is a clear division of responsibilities between the Chairman and the CEO, which ensures that there is a balance of power and authority, such that no one individual represents a considerable concentration of power.

The Chairman bears the responsibility for the effective conduct of the Board as well as directing the Group's overall strategy and growth whilst the CEO bears the executive responsibility for the execution of the Group's strategy and operation of the Group's business. The Non-Executive Chairman and CEO are not related.

The Chairman ensures that Board meetings are held when necessary and sets Board meeting agenda in consultation with the CEO. The Chairman and the CEO ensure that Board members are provided with complete, adequate and timely information on a regular basis to enable them to be fully cognisant of the affairs of the Group.

The Chairman should:

(a) lead the Board to ensure its effectiveness on all aspects of its role;
(b) set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
(c) promote a culture of openness and debate at the Board;
(d) ensure that the Directors receive complete, adequate and timely information;
(e) ensure effective communication with shareholders;
(f) encourage constructive relations within the Board and between the Board and Management;
(g) facilitate the effective contribution of Non-Executive Directors in particular; and
(h) promote high standards of corporate governance.

For good corporate governance, Mr Kwok Wei Woon has been appointed as the Lead Independent Director of the Company. Shareholders of the Company with serious concerns that could have a material impact on the Group, for which contact through the normal channels of the Chairman, CEO or Group Financial Controller have failed to resolve or is inappropriate, shall be able to contact Mr Kwok or the Audit Committee members of the Company.

**Board Membership**

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

The Company had established a Nominating Committee ("NC") to make recommendations to the Board on all board appointments. The NC comprises the following three (3) Directors, a majority of whom including the Chairman of the NC, are Independent Non-Executive Directors:

1. Dato' Seri Krishna Kumar Sivasubramaniam (Chairman)
2. Datuk Md Wira Dani Bin Abdul Daim
3. Mr Kwok Wei Woon

The NC Chairman is not associated with any substantial shareholders of the Company.

The NC is governed by the NC's Terms of Reference which describes the duties and functions of the NC.

The duties and functions of the NC are as follows:–

(a) to make recommendations to the Board on all board appointments, including re-nominations, having regard to the Director's competencies, commitment, contribution and performance (for example attendance, preparedness, participation, candour and others);
(b) to determine annually whether a Director is independent;
(c) where a Director has multiple board representations, to decide whether a Director is able to and has adequately carried out his duties as Director, having regard to the competing time commitments that are faced when serving on multiple boards;

(d) to decide how the Board's performance may be evaluated and propose objective performance criteria that allow comparison with industry peers, for approval by the Board, and that address how the Board has enhanced long-term shareholders' value;
(e) to review the structure, composition and size of the Board;
(f) to review board succession plans for Directors; and
(g) to determine the appropriate training and professional development program for the Board.

The Company's Articles of Association provides that at each Annual General Meeting ("AGM"), one-third (1/3) of the Directors for the time being, or if their number is not a multiple of three (3), the number nearest to one-third (1/3) but not less than one-third (1/3) shall retire by rotation and that all the Directors (other than a Director holding the office as Managing Director) shall retire by rotation at least once every three (3) years and such retiring Director shall be eligible for re-election.

Where a vacancy arises, the NC will consider each candidate for directorship based on the selection criteria determined after consultation with the Board and after taking into consideration the qualification and experience of such candidate, his/her ability to increase the effectiveness of the Board and to add value to the Group's business in line with its strategic objectives, the NC will recommend the candidate to the Board for approval. Under the Company's Articles of Association, a newly appointed Director shall retire at the AGM following his/her appointment and he/she shall be eligible for re-election.

At the forthcoming AGM, Datuk Md Wira Dani Bin Abdul Daim and Ms Quah Su-Yin will retire by rotation pursuant to Article 89 of the Company's Articles of Association.

| Name of Director | Position | Date of First Appointment | Date of last Re-election |
|---|---|---|---|
| Datuk Md Wira Dani Bin Abdul Daim | Non-Executive Chairman | 30 April 2012 | 25 April 2013 |
| Quah Su-Yin | Chief Executive Officer | 29 April 2011 | 25 April 2013 |
| Kwok Wei Woon | Lead Independent Director | 14 May 2012 | 12 June 2014 |
| Dato' Seri Krishna Kumar Sivasubramaniam | Independent Director | 24 July 2013 | 12 June 2014 |

The NC had recommended to the Board that Datuk Md Wira Dani Bin Abdul Daim and Ms Quah Su-Yin be nominated for re-election at the forthcoming AGM. In making the recommendation, the NC had considered the Directors' overall contributions and performance. Datuk Md Wira Dani Bin Abdul Daim being a NC member, had abstained from deliberation in respect of his own nomination and assessment.

The NC has considered and taken the view that it would not be appropriate to set a limit on the number of directorships that a Director may hold because directors have different capabilities, the nature of the organisations in which they hold appointments and the committees on which they serve are of different complexities, and accordingly, each Director would personally determine the demands of his competing directorships and obligations and assess the number of directorships they could hold and serve effectively. Currently, none of the Directors hold more than five (5) directorships in other listed companies. During the financial year under review, the NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group, notwithstanding that some of the Directors have multiple board representations, and there is presently no need to implement internal guidelines to address their competing time commitments. The NC is also of opinion that the current board size is adequate for the effective functioning of the Board.

In regard to the independence of the Directors, the NC has affirmed that all the two (2) Independent Directors are independent and free from any relationship outlined in the Code. Each of the Independent Directors has also confirmed his independence. None of the Independent Directors have served on the Board beyond nine (9) years from their respective date of appointment.

The Company does not have any alternate Directors' as the Board does not encourage the appointment of alternate Directors unless in exceptional cases.

## Board Performance

***Principle 5:*** ***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 Board has implemented a process in which NC will coordinate a formal assessment of the effectiveness of the Directors and the Board Committees.

On an annual basis, the NC in consultation with the Chairman of the Board, will review and evaluate the performance of the Directors and the Board as a whole. Each Director is invited to complete a Board Assessment Checklist to appraise the performance and contributions of the Directors, including the Chairman of the Board. This includes taking into consideration the attendance record at the meetings of the Board and Board Committees and also the contribution of each Director to the effectiveness of the Board.

Other than the attendance record at meetings, the assessment will also include any other performance criteria which the Board may propose, such as the Company’s share price performance over a five-year period vis-a-vis the Singapore Straits Times Index, a benchmark index of its industry peers, the return on assets, return on equity, return on investment, economic value added and profitability on capital employed.

The completed checklist is then submitted for compilation and the NC will assess the results of the questionnaire and report key findings to the Board. The NC has assessed the Board’s performance to-date and is of the view that the performance of the Board as a whole is satisfactory. The NC is satisfied that despite some of the Directors having board representations in other listed companies, the Directors are able to and have adequately carried out their duties as Directors of the Company.

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

**Access to Information**

***Principle 6:*** ***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 has separate and independent access to the senior management and external auditors of the Group at all times. Request for information is dealt with promptly by Management. The Board is informed of all material events and transactions as and when they occur. The information made available to the Directors are in various forms such as half-year and full-year financial results, progress reports of the Group's operations, corporate developments, regulatory updates, business developments and audit reports. Management also consults with Board members regularly and whenever necessary and appropriate. The Board is issued with Board papers timely prior to Board meetings.

Management's proposals to the Board for approval include background and explanatory information such as facts, resources needed, risk analysis and mitigation strategies, financial impact, regulatory implications, expected outcomes, conclusions and recommendations. Employees who can provide additional insight into matters to be discussed will be present at the relevant time during the Board and Board Committee meetings. In order to keep Directors abreast of the Group's operations, the Directors are also updated on initiatives and developments on the Group's business as soon as practicable and/or possible and on an on-going basis.

The Directors also have separate and independent access to the company secretaries. The roles of the company secretaries are to administer, attend and prepare minutes of Board meetings, assist the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively and the Company's Memorandum and Articles of Association, Listing Manual of the SGX-ST and other relevant rules and regulations applicable to the Company are complied with. The company secretary also attends all Board meetings. The appointment and removal of the company secretaries are decided by the Board as a whole.

A calendar of activities is scheduled for the Board a year in advance, with Board papers and agenda items dispatched before hand to Directors, with sufficient lead-time for Directors to peruse, review and consider the items tabled at the relevant Board meetings so that the discussions at such meetings can be more meaningful and productive.

The Board in fulfilling its responsibilities can as a group or individually, when deemed fit, direct the Company, at the Company's expense, to appoint an independent professional adviser, to render professional advice.

# CORPORATE GOVERNANCE STATEMENT

## REMUNERATION MATTERS

**Procedures for developing remuneration policies**

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

The Remuneration Committee ("RC") comprises the following three (3) Directors, a majority of whom including the Chairman of the RC, are Independent Non-Executive Directors:

1. Dato' Seri Krishna Kumar Sivasubramaniam (Chairman)
2. Datuk Md Wira Dani Bin Abdul Daim
3. Mr Kwok Wei Woon

The RC is governed by the RC's Terms of Reference which describes the duties and powers of the RC.

The RC is responsible:–

(a) to recommend to the Board a framework of remuneration for the Board and key management personnel, and to determine specific remuneration packages for each Executive Director, which 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;

(b) in the case of service contracts of Directors (if any), to review and to recommend to the Board, the terms of renewal of service contracts and to consider the compensation commitments of the service contracts in the event of early termination;

(c) in respect of any long term incentive schemes including any share option or share scheme, to administer and to consider whether an employee or Director is eligible for the benefits under such scheme;

(d) to appoint and retain such professional consultancy firm deemed necessary to enable the RC to discharge their duties satisfactorily; and

(e) to review the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The RC's recommendations are made in consultation with the Chairman of the Board and submitted to the entire Board for endorsement.

The RC ensures that the remuneration packages of the Non-Executive Chairman and the CEO are in line with the Company's compensation policy. They also consider and review the disclosure of Directors' remuneration in the annual report. The RC will also ensure that the Independent Directors are not compensated excessively to the extent that their independence may be compromised. The Directors are not involved in the discussion and determination of their own remuneration.

If necessary, the RC would seek professional advice internally and/or externally pertaining to remuneration of all Directors.

**Level and Mix of Remuneration**

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

In setting remuneration package for Executive Directors and the key management personnel, who are not Directors or CEO of the Company, the performance related elements of remuneration form a significant portion of the total remuneration package. This is to align their interests with those of shareholders, promote the long term success of the Group, and to link rewards to corporate and individual performance. The RC will also take into consideration the pay and employment conditions within the industry and comparable companies.

In view of the current situation of the Company and the Group, the RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company and the Group. However, going forward, RC will explore the use of such contractual provisions.

The remuneration of Non-Executive Directors will also be reviewed to ensure that the remuneration commensurate with the contribution, effort and time spent, and the responsibilities of the Directors.

The Directors' Fees paid to the Non-Executive Directors of the Company each year are subject to the approval of the Company's shareholders at the AGM.

**Disclosure of Remuneration**

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

The remuneration of the Directors for FY2014 is disclosed below. The disclosure is to enable investors to understand the link between the remuneration paid to Directors and their performance. The remuneration for the Executive Director comprises fixed and variable components. The fixed component is in the form of fixed monthly salary whereas the variable component is linked to the performance of the Group and individual.

# CORPORATE GOVERNANCE STATEMENT

The remuneration of each Director 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.

The breakdown (in percentage terms) of each Directors' remuneration for FY2014 are as follows:–

| | Salary* | Bonus* | Other Benefits | Directors' Fees | Total |
|---|---|---|---|---|---|
| **Directors** | % | % | % | % | % |
| **$250,000 – $500,000** | | | | | |
| Quah Su-Yin | 95 | – | 5 | – | 100 |
| **Below S$250,000** | | | | | |
| Datuk Md Wira Dani Bin Abdul Daim(1) | 40 | – | – | 60 | 100 |
| Kwok Wei Woon | – | – | – | 100 | 100 |
| Datuk Seri Krishna Kumar Sivasubramaniam | – | – | – | 100 | 100 |
| Tan Soo Khoon Raymond(2) | – | – | – | 100 | 100 |

* *Inclusive of employer's contributions to defined contribution plan*

(1) *Datuk Md Wira Dani Bin Abdul Daim was designated as Non-Executive Director and Chairman with effect from 31 March 2014.*

(2) *Mr Tan Soo Khoon Raymond retired on 12 June 2014.*

In view of the confidentiality of the remuneration matters and given that the industry is very competitive in terms of hiring key personnel, the Board is of the opinion that it is in the best interest of the Company and the Group not to disclose the identity and remuneration bands of key management personnel in the annual report. In aggregate, the total remuneration paid to the top five key management personnel for the financial year ended 31 December 2014 is approximately S$927,000.

The Company does not have any employee who is an immediate family member of a Director or the CEO, whose remuneration for FY2014 exceeds S$50,000.

## ACCOUNTABILITY AND AUDIT

**Accountability**

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

The Board is responsible to provide a balanced and understandable assessment of the Company's performance, position and prospects, to its shareholders, the public and regulators. Management provides the Board with management accounts, operations review and related explanations and any other information as the Board may require together with the financial statements on a quarterly basis.

The Board is accountable to its shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to its shareholders in compliance with the relevant statutory and regulatory requirements and the Listing Manual of the SGX-ST.

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports are announced and issued within the statutory prescribed periods.

**Risk Management and Internal Controls**

***Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard the 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.***

The Board is responsible for ensuring that Management maintains a sound system of internal controls to safeguard shareholders' interests and the Group's assets. The system of internal controls provides a reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. The Audit Committee ("AC") and the Board believe that in the absence of any evidence to the contrary and from due enquiry, the system of internal controls that has been maintained by the Group's Management and that was in place throughout the financial year and up to the date of this report is adequate to meet the needs of the Group in its current business environment.

# CORPORATE GOVERNANCE STATEMENT

The Group has a formal Risk Management Framework for identification of key risks within the business. The Group regularly reviews its business and operational activities to identify areas of significant business risks as well as take appropriate measures to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the AC and Board.

The AC assists the Board in the oversight of risk management in the Group. It reviews the effectiveness of the overall risk management system in meeting sound corporate governance principles. The Group’s risk management process is an ongoing process and requires continuing identification, assessment, monitoring and management of significant risks. The AC will report any material matters including findings and recommendations pertaining to risk management to the Board.

As part of the annual statutory audit, the Group’s external auditor conducted an annual review, in accordance with their audit plan, of the effectiveness of the Group’s material internal controls relevant to the Group’s preparation of financial statements. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC as part of their review. The AC also reviews the effectiveness of the actions taken on the recommendations made by the external auditor in this respect, if any.

The Company has disclosed that it is assisting with an investigation by the Commercial Affairs Department of the Singapore Police Force (“CAD”) in a public announcement dated 3 April 2014. In response to the on-going investigation by CAD, the Board has put in place the following measures and controls to further safeguard the shareholders’ interests in the Company:

(a) Management to notify the AC and seek AC’s approval before any investment transactions are undertaken by the Group.
(b) The Group’s business continuity plan should be enhanced to include identifying suitable personnel to replace any key executive or employee.

In the absence of any evidence to the contrary, it is the opinion of the Board, with the concurrence of the AC, that the risk management and system of internal controls maintained by the Group's Management that is in place throughout FY2014 and up to the date of this report provides reasonable, but not absolute, assurance against material financial misstatements or losses, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of financial, operational, information technology and compliance risks. The Board notes that all risk management and system of internal control contain inherent limitations and no risk management and system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error losses, fraud or other irregularities.

Based on the internal controls established and maintained by the Group, the work performed by the internal and external auditors and the documentation on the Group's key risks, reviews performed by Management, AC and the Board, the AC and the Board are of the opinion that the Group's risk management and internal controls, addressing financial, operational, information technology and compliance risks, were adequate. This is in turn supported by assurance from the CEO and the Group Financial Controller that:

(a) the financial records of the Group have been properly maintained; and
(b) they have evaluated the effectiveness of the Group's risk management and internal controls and have discussed with the Group's external and internal auditors of their reporting points and note that there have been no significant deficiencies in the design or operation of risk management and internal controls which could adversely affect the Company's ability to record, process, summarise or report financial data.

As of the date of this statement, the Company did not receive any further update on the outcome of the investigation from the CAD and the Company is not aware of any offence that has been committed. Given the uncertainties in relation to the target(s) and subject matter of the on-going investigation by CAD, the CEO and the Group Financial Controller are not able to ascertain the impact of these investigations, if any, to the Company and the Group and to their ongoing business operations and furthermore, the implications of such investigations, if any, to the Group's and the Company's financial statements for the financial year ended 31 December 2014. The Company remains unaware of the commission of any offence in connection with the CAD investigation.

Apart from the CAD investigation which has given rise to some uncertainties, the Company (and its affiliates) have kept full and proper accounting records, the full access whereof were provided and fully disclosed to the independent auditors.

**Audit Committee**

***Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.***

The AC comprises the following three (3) Directors, a majority of whom including the Chairman of the AC, are Independent Non-Executive Directors:

1. Mr Kwok Wei Woon (Chairman)
2. Datuk Md Wira Dani Bin Abdul Daim
3. Dato' Seri Krishna Kumar Sivasubramaniam

The Board ensures that the members of the AC are appropriately qualified to discharge their responsibilities. Mr Kwok Wei Woon, Datuk Md Wira Dani Bin Abdul Daim and Dato' Seri Krishna Kumar Sivasubramaniam are all qualified professionals and they possess the requisite accounting and financial management expertise and experience.

The AC takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on the financial statements, with regular updates by the independent auditors on changes or amendments to accounting standards.

The AC is governed by its Terms of Reference which highlights its duties and functions as follows:–

(a) to review with the external auditor, the audit plan, their evaluation of the Group's system of internal accounting controls, their audit report, management letter and Management's responses; and also to review the assistance given by the Company's officers to the external auditor;
(b) to review the scope and results of audit and its cost effectiveness and the independence and objectivity of the external auditor. Where the external auditor also provides a substantial volume of non-audit services to the Company, to review the nature and extent of such services to maintain the balance of objectivity and value for money;
(c) to review the half-year and full-year financial results of the Company and the consolidated financial statements of the Group before submission to the Board for approval;
(d) to review annually the effectiveness of the Company's material internal controls including financial, operational, information technology and compliance control and risk management;
(e) to review the independence of the external auditor annually;
(f) to consider and make recommendations to the Board on the appointment, re-appointment and removal of external auditor, their remuneration and terms of engagement;

(g) to ensure that the internal audit function, is adequately resourced and has appropriate standing within the Company and to review the adequacy of the function annually;
(h) to review the scope and results of the internal audit procedures;
(i) to meet with the external and internal auditors without the presence of Management, annually;
(j) to review interested persons transactions to comply with the rules of the Listing Manual of the SGX-ST and other relevant statutory requirements and any potential conflicts of interest; and
(k) to commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rules or regulations which has or is likely to have a material impact on the operating results and financial position of the Group.

The AC has the power to conduct and authorise investigations into matters within the AC's scope of responsibility. The AC also has full access to and co-operation of the Company's Management and has full discretion to invite any Director or executive officer to attend the AC meetings, and has been given the reasonable resources to enable it to discharge its functions.

During FY2014, the AC met five (5) times to discuss the following matters:–

(a) reviewed the draft announcements of the unaudited results for the full-year ended 31 December 2013 and the half-year ended 30 June 2014, before recommending it to the Board for approval;
(b) reviewed the external auditor's report for the financial year ended 31 December 2013;
(c) reviewed the nature and extent of non-audit services provided by the external auditor during the financial year ended 31 December 2013 and reviewed the external auditor's independence;
(d) met with the external auditor without the presence of Management;
(e) reviewed the adequacy of the scope of the Group's internal audit function and ensuring its appropriate standing within the Group for the financial year ended 31 December 2014;
(f) reviewed the internal auditor's Internal Audit Report for the financial year ended 31 December 2014;
(g) reviewed the interested persons transactions (if any);
(h) reviewed the Corporate Governance Statement for disclosure in the Company's 2013 Annual Report;
(i) proposed and recommended the appointment of the external auditor for FY2014; and
(j) reviewed and approved the external auditor's plan for the financial year ended 31 December 2014.

# CORPORATE GOVERNANCE STATEMENT

For FY2014, the aggregate amount of fees paid or payable to the external auditor of the Group amounted to S$89,500 including audit fees of S$75,000 and non-audit services fees of S$14,500. The AC has reviewed all non-audit services provided by the external auditor and is satisfied that these non-audit services would not affect the independence and objectivity of the external auditor.

The Company has in place a Whistle-Blowing Policy to enable persons employed by the Group a channel to report any suspicions of non-compliance with regulations, policies and fraud, etc, to the appropriate authority for resolution, without any prejudicial implications for these employees. The AC has been vested with the power and authority to receive, investigate and enforce appropriate action when any such non-compliance matter is brought to its attention.

In appointing the audit firms for the Group, the AC is satisfied that the Company has complied with the Listing Rules 712 and 715. In addition, the AC is satisfied that the Company has complied with Rule 717 of the Listing Manual regarding the audit of the foreign subsidiaries. The AC recommended to the Board the reappointment of Messrs RT LLP as the external auditor of the Company at the forthcoming AGM.

**Internal Audit**

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

The objective of the internal audit function is to determine whether the Group's risk management, control and governance processes, as designed by the Company, is adequate and functioning in the required manner.

The Group has outsourced its internal audit function to Deloitte & Touche Enterprise Risk Services Pte Ltd (the "Internal Auditor"). The Internal Auditor reports directly to the Chairman of the Audit Committee.

The role of the Internal Auditor and scope of its responsibilities are as follows:

(a) Evaluates and provides reasonable assurance that risk management, control, and governance systems are functioning as intended and will enable the Group's objectives and goals to be met;
(b) Reports risk management issues and internal controls deficiencies identified directly to the Audit Committee and provides recommendations for improving the Group's operations, in terms of both efficient and effective performance;
(c) Evaluates regulatory compliance with applicable laws and regulations;
(d) Evaluates information security and associated risk exposures;
(e) Evaluates the Group's readiness in case of business interruption; and
(f) Maintains open communication with Management and the Audit Committee.

# CORPORATE GOVERNANCE STATEMENT

To achieve its objectives, the Internal Auditor has unrestricted access to all records, properties and personnel of the Group. The Internal Auditor reviews the internal audit procedures and ensures that the internal audit function meets the standards set by recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

During the year, the Internal Auditor has reviewed the following key risk areas:

(i) Business/Market conduct;
(ii) Compliance; and
(iii) Operations.

The Audit Committee will review the adequacy of the internal audit function annually. Based on the Audit Committee's review, the Audit Committee believes that the Internal Auditor is independent and has the appropriate standing within the Group and has adequate resources to perform its function effectively and objectively.

## SHAREHOLDER 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.***

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

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

The Company does not practice selective disclosure. In line with the continuous obligations of the Company pursuant to the Listing Rules of the SGX-ST, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Group.

Information is disseminated to shareholders on a timely basis through:

- SGXNET announcements and press releases;
- Annual Reports and Circulars prepared and issued to all shareholders;
- Company's website at www.isrcap.com, at which shareholders may have access to information on the Group.

There is no dedicated team within the Group, overseeing investor relations function. Nevertheless, the Chief Executive Officer of the Company is available to respond to investors' enquiries, if any.

# CORPORATE GOVERNANCE STATEMENT

At the Company's general meetings, shareholders are given the opportunity to voice their views and ask Directors or Management questions regarding the Company. These meetings provide excellent opportunities for the Board to engage with shareholders to solicit their feedback. The Company's Articles of Association allow a shareholder to vote at any general meeting of the Company either personally or by proxy or by attorney or in the case of a corporation by a representative. If appointing a proxy, a shareholder may appoint one or two proxies to attend and vote in place of the shareholder. The Articles currently do not allow a shareholder to vote in absentia.

The Chairmen of the AC, RC and NC, or members of the respective committees standing in for them, are present at each Annual General Meeting ("AGM"), and other general meetings held by the Company, if any, to address shareholders' queries. The external auditor is also present at each AGM to address shareholders' queries about the conduct of the audit and the preparation and content of the auditor's report.

There are separate resolutions at the general meetings to address each distinct issue.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and Management, and to make these minutes, subsequently approved by the Board, available to shareholders during office hours.

The Group does not have a dividend policy in place at present. The Board may consider to adopt a dividend policy in the future. In determining the form, frequency and amount of dividends that the Company may recommend or declare in respect of any particular year or period, the Board will take into consideration of the Group's profit growth, cash position, projected capital requirement for business growth and other factors as the Board may deem appropriate.

The Board has not declared any dividend payment for FY2014 after taking into account various factors, including the Group's reinvestment plans and the level of funding required for the Group's operations.

## MATERIAL CONTRACTS

The Company entered into a sale and purchase agreement (the "Agreement") with Infiniti Capital Partners Ltd on 7 November 2014, for the proposed disposal of 100% of the equity interests (the "Sale Shares") held by the Company in Infiniti Asset Management Pte Ltd, comprising 3,500,000 ordinary shares (the "Proposed Disposal") for a consideration of S$400,000 payable in cash. The consideration of S$400,000 was arrived at, on a willing buyer and willing seller basis, approximates IAMPL's unaudited adjusted net book value (adjusted for consolidation purposes) of S$404,900 as at 30 June 2014 and the Company intends to utilise the sale proceeds for general working capital purposes. The Company had received 25% of the consideration as deposit upon entering the Agreement. The Proposed Disposal was completed on 6 March 2015 upon the Company's full receipt of the consideration.

# CORPORATE GOVERNANCE STATEMENT

The Company had on 18 November 2014 entered into a subscription agreement with Premier Equity Fund (the "Subscriber") and Value Capital Asset Management Private Limited pursuant to which the Company proposes to issue to the Subscriber 2.0% convertible redeemable bonds due 2018 with an aggregate principal amount of up to S$35,000,000 comprising seven (7) tranches of a principal amount of S$5,000,000 each (the "Proposed Issue of Convertible Redeemable Bonds"). The Proposed Issue of Convertible Redeemable Bonds is currently pending SGX's review and clearance and approval from shareholders at an Extraordinary General Meeting. The Company intends to utilise approximately up to 80% to 90% of the net proceeds from the Proposed Issue of Convertible Redeemable Bonds for investments and general corporate purposes.

Except as disclosed above and elsewhere in the financial statements, there were no other material contracts including loans that are either still subsisting at the end of FY2014 or entered into by the Group during FY2014, involving the interests of any Director, the CEO or the controlling shareholders.

## INTERESTED PERSON TRANSACTIONS

During FY2014, there was no interested person transaction entered into by the Group, as defined under the Listing Manual.

## DEALING IN SECURITIES

In line with the Rule 1207 (19) of the Listing Manual of the SGX-ST, the Company has in place a policy prohibiting share dealings by Directors and employees of the Group when in possession of undisclosed price sensitive information or for the period of one (1) month before the release of the announcement of the Company's half-year and full year financial results, with the restriction ending on the day after the announcement of the relevant results.

Directors and employees of the Group are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading period. An officer should also not deal in the Company's securities on short-term considerations. All employees of the Group have to obtain written approval before dealing in securities in their own accounts or in accounts which they have control or influence over.

# DIRECTORS' REPORT
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The directors present their report to the members together with the audited consolidated financial statements of ISR Capital Limited (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2014 and the balance sheet of the Company as at 31 December 2014.

### DIRECTORS

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

Datuk Md Wira Dani Bin Abdul Daim
Quah Su-Yin
Kwok Wei Woon
Dato' Seri Krishna Kumar Sivasubramaniam

### ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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 in or debentures of, the Company or any other body corporate, other than as disclosed under the section on "Share awards" on page 2 of this report.

## 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 and related corporations as stated below:

| | Holdings registered in name of director or nominee (No. of ordinary shares) | | | Holdings in which director is deemed to have an interest (No. of ordinary shares) | | |
|---|---|---|---|---|---|---|
| **The Company** | **At 1.1.2014** | **At 31.12.2014** | **At 21.01.2015** | **At 1.1.2014** | **At 31.12.2014** | **At 21.01.2015** |
| Datuk Md Wira Dani Bin Abdul Daim | 32,000,000 | 32,000,000 | 32,000,000 | – | – | – |
| Kwok Wei Woon | 70,000 | 70,000 | 70,000 | – | – | – |

Except as disclosed above, 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 or end of the financial year.

There was no changes in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2015.

## DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report, and except that certain directors receive remuneration as a result of their employment with the Company and related corporations.

# DIRECTORS' REPORT
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

### SHARE OPTIONS

No options were granted during the financial year to subscribe for unissued shares of the Company or any corporation in the Group.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or any corporation in the Group.

There were no unissued shares of the Company or any corporation in the Group under option at the end of the financial year.

### SHARE AWARDS

ISR Capital Share Plan 2003

During the previous financial year, the ISR Capital Share Plan 2003 (the "Share Plan") expired in September 2013 and no award has been made and no ordinary shares in the capital of the Company has been issued to employees and directors under the Share Plan.

### AUDIT COMMITTEE

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

Kwok Wei Woon (Chairman)
Datuk Md Wira Dani Bin Abdul Daim
Dato' Seri Krishna Kumar Sivasubramaniam

All members of the Audit Committee are non-executive independent directors, except for Datuk Md Wira Dani Bin Abdul Daim, who is a non-executive non-independent director.

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

(i) the scope and the results of internal audit procedures with the internal auditor;

(ii) the audit plan of the Company's independent auditors and its report on the weaknesses of internal accounting controls arising from the statutory audit;

(iii) the assistance given by the Company's management to the independent auditors; and

(iv) the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2014 before their submission to the Board of directors, as well as the Independent Auditors' Report on the balance sheets of the Company and the consolidated financial statements of the Group.

The Audit Committee has recommended to the board that the independent auditor, RT LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Further details regarding the Audit Committee are disclosed in the Corporate Governance Statement.

Pursuant to Rule 1207(6)(b), the Audit Committee has undertaken a review of all non-audit services provided by the auditors and they would not, in the Audit Committee's opinion, affect the independence of the auditors.

# DIRECTORS' REPORT
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

### INDEPENDENT AUDITOR

The independent auditor, RT LLP, has expressed its willingness to accept re-appointment.

On behalf of the board of directors

| | |
|---|---|
| Datuk Md Wira Dani Bin Abdul Daim | Quah Su-Yin |
| Non-Executive Director and Chairman | Executive Director and Chief Executive Officer |

6 April 2015

# STATEMENT BY DIRECTORS
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, in view of the assumption stated in Note 1.2 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors

Datuk Md Wira Dani Bin Abdul Daim
Non-Executive Director and Chairman

Quah Su-Yin
Executive Director and Chief Executive Officer

6 April 2015

# INDEPENDENT AUDITOR'S REPORT
## TO THE MEMBERS OF ISR CAPITAL LIMITED
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of ISR Capital Limited (the "Company") and its subsidiaries (collectively the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

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

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

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

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF ISR CAPITAL LIMITED
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

*Opinion*

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

*Emphasis of Matter*

We draw your attention to the following:

(a) <u>Ongoing investigation by Commercial Affairs Department ("CAD")</u>

We refer to Note 32 to the financial statements, which states that in April 2014, the Company, five of its wholly owned subsidiaries, and two funds (including two subsidiaries of one of the funds) managed by one of the subsidiaries of the Company were served notices by the CAD of the Singapore Police Force for an investigation into an offence under the Securities and Futures Act, Chapter 289 ("SFA"). In the notices, the Company and those entities were asked to provide certain information pursuant to an investigation to be conducted by the CAD.

On 4 February 2015, the CAD confirmed to us that their investigation is still ongoing. As informed by the Board, apart from certain key personnel being requested to attend further interviews by the CAD in late January 2015, there have been no further new developments in the ongoing investigations.

In view of the above, there exist a material uncertainty, whether the ongoing investigation, the outcome of which is unknown, may have an impact on the Group's ongoing business operations. Accordingly, the extent of adjustments, if any, that may arise from the ongoing investigations, may have an effect on the financial statements of the Group and the Company for the financial year ended 31 December 2014 and preceding years, if any.

Our opinion is not qualified in respect of this matter.

(b) Going concern assumption

As disclosed in Note 1.2, the Group incurred a net loss of S$8,766,997 (2013: S$43,182,559) and reported a net cash outflows from operating activities of S$1,638,826 (2013: net cash inflows from operating activities of S$713,681) for the financial year ended 31 December 2014. In addition, as disclosed in Note 31, the Group had disposed of its 100% owned subsidiary, Infiniti Asset Management Pte Ltd on 6 March 2015, which is a fund management company registered with the Monetary Authority of Singapore, that can operate fund management business. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group and the Company's ability to continue as a going concern.

The directors have prepared these financial statements on the going concern basis premised on, inter alia, the success of the proposed issuance of convertible redeemable bonds of up to S$35 million, which is subject to clearance from SGX-ST and shareholders' approval in an Extraordinary General Meeting to be convened at a later date.

Our opinion is not qualified in respect of this matter.

*Other Matters*

The financial statements of the Group and of the Company for the financial year ended 31 December 2013 were audited by another firm of auditors whose report dated 21 May 2014 expressed a disclaimer of opinion as detailed in Note 34.

**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.

RT LLP
Public Accountants and
Chartered Accountants

Singapore
6 April 2015

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

| | Note | Group 2014 S$ | Group 2013 S$ (Re-presented) (Note 10) |
|---|---|---|---|
| **Continuing operations:** | | | |
| Revenue | 4 | 130,596 | 1,322,239 |
| Other losses, net | 5 | (6,217,990) | (43,265,833) |
| Other income | 6 | 319,625 | 30,643 |
| Employee benefits expense | 7 | (1,036,674) | (1,013,198) |
| Depreciation | 8(a) | (81,246) | (110,632) |
| Other operating expenses | 8(b) | (1,141,613) | (1,076,468) |
| Finance costs | | (5,110) | (3,963) |
| **Loss before tax** | | (8,032,412) | (44,117,212) |
| Income tax credit/(expense) | 9(a) | 24,979 | (43,889) |
| **Loss from continuing operations, net of tax** | | (8,007,433) | (44,161,101) |
| **Discontinued operations** | | | |
| (Loss)/gain from discontinued operations, net of tax | 10(b) | (759,564) | 978,542 |
| **Total loss for the year** | | (8,766,997) | (43,182,559) |
| **Other comprehensive income, net of tax:** | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| **Financial assets, available-for-sale:** | | | |
| – Reclassification to profit or loss on impairment of financial assets, available-for-sale | | 686,069 | – |
| – Fair value loss on financial assets, available-for-sale | | – | (872,121) |
| **Currency translation differences:** | | | |
| – Arising from consolidation | | 589 | 3,034 |
| **Other comprehensive income for the year, net of tax** | | 686,658 | (869,087) |
| **Total comprehensive income for the year** | | (8,080,339) | (44,051,646) |

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

| | | Group | |
|---|---|---|---|
| | **Note** | **2014** | **2013** |
| | | **S$** | **S$ (Re-presented) (Note 10)** |
| **Loss attributable to:** | | | |
| Equity holders of the Company | | (8,727,137) | (43,182,559) |
| Non-controlling interest | | (39,860) | – |
| | | (8,766,997) | (43,182,559) |
| **Total comprehensive income attributable to:** | | | |
| Equity holders of the Company | | (8,040,479) | (44,051,646) |
| Non-controlling interest | | (39,860) | – |
| | | (8,080,339) | (44,051,646) |
| **Loss per share for loss from continuing and discontinued operations attributable to equity holders of the Company (Singapore cents per share)** | | | |
| **Basic and diluted loss per share** | 11 | (4.08) | (22.72) |
| From continuing operations | 11 | (3.74) | (23.24) |
| From discontinued operations | 11 | (0.34) | 0.52 |

# BALANCE SHEETS
## AS AT 31 DECEMBER 2014

| | Note | Group 2014 | Group 2013 | Company 2014 | Company 2013 |
|---|---|---|---|---|---|
| | | S$ | S$ | S$ | S$ |
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash and bank balances | 12 | 66,476 | 928,598 | 47,799 | 638,303 |
| Trade receivables | 13 | – | 598,352 | – | – |
| Other receivables | 14(a) | 146,349 | 435,312 | 146,220 | 121,207 |
| Amounts due from subsidiaries | 14(b) | – | – | 64,371 | 5,743,885 |
| Financial assets, available-for-sale | 15 | 1,038,583 | 1,171,157 | – | – |
| Other current assets | 16 | 17,860 | 28,789 | 14,558 | 18,486 |
| | | 1,269,268 | 3,162,208 | 272,948 | 6,521,881 |
| Assets held-for-sale | 10(a) | 472,667 | – | 400,000 | – |
| | | 1,741,935 | 3,162,208 | 672,948 | 6,521,881 |
| **Non-current assets** | | | | | |
| Investment in associate | 17 | – | 1 | – | – |
| Investments in subsidiaries | 18 | – | – | 7 | 1,500,007 |
| Financial assets, available-for-sale | 15 | 319,454 | 6,661,331 | – | – |
| Property, plant and equipment | 19 | 374,990 | 389,331 | 345,491 | 383,648 |
| | | 694,444 | 7,050,663 | 345,498 | 1,883,655 |
| **Total assets** | | 2,436,379 | 10,212,871 | 1,018,446 | 8,405,536 |
| **LIABILITIES** | | | | | |
| **Current liabilities** | | | | | |
| Other payables | 20 | 615,833 | 491,705 | 568,033 | 333,384 |
| Current income tax liabilities | 9(b) | – | 4,951 | – | – |
| Finance lease liabilities | 21 | 40,916 | 23,056 | 24,250 | 23,056 |
| | | 656,749 | 519,712 | 592,283 | 356,440 |
| Liabilities directly associated with disposal group classified as held-for-sale | 10(a) | 184,094 | – | – | – |
| | | 840,843 | 519,712 | 592,283 | 356,440 |

# BALANCE SHEETS
## AS AT 31 DECEMBER 2014

| | Note | Group 2014 | Group 2013 | Company 2014 | Company 2013 |
|---|---|---|---|---|---|
| | | S$ | S$ | S$ | S$ |
| **Non-current liabilities** | | | | | |
| Finance lease liabilities | 21 | 93,513 | 85,818 | 61,568 | 85,818 |
| Deferred income tax liabilities | 22 | 15,121 | 40,100 | 15,121 | 40,100 |
| | | 108,634 | 125,918 | 76,689 | 125,918 |
| **Total liabilities** | | 949,477 | 645,630 | 668,972 | 482,358 |
| **Net assets** | | 1,486,902 | 9,567,241 | 349,474 | 7,923,178 |
| **EQUITY** | | | | | |
| Share capital | 23 | 21,549,245 | 21,549,245 | 21,549,245 | 21,549,245 |
| Other reserves | 24 | 180 | (686,478) | – | – |
| Accumulated losses | | (20,022,663) | (11,295,526) | (21,199,771) | (13,626,067) |
| **Equity attributable to owners of the Company** | | 1,526,762 | 9,567,241 | 349,474 | 7,923,178 |
| Non-controlling interest | | (39,860) | – | – | – |
| **Total equity** | | 1,486,902 | 9,567,241 | 349,474 | 7,923,178 |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

| Group | Share capital | Other reserves: Fair value adjustment reserve | Other reserves: Currency translation reserve | Other reserves: Sub-total | Accumulated losses | Equity attributable to the owners of the Company | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|
| | S$ | S$ | S$ | S$ | S$ | S$ | S$ | S$ |
| | Note 23 | Note 24(a) | Note 24(b) | | | | | |
| **2014** | | | | | | | | |
| At 1 January | 21,549,245 | (686,069) | (409) | (686,478) | (11,295,526) | 9,567,241 | – | 9,567,241 |
| Net loss for the year | – | – | – | – | (8,727,137) | (8,727,137) | (39,860) | (8,766,997) |
| **Other comprehensive income** | | | | | | | | |
| Reclassification to profit or loss on impairment of financial assets, available-for-sale | – | 686,069 | – | 686,069 | – | 686,069 | – | 686,069 |
| Currency translation differences arising from consolidation | – | – | 589 | 589 | – | 589 | – | 589 |
| Other comprehensive income for the year | – | 686,069 | 589 | 686,658 | – | 686,658 | – | 686,658 |
| Total comprehensive income for the year | – | 686,069 | 589 | 686,658 | (8,727,137) | (8,040,479) | (39,860) | (8,080,339) |
| At 31 December | 21,549,245 | – | 180 | 180 | (20,022,663) | 1,526,762 | (39,860) | 1,486,902 |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

| Group | Share capital | Other reserves: Fair value adjustment reserve | Other reserves: Currency translation reserve | Other reserves: Sub-total | Retained earnings/ (accumulated losses) | Equity attributable to the owners of the Company | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|
| | S$ | S$ | S$ | S$ | S$ | S$ | S$ | S$ |
| | Note 23 | Note 24(a) | Note 24(b) | | | | | |
| **2013** | | | | | | | | |
| At 1 January | 16,041,353 | 186,052 | (3,443) | 182,609 | 31,887,033 | 48,110,995 | – | 48,110,995 |
| Net loss for the year | – | – | – | – | (43,182,559) | (43,182,559) | – | (43,182,559) |
| **Other comprehensive income** | | | | | | | | |
| Fair value loss on financial assets, available-for-sale | – | (872,121) | – | (872,121) | – | (872,121) | – | (872,121) |
| Currency translation differences arising from consolidation | – | – | 3,034 | 3,034 | – | 3,034 | – | 3,034 |
| Other comprehensive income for the year | – | (872,121) | 3,034 | (869,087) | – | (869,087) | – | (869,087) |
| Total comprehensive income for the year | – | (872,121) | 3,034 | (869,087) | (43,182,559) | (44,051,646) | – | (44,051,646) |
| Issuance of new ordinary shares | 5,572,112 | – | – | – | – | 5,572,112 | – | 5,572,112 |
| Share issue expenses | (64,220) | – | – | – | – | (64,220) | – | (64,220) |
| At 31 December | 21,549,245 | (686,069) | (409) | (686,478) | (11,295,526) | 9,567,241 | – | 9,567,241 |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

| | Note | Group | |
|---|---|---|---|
| | | 2014 | 2013 |
| | | S$ | S$ (Re-presented) |
| **Cash flows from operating activities** | | | |
| Loss from continuing operations, net of tax | | (8,007,433) | (44,161,101) |
| (Loss)/gain from discontinued operations, net of tax | 10(b) | (759,564) | 978,542 |
| **Loss for the year** | | (8,766,997) | (43,182,559) |
| | | | |
| Adjustments for: | | | |
| Income tax credit | 9(a) | (24,979) | (156,741) |
| Depreciation | 8(a) | 84,350 | 112,479 |
| Finance cost | | 5,110 | 3,963 |
| Interest income | | (73) | (1,216,052) |
| Property, plant and equipment written-off | | – | 2,388 |
| Gain on disposal of property, plant and equipment | | – | (28,914) |
| Impairment loss on trade receivables | | 299,602 | – |
| Impairment loss on amount due from related parties | 10(b) | 264,802 | – |
| Impairment loss on financial assets, available-for-sale | 5 | 4,519,540 | 50,042,686 |
| Reclassification to profit or loss on impairment of financial assets, available-for-sale | | 686,069 | – |
| Allowance for unutilised leave | | 9,000 | 29,000 |
| Loss/(gain) on disposal of financial assets, available-for-sale | 5 | 1,020,449 | (4,779,682) |
| Gain on redemption of redeemable convertible note | 5 | – | (1,975,271) |
| Unrealised currency translation loss/(gain) | 5 | 18,100 | (21,900) |
| **Operating cash flows before changes in working capital** | | (1,885,027) | (1,170,603) |
| | | | |
| Changes in working capital: | | | |
| Trade receivables, other receivables and other current assets | | (93,625) | 2,888,411 |
| Trade and other payables | | 349,814 | (1,136,289) |
| **Cash flows (used in)/generated from operating activities** | | (1,628,838) | 581,519 |
| | | | |
| Interest paid | | (5,110) | (3,963) |
| Interest received | | 73 | 175,047 |
| Income tax paid, net | | (4,951) | (38,922) |
| **Net cash flows (used in)/generated from operating activities** | | (1,638,826) | 713,681 |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

| | Note | Group 2014 | Group 2013 |
|---|---|---|---|
| | | S$ | S$ |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | 19 | (75,714) | (398,732) |
| Purchase of financial assets, available-for-sale | | (300,000) | (43,713,057) |
| Net cash inflow on disposal of a subsidiary | 12 | – | 371,756 |
| Proceeds from disposal of property, plant and equipment | | – | 28,914 |
| Proceeds from disposal of financial assets, available-for-sale | | 1,216,362 | 36,874,431 |
| **Net cash flows generated from/(used in) investing activities** | | 840,648 | (6,836,688) |
| **Cash flows from financing activities** | | | |
| Proceeds from issuance of ordinary shares | | – | 5,572,112 |
| Share issue expenses | | – | (64,220) |
| Repayment of finance lease liabilities | | (24,445) | (14,726) |
| **Net cash flows (used in)/generated from financing activities** | | (24,445) | 5,493,166 |
| **Net decrease in cash and bank balances** | | (822,623) | (629,841) |
| Cash and bank balances at 1 January | | 928,598 | 1,558,439 |
| **Cash and bank balances at 31 December** | | 105,975 | 928,598 |
| **Cash and bank balances as per Balance Sheet** | 12 | 66,476 | 928,598 |
| Cash and bank balances classified as "Assets held-for-sale" | 12 | 39,499 | – |
| **Total cash and bank balances as per Consolidated Statement of Cash Flows (Note 12)** | | 105,975 | 928,598 |
| **List of significant non-cash transactions:** | | | |
| Redemption of redeemable convertible note by way of shares in another entity | | – | 5,975,271 |
| Acquisition of financial assets, available-for-sale arising from the redemption of redeemable convertible note | | – | 5,975,271 |

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

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

## 1. GENERAL INFORMATION

### 1.1 Corporate information

ISR Capital Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore, and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The address of its registered office and its principal place of business is located at 20 Martin Road, #10-01 Seng Kee Building, Singapore 239070. The Company is an associated company of Asiasons Capital Limited which is also listed on SGX-ST.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries consist of fund management, investment holding, private equity investments, investment advisory and business consultancy services.

The Group refers to ISR Capital Limited and its subsidiaries, as disclosed in Note 18.

### 1.2 Going concern

The Group incurred a net loss of S$8,766,997 (2013: S$43,182,559) and reported net cash outflows from operating activities of S$1,638,826 (2013: net cash inflows generated from operating activities of S$713,681) for the financial year ended 31 December 2014.

As disclosed in Note 31, the Group had disposed of its 100% owned subsidiary, Infiniti Asset Management Pte Ltd on 6 March 2015 for a cash consideration of S$400,000. Infiniti Asset Management Pte Ltd is a subsidiary in the Group that is a fund management company registered with the Monetary Authority of Singapore, which can operate fund management business.

## 1. GENERAL INFORMATION (Continued)

### 1.2 Going concern (Continued)

Following the completion of the disposal, the Group has exited from its fund management business and is now left with its proprietary investment management business, which has been loss making for two consecutive financial years ended 31 December 2014 and 2013. The presence of these factors cast doubt on the Group and Company's ability to continue as a going concern.

For the purpose of evaluating the Group and Company's going concern, the directors have considered the following:

*Proposed issuance of convertible redeemable bonds*

To ensure adequate working capital to explore for other business opportunities, the Company has entered into a subscription agreement with Premier Equity Fund (the "Subscriber") and Value Capital Asset Management Private Limited ("VCAM") to which the Company proposed to issue to the Subscriber 2% convertible redeemable bonds for up to S$35 million net of transaction costs to the Group. Further details of the convertible redeemable bonds are disclosed in the Company's Announcements dated 22 January 2015 and 18 November 2014.

Subject to approval from the Company's shareholders at an Extraordinary General Meeting ("EGM"), an application will be made to SGX-ST for the listing of and quotation of the new ordinary shares in the capital of the Company, to be allotted and issued upon conversion of the Bonds (the "Conversion Shares").

The Conversion Shares shall be issued unencumbered and free from any security interests, claims (including pre-emptive rights) or liens and will be freely transferable and shall rank *pari passu* in all respects with all other ordinary shares in the capital of the Company existing then (the "Shares") (except that such Conversion Shares shall not be entitled to any dividends, rights, allotments or other distributions, the record date of which falls before the allotment and issuance of the relevant Conversion Shares), and will be listed on the Main Board of the SGX-ST.

The directors have evaluated that the proposed issuance of the convertible redeemable bonds will be successfully completed pending the clearance from SGX-ST and approval from the shareholders at an EGM. Accordingly, the directors are of the view that the going concern assumption is appropriate for the preparation of these financial statements.

## 1. GENERAL INFORMATION (Continued)

### 1.2 Going concern (Continued)

*Proposed issuance of convertible redeemable bonds* (Continued)

As the going concern assumption is premised on, inter alia, the success of the proposed issuance of the convertible redeemable bonds, and should the proposed bond issue not be cleared by SGX-ST or approved by the shareholders of the Company, the Company and the Group may be unable to continue in operational existence for the foreseeable future. Accordingly, the Company and the Group may be unable to discharge its 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 in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Company and the Group may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

***Interpretations and amendments to published standards effective in 2014***

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

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

FRS 112 Disclosures of Interests in Other Entities

FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities. The adoption of FRS 112 has no significant impact on the accounting policies of the Group. The Group has incorporated the additional disclosures required by FRS 112 in the financial statements.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.2 New or revised accounting standards and interpretation

At the date of authorisation of these financial statements, the following FRS that are relevant to the Group were issued but not yet effective, and have not been early adopted in these financial statements:

| Description | Effective for annual periods beginning on or after) |
|---|---|
| Improvements to FRSs (January 2014) | |
| (a) Amendments to FRS 16: Property, *Plant and Equipment* | 1 July 2014 |
| (b) Amendments to FRS 24 (Amendments): *Related Party Disclosures* | 1 July 2014 |
| (c) Amendments to FRS 103 (Amendments): *Business Combinations* | 1 July 2014 |
| (d) Amendments to FRS 108 (Amendments): *Operating Segments* | 1 July 2014 |
| Improvements to FRSs (February 2014) | |
| (a) Amendments to FRS 103: *Business Combinations* | 1 July 2014 |
| (b) Amendments to FRS 111: *Fair Value Measurement* | 1 July 2014 |
| Improvements to FRSs (November 2014) | |
| (a) Amendments to FRS 105: *Non-current Assets Held for Sale and Discontinued Operations* | 1 January 2016 |
| (b) Amendments to FRS 107: *Financial Instruments: Disclosures* | 1 January 2016 |
| (c) Amendments to FRS 19: *Employee Benefits* | 1 January 2016 |
| Amendments to FRS 1: *Disclosure Initiative* | 1 January 2016 |
| Amendments to FRS 16 and FRS 38 : *Clarification of Acceptable Methods of Depreciation and Amortisation* | 1 January 2016 |
| Amendments to FRS 19 : *Defined Benefit Plans: Employee Contributions* | |
| Amendments to FRS 27 : *Equity Method in Separate Financial Statements* | 1 January 2016 |
| Amendments to FRS 110, FRS 112 and FRS 28: *Investment Entities: Applying the Consolidation Exception* | 1 January 2016 |
| FRS 115 – *Revenue from Contracts with Customers* | 1 January 2017 |
| FRS 109 – *Financial instruments* | 1 January 2018 |

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.2 New or revised accounting standards and interpretation (Continued)

Management anticipates that the adoption of the above standards in the future periods will not have a material impact to the Group's accounting policies but will require more disclosure in the financial statements in the period of their initial adoption except for FRS 115 and FRS 109. Management is currently still evaluating the potential impact of the application of FRS 115 and FRS 109 on the financial statements of the Group and of the Company in the period of their initial application.

### 2.3 Group accounting

#### *(a) Subsidiaries*

##### *(i) Consolidation*

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.3 Group accounting (Continued)

#### *(a) Subsidiaries* (Continued)

##### *(i) Consolidation* (Continued)

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

##### *(ii) Acquisitions*

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

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

Acquisition-related costs are expensed as incurred.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.3 Group accounting (Continued)

#### *(a) Subsidiaries* (Continued)

##### *(ii) Acquisitions* (Continued)

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

The excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous-held equity interest in the acquiree over the (ii) fair value of the identifiable assets acquired is recorded as goodwill.

##### *(iii) Disposals*

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

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

#### *(b) Associated companies*

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less any impairment losses.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.3 Group accounting (Continued)

#### *(b) Associated companies* (Continued)

##### *(i) Acquisitions*

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

##### *(ii) Equity method of accounting*

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.3 Group accounting (Continued)

***(b) Associated companies*** (Continued)

***(iii) Disposals***

Investments in associated companies or joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated company or joint venture is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

### 2.4 Currency translation

The financial statements are presented in Singapore dollars (“SGD” or “S$”) which is also the Company’s functional currency.

***(a) Functional presentation currency***

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“functional currency”).

***(b) Transactions and balances***

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.4 Currency translation (Continued)

#### *(b) Transactions and balances* (Continued)

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

#### *(c) Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency. The assets and liabilities of these entities are translated into SGD at the rate of exchange ruling at the end of the reporting period and the income and expenses are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income and accumulated in the currency translation reserve. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in the currency translation reserve shall be reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss on disposal is recognised.

### 2.5 Property, plant and equipment

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

Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.5 Property, plant and equipment (Continued)

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

| | Useful lives |
|---|---|
| Leasehold improvement | 3 years |
| Furniture and fittings | 5 years |
| Office equipment | 5 years |
| Computers | 3 years |
| Motor vehicles | 10 years |

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

The residual value, useful life and depreciation method are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

### 2.6 Impairment of non-financial assets

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.6 Impairment of non-financial assets (Continued)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses are recognised in profit or loss except for assets that are previously re-valued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amounts of any previous revaluation.

### 2.7 Investments in subsidiaries

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.8 Financial assets

***(a) Initial recognition and measurement***

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

When financial assets are recognised initially, they are measured at fair value.

***(b) Subsequent measurement and classification***

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

***(i) Loans and receivables***

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. They are presented as current assets except for those maturing later than 12 months after the end of the reporting period which are presented as non-current assets.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired and through the amortisation process.

“Cash and cash equivalents”, “trade receivables”, “other receivables” and “amounts due from subsidiaries” are classified and accounted for as loans and receivables.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.8 Financial assets (Continued)

#### ***(b) Subsequent measurement and classification*** (Continued)

***(ii) Available-for-sale financial assets***

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held-for-trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity and in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains or losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gains or losses previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

#### ***(c) Derecognition***

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.9 Offsetting financial instruments

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

### 2.10 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired and recognises an allowance for impairment when such evidence exists.

***(a) Financial assets carried at amortised cost***

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

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.10 Impairment of financial assets (Continued)

#### *(a) Financial assets carried at amortised cost (Continued)*

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

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

#### *(b) Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale financial assets, objective evidence of impairment include: (i) significant financial difficulty of the issuer or obligor; (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates and indicates that the cost of the investments in equity instruments may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investments below its costs. “Significant” is to be evaluated against the original cost of the investments and “prolonged” against the period in which the fair value has been below its original cost.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.10 Impairment of financial assets (Continued)

#### *(b) Available-for-sale financial assets* (Continued)

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; any increase in their fair values after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

### 2.11 Cash and cash equivalents

Cash and cash equivalents include cash at banks and deposits with financial institutions which are subject to an insignificant risk of changes in value.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.12 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 an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provisions are reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increases in the provisions due to the passage of time are recognised as a finance cost.

### 2.13 Financial liabilities

***(a) Initial recognition and measurement***

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities include “other payables” and “finance lease liabilities”.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. They are classified as current liabilities if payment is due within one year or less. Otherwise they are presented as non-current liabilities.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.13 Financial liabilities (Continued)

#### *(b) Subsequent measurement and classification*

The measurement of financial liabilities depends on their classification as follows:

##### *(i) Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading. Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

##### *(ii) Other financial liabilities*

After initial recognition, other financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method. Gains or losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.13 Financial liabilities (Continued)

***(c) De-recognition***

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

### 2.14 Employee benefits

***(a) Defined contribution plans***

Defined contribution plans are post-employment benefits plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund ("CPF") on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. Contributions to CPF are recognised as an expense in the period in which the related service is performed.

***(b) Employee leave entitlement***

Employee entitlement to annual leave is recognised as a liability when they accrue to the employees. The estimated liability for annual leave is recognised for services rendered by employees up to the end of the reporting period.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.15 Leases

The Group leases a motor vehicle and copiers under finance leases and office and warehouse spaces under operating leases.

#### *(a) 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 on the balance sheet as property, plant and equipment and finance lease liabilities 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 a basis that reflects a constant periodic rate of interest on the finance lease liability.

#### *(b) Lessee – Operating leases*

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.16 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

***(a) Rendering of services***

(i) Revenue earned from services rendered in respect of consultancy services and other similar services are recognised when the services are rendered in accordance with the terms of the contractual agreements.

(ii) Management and service fees are recognised when the services are rendered in accordance with the terms of the management agreements.

***(b) Interest income***

Interest income is recognised using the effective interest rate method.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.17 Taxes

#### *(a) Current income tax*

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

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

#### *(b) Deferred income tax*

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

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

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.17 Taxes (Continued)

#### *(b) Deferred income tax* (Continued)

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

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

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

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.17 Taxes (Continued)

***(b) Deferred income tax*** (Continued)

Deferred income tax assets and liabilities relating to items recognised outside profit or loss is recognised outside profit or loss.

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

### 2.18 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 30, including the factors used to identify the reportable segments and the measurement basis of segment information.

### 2.19 Share capital and share issuance expenses

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.20 Non-current assets (or disposal groups) held-for-sale and discontinued operations

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

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

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

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

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

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

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

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

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

### *(a) Impairment of financial assets, available-for-sale*

The Group reviews its financial assets classified as available-for-sale at the end of each reporting period to assess whether they are impaired. The Group also records impairment charges on financial assets, available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. For the financial year ended 31 December 2014, an impairment loss of S$4,519,540 (2013: S$50,042,686) was recognised for available-for-sale financial assets. The allowance for impairment of financial assets, available-for-sale as at 31 December 2014 was S$36,408,909 (2013: S$50,172,605). The carrying amount of financial assets, available-for-sale as at 31 December 2014 is disclosed in Note 15.

### *(b) Fair value of financial instruments*

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and make assumptions that are based on market conditions existing at the end of each reporting period.

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (Continued)

### *(b) Fair value of financial instruments* (Continued)

The carrying amount ascribed to the unquoted investments, available-for-sale (held at fair value) as set out in Note 27(a), amounting to S$717,705 (2013: S$2,103,632), have been accounted for in accordance with the accounting policy set out in Note 2.8(b)(ii) to the financial statements. The valuations of the unquoted investments involve considerable subjective judgement and are based on conditions prevailing and information available at the end of the reporting period. The valuation of financial instruments is described in more detail in Note 27(a). The ultimate outcome of these uncertainties cannot presently be determined. The consolidated financial statements do not include adjustments that might result from these uncertainties. In preparing the consolidated financial statements, the Group has included the effects of the economic conditions to the extent that they can currently be determined and estimated. The Group's sensitivity to equity securities price risk is described in Note 28(e) to the financial statements.

### *(c) Impairment of loans and receivables*

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's loans and receivables at the end of the reporting period are disclosed in Notes 13 and 14 to the financial statements.

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (Continued)

### *(d) Taxes*

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationship and long term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective entities in the Group. The carrying amounts of the Group's tax credit and deferred tax liabilities at the end of the reporting period are disclosed in Notes 9 and 22 to the financial statements.

## 4. REVENUE

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | S$ | S$ (Re-presented) |
| Management fee income | – | 92,578 |
| Interest income from secured notes | – | 1,215,909 |
| Consultancy fee | 130,596 | 13,752 |
| | 130,596 | 1,322,239 |

## 5. OTHER LOSSES, NET

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | S$ | S$ (Re-presented) |
| (Loss)/gain on disposal of financial assets, available-for-sale | (1,020,449) | 4,779,682 |
| Impairment loss on financial assets, available-for-sale (Note 15) | (4,519,540) | (50,042,686) |
| Reclassification to profit or loss on impairment of financial assets, available-for-sale | (686,069) | – |
| Cash recovery from investment previously written-off | 26,168 | – |
| Gain on redemption of redeemable convertible note | – | 1,975,271 |
| Foreign exchange (loss)/gain | (18,100) | 21,900 |
| | (6,217,990) | (43,265,833) |

## 6. OTHER INCOME

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | S$ | S$ (Re-presented) |
| Interest income on bank deposits | 73 | 143 |
| Gain on disposal of property, plant and equipment | – | 28,914 |
| Rental income | 232,683 | – |
| Productivity and Innovation Credit cash bonus and cash payout | 48,121 | – |
| Sundry income | 38,748 | 1,586 |
| | 319,625 | 30,643 |

## 7. EMPLOYEE BENEFITS EXPENSE

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | S$ | S$ (Re-presented) |
| Wages, salaries, bonuses and other short-term employee benefits | 991,181 | 957,511 |
| Employer's contributions to Central Provident Fund | 45,493 | 55,687 |
| | 1,036,674 | 1,013,198 |

## 8. DEPRECIATION AND OTHER OPERATING EXPENSES

### *(a) Depreciation*

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | S$ | S$ (Re-presented) |
| Depreciation of property, plant and equipment: | | |
| – Continuing operations | 81,246 | 110,632 |
| – Discontinued operations [Note 10(b)] | 3,104 | 1,847 |
| Total depreciation (Note 19) | 84,350 | 112,479 |

## 8. DEPRECIATION AND OTHER OPERATING EXPENSES (Continued)

### *(b) Other operating expenses*

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | **S$** | **S$ (Re-presented)** |
| Commission expenses | 3,810 | 179,624 |
| Directors' fee | 130,000 | 130,562 |
| Insurance expense | 33,046 | 34,317 |
| Impairment loss on trade receivable | 130,596 | – |
| Professional fees | 208,669 | 239,926 |
| Rental expense (Note 25) | 388,478 | 255,091 |
| Subscription expenses | 7,098 | 5,742 |
| Travel and entertainment expense | 10,224 | 1,389 |
| Property, plant and equipment written-off | – | 2,388 |
| Listing related expenses | 70,503 | 48,104 |
| Office utilities and expenses | 34,370 | 36,368 |
| Repair and maintenance | 29,928 | 32,446 |
| Others | 94,891 | 110,511 |
| | 1,141,613 | 1,076,468 |

## 8. DEPRECIATION AND OTHER OPERATING EXPENSES (Continued)

### *(b) Other operating expenses* (Continued)

Included in professional fees are audit and non-audit fees incurred by the Group as follows:

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | **S$** | **S$ (Re-presented)** |
| The following items have been included in arriving at profit before tax: | | |
| Audit fees: | | |
| – Auditors of the Group ** | 75,000 | 69,300 |
| Non-audit fees: | | |
| – Auditors of the Group ** | 14,500 | 22,000 |
| – Other auditors | 15,000 | 27,000 |
| Total audit and non-audit fees | 104,500 | 118,300 |

** Audit fees and non-audit fees include fees for subsidiaries that are classified as discontinued operations

## 9. INCOME TAXES

### *(a) Income tax credit/(expense)*

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | **S$** | **S$ (Re-presented)** |
| Income tax credit/(tax expense) attributable to loss is made up of: | | |
| – Loss for the financial year: | | |
| *From continuing operations* | | |
| – Deferred income tax (Note 22) | 4,425 | (35,200) |
| – Over/(under) provision in respect of prior years: | | |
| *From continuing operations* | | |
| – Current income tax | – | (8,689) |
| – Deferred income tax | 20,554 | – |
| | 20,554 | (8,689) |
| *From discontinued operations* | | |
| – Current income tax | – | 200,630 |
| | 24,979 | 156,741 |
| Income tax credit/(expense) attributable to: | | |
| – continuing operations | 24,979 | (43,889) |
| – discontinued operations [Note 10(b)] | – | 200,630 |
| | 24,979 | 156,741 |

## 9. INCOME TAXES (Continued)

### *(a) Income tax credit/(expense)* (Continued)

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the Singapore standard tax rate of income tax as follows:

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | **S$** | **S$ (Re-presented)** |
| Loss before tax from: | | |
| – continuing operations | (8,032,412) | (44,117,212) |
| – discontinued operations [Note 10 (b)] | (759,564) | 777,912 |
| Total loss before tax | (8,791,976) | (43,339,300) |
| Tax at statutory tax rate of 17% (2013: 17%) | (1,494,636) | (7,367,681) |
| Adjustments: | | |
| Non-deductible expenses | 207,797 | 7,426,667 |
| Income not subject to taxation | – | (335,611) |
| Utilisation of previously unrecognised tax losses | – | (16,744) |
| Deferred income tax asset not recognised | 1,264,331 | 369,261 |
| Overprovision in respect of prior years | (20,554) | (191,941) |
| Others | 18,083 | (40,692) |
| Income tax credit recognised in profit or loss | (24,979) | (156,741) |

## 9. INCOME TAXES (Continued)

### *(b) Movement in current income tax liabilities*

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | S$ | S$ | S$ | S$ |
| At 1 January | 4,951 | 235,814 | – | – |
| Income tax paid | (4,951) | (38,922) | – | (8,689) |
| (Over)/under provision in prior financial years | – | (191,941) | – | 8,689 |
| At 31 December | – | 4,951 | – | – |

The tax (charge)/credit relating to each component of other comprehensive income is as follows:

| | 2014 | | | 2013 | | |
|---|---|---|---|---|---|---|
| | Before tax | Tax charge | After tax | Before tax | Tax charge | After tax |
| **Group** | S$ | S$ | S$ | S$ | S$ | S$ |
| The fair value gains and reclassification adjustments on available-for-sale financial assets | – | – | – | 38,107 | (38,107) | – |

## 10. DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES HELD-FOR-SALE

As announced on 7 November 2014, the Company entered into a conditional Share Purchase Agreement with Infiniti Capital Partners Ltd ("ICPL" or the "Purchaser"), for the proposed disposal of 100% of the equity interests held by the Company in Infiniti Asset Management Pte Ltd ("IAMPL"). The consideration of $400,000 for the 3,500,000 ordinary shares of IAMPL (the "Proposed Disposal") held by the Company was subsequently completed on 6 March 2015 (Note 31). A sum of $100,000 was received as a deposit from the purchaser (Note 20).

## 10. DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES HELD-FOR-SALE (Continued)

As at 31 December 2014, the assets and liabilities of IAMPL and its subsidiaries are classified on the balance sheet as "Assets held-for-sale" and "Liabilities directly associated with disposal group classified as held-for-sale" respectively while the results from IAMPL and its subsidiaries for the financial year ended 31 December 2014 and 2013 are presented and re-presented separately on the consolidated statement of profit or loss and other comprehensive income as "(Loss)/gain from discontinued operations, net of tax".

Arising from the discontinued operations, details of the loss for the financial year allocated between equity holders of the Company and non-controlling interest are as follows:

| Loss attributable to: | Equity holders of the company | | Non-controlling interest | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | S$ | S$ | S$ | S$ |
| Loss from continuing operations, net of tax | (8,007,433) | (44,161,101) | – | – |
| (Loss)/gain from discontinued operations, net of tax | (719,704) | 978,542 | (39,860) | – |
| | (8,727,137) | (43,182,559) | (39,860) | – |

(a) Balance sheet disclosures:

| | Group |
|---|---|
| | 2014 |
| | S$ |
| Assets: | |
| Cash and cash equivalents (Note 12) | 39,499 |
| Trade receivables | 262,013 |
| Other receivables | 157,568 |
| Prepayments | 7,882 |
| Property, plant and equipment (Note 19) | 5,705 |
| Assets directly associated with disposal group classified as held-for-sale | 472,667 |
| Liabilities: | |
| Trade and other payables | (184,094) |
| Liabilities directly associated with disposal group classified as held-for-sale | (184,094) |
| Net assets directly associated with disposal group classified as held-for-sale | 288,573 |

## 10. DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES HELD-FOR-SALE (Continued)

(b) Income Statement disclosures:

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | S$ | S$ (Re-presented) |
| Management fee income | 540,423 | 1,600,047 |
| Other income | 29,365 | 552 |
| Employee benefits expense | (635,440) | (514,859) |
| Depreciation [Note 8(a)] | (3,104) | (1,847) |
| Professional fees | (119,167) | (94,941) |
| Rental expense – operating lease | (52,718) | (54,337) |
| Impairment loss on amounts due from related parties | (264,802) | – |
| Impairment loss on trade receivables | (169,006) | – |
| Insurance expense | (23,558) | (10,775) |
| Travel and entertainment expense | (5,622) | (109,003) |
| Other operating expenses | (55,935) | (36,925) |
| (Loss)/gain before income tax, from discontinued operations [Note 9(a)] | (759,564) | 777,912 |
| Income tax credit [Note 9(a)] | – | 200,630 |
| (Loss)/gain from discontinued operations, net of tax | (759,564) | 978,542 |

## 10. DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES HELD-FOR-SALE (Continued)

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

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | S$ | S$ (Re-presented) |
| Operating cash | (2,140,937) | 50,258 |
| Investing cash | (3,126) | (1,095,425) |
| Financing cash | 2,000,005 | – |
| Net cash (outflows)/inflows | (144,058) | (1,045,167) |

## 11. LOSS PER SHARE

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

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

| Group | Continuing operations | | Discontinued operations | | Total | |
|---|---|---|---|---|---|---|
| | 2014 | 2013 (Re-presented) | 2014 | 2013 (Re-presented) | 2014 | 2013 (Re-presented) |
| Net loss attributable to owners of the Company (S$) | (8,007,433) | (44,161,101) | (719,704) | 978,542 | (8,727,137) | (43,182,559) |
| Weighted average number of ordinary shares outstanding for basic loss per share | 214,000,100 | 190,061,470 | 214,000,100 | 190,061,470 | 214,000,100 | 190,061,470 |
| Basic and diluted loss per share for the Group (Singapore cents per share) * | (3.74) | (23.24) | (0.34) | 0.52 | (4.08) | (22.72) |

* As there is no dilutive potential ordinary share, the diluted loss per share is the same as the basic loss per share.

## 12. CASH AND CASH EQUIVALENTS

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | S$ | S$ | S$ | S$ |
| Cash and bank balances | 66,476 | 928,598 | 47,799 | 638,303 |
| Cash and cash equivalents classified as "Assets held-for-sale" [Note 10(a)] | 39,499 | – | – | – |
| Cash and cash equivalents | 105,975 | 925,598 | 47,799 | 638,303 |

Cash and cash equivalents denominated in foreign currencies as at 31 December were as follows:

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | S$ | S$ |
| Chinese Renminbi | 10,226 | 30,012 |

## 12. CASH AND CASH EQUIVALENTS (Continued)

**Disposal of subsidiary**

During the previous financial year, the Company disposed of its entire interest in Asiasons WFG Capital Pte Ltd for a cash consideration of $500,000. The effects of the disposal on the cash flows of the Group were as follows:

| | Group |
|---|---|
| | 2013 |
| | S$ |
| *Carrying amounts of assets and liabilities disposed of* | |
| Cash and cash equivalents | 128,244 |
| Fixed deposits pledged | 3,000,000 |
| Trade and other receivables | 164,814 |
| Other current assets | 69,630 |
| Total assets | 3,362,688 |
| Trade and other payables | 173,942 |
| Amount due to holding company | 2,688,746 |
| Total liabilities | 2,862,688 |
| Net assets disposed of | 500,000 |
| Less: Cash and cash equivalents in subsidiary disposed of | (128,244) |
| Net cash inflow on disposal of subsidiary | 371,756 |

## 13. TRADE RECEIVABLES

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | S$ | S$ |
| Trade receivables | 280,596 | 748,352 |
| Less: Allowance for impairment of trade receivables | (280,596) | (150,000) |
| Trade receivables – net | – | 598,352 |

## 13. TRADE RECEIVABLES (Continued)

Trade receivables are recognised at their original invoiced amounts which represent their fair value on initial recognition. The carrying value approximates its fair value. Included in the trade receivables are amount due from related parties of NIL (2013: S$285,200).

**Trade receivables that are past due but not impaired**

The Group has trade receivables amounting to Nil (2013: S$472,153) that are past due but not impaired. These receivables are unsecured and the analysis of their aging is as follows:

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | S$ | S$ |
| Trade receivables past due: | | |
| Past due 1 day to less than 90 days | – | 37,232 |
| More than 90 days | – | 434,921 |
| | – | 472,153 |

Movements in the allowance for impairment of trade receivables are as follows:

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | S$ | S$ |
| Movement in allowance accounts: | | |
| At 1 January | 150,000 | 150,000 |
| Charge for the year | 130,596 | – |
| At 31 December | 280,596 | 150,000 |

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

## 14. OTHER RECEIVABLES AND AMOUNTS DUE FROM SUBSIDIARIES

### *(a) Other receivables*

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | S$ | S$ | S$ | S$ |
| Amounts due from related parties (non-trade) | – | 313,294 | – | 232 |
| Refundable deposits | 100,689 | 111,488 | 100,560 | 111,360 |
| Amounts due from sub-tenant | 42,329 | – | 42,329 | – |
| Goods and Services Tax receivables | 3,331 | 10,530 | 3,331 | 9,615 |
| | 146,349 | 435,312 | 146,220 | 121,207 |

The amounts due from related parties are unsecured, interest-free and repayable on demand.

### *(b) Amounts due from subsidiaries*

| | Company | |
|---|---|---|
| | 2014 | 2013 |
| | S$ | S$ |
| Amounts due from subsidiaries (non-trade) | 28,505,751 | 29,684,885 |
| Less: Allowance for impairment | (28,441,380) | (23,941,000) |
| | 64,371 | 5,743,885 |

The amounts due from subsidiaries are unsecured, interest-free, repayable on demand.

## 14. OTHER RECEIVABLES AND AMOUNTS DUE FROM SUBSIDIARIES (Continued)

### *(b)* ***Amounts due from subsidiaries*** (Continued)

The movements in these allowances for impairment are as follows:

| | Company | |
|---|---|---|
| | **2014** | **2013** |
| | **S$** | **S$** |
| **Amounts due from subsidiaries:** | | |
| Movement in allowance accounts: | | |
| At 1 January | 23,941,000 | – |
| Write-back during the financial year | (57,000) | – |
| Charge for the year | 4,557,380 | 23,941,000 |
| At 31 December | 28,441,380 | 23,941,000 |

The impairment loss on amounts due from subsidiaries was provided due to loss-making subsidiaries.

## 15. FINANCIAL ASSETS, AVAILABLE-FOR-SALE

Available-for-sale financial assets are analysed as follows:

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | S$ | S$ |
| Financial assets, available-for-sale: | | |
| – Equity securities (quoted) | 29,246,426 | 50,452,542 |
| – Equity securities (unquoted) | 7,704,531 | 7,422,631 |
| – Debt securities (unquoted) | 129,920 | 129,920 |
| | 37,080,877 | 58,005,093 |
| Less: Allowance for impairment | (35,722,840) | (50,172,605) |
| | 1,358,037 | 7,832,488 |
| Classified as: | | |
| – Current | 1,038,583 | 1,171,157 |
| – Non-current | 319,454 | 6,661,331 |
| | 1,358,037 | 7,832,488 |

The movements in the allowance for impairment of financial assets, available-for-sale are as follows:

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | S$ | S$ |
| Movement in allowance accounts: | | |
| At 1 January | 50,172,605 | 129,919 |
| Charge for the year (Note 5) | 4,519,540 | 50,042,686 |
| Disposal during the year | (18,969,305) | – |
| | 35,722,840 | 50,172,605 |

During the financial year, the Group recognised an impairment loss of S$4,519,540 (2013: 50,042,686) against quoted and unquoted equity securities as their market values have declined significantly below cost over a prolonged period of time. The Group defined prolonged period of time as a time period that span across two consecutive quarters.

## 16. OTHER CURRENT ASSETS

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | S$ | S$ | S$ | S$ |
| Prepayments | 17,860 | 28,789 | 14,558 | 18,486 |

## 17. INVESTMENT IN ASSOCIATE

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | S$ | S$ |
| Shares, at cost (unquoted) | – | 1 |

The summarised unaudited financial information of an associate, not adjusted for the proportion of ownership interest held by the Group are as follows:

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | S$ (Unaudited) | S$ (Unaudited) |
| Assets | – | 2,184,780 |
| Liabilities | – | (95,787) |
| Revenue | – | 402,277 |
| Net profit after tax | – | 339,690 |

## 17. INVESTMENT IN ASSOCIATE (Continued)

| Name | Country of incorporation | Principal activity | % of paid-up capital held by subsidiary | |
|---|---|---|---|---|
| | | | 2014 | 2013 |
| Held by a subsidiary | | | | |
| Avia Growth Opportunities II Pte. Ltd. * | Singapore | Close-ended investment company | – | 19.99 |

* Was under Members' Voluntary Liquidation with effect from 4 May 2012 and the liquidation was completed on 30 June 2014.

The Group's share in the assets, liabilities, revenue and net profit of the associate was based on the following:

Avia Growth Opportunities II Pte. Ltd. ("Avia II") was deemed to be an associate as the Group had significant influence over its finance and operating policies. However, in view of Avia II's accumulated losses as at 31 December 2013 and the Group's share of losses that exceeded its interest in Avia II, the Group ceased to recognise its share of losses as it had no legal and constructive obligations in respect of those losses.

During the previous financial year, the cumulative unrecognised losses with respect to this entity amounted to S$721,376.

## 18. INVESTMENTS IN SUBSIDIARIES

| | Company | |
|---|---|---|
| | 2014 | 2013 |
| | S$ | S$ |
| *Equity investments at cost* | | |
| At 1 January | 1,500,007 | 10,644,004 |
| Increase in investment | 2,000,000 | – |
| Reclassified to assets held-for-sale | (400,000) | – |
| Impairment loss during the financial year | (3,100,000) | (49,999) |
| Write-off | – | (9,093,998) |
| At 31 December | 7 | 1,500,007 |

**Impairment of investments in subsidiaries**

During the financial year, allowance for impairment amounting to S$3,100,000 (2013: S$49,999) had been made for certain subsidiaries of the Company as a result of their recoverable amounts being estimated to be less than their carrying amounts.

In 2013, the Company wrote off its investment in a subsidiary, Asiasons WFG Securities Pte Ltd (“AWFGS”), following the completion of the liquidation of AWFGS on 18 November 2013. The write-off involved settlement of an amount owing by a fellow subsidiary to AWFGS; and an amount owing by the Company to AWFGS. Accordingly, the write-off had no significant impact on the Company’s profit or loss.

## 18. INVESTMENTS IN SUBSIDIARIES (Continued)

**Impairment of investments in subsidiaries** (Continued)

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

| | Company | |
|---|---|---|
| | 2014 | 2013 |
| | S$ | S$ |
| Movement in allowance accounts: | | |
| At 1 January | 349,160 | 4,859,163 |
| Charge for the year | 3,100,000 | 49,999 |
| Write-off | – | (4,560,002) |
| At 31 December | 3,449,160 | 349,160 |

| Name | Country of incorporation | Principal activities | Proportion of ownership interest | |
|---|---|---|---|---|
| | | | 2014 | 2013 |
| | | | % | % |
| Held by the Company | | | | |
| Dynamic Return (Singapore) Pte Ltd* | Singapore | Investment holding | 100 | 100 |
| Infiniti Advantage Pte Ltd# | Singapore | Investment holding | 100 | 100 |
| Infiniti Asset Management Pte Ltd** | Singapore | Fund management | 100 | 100 |
| ISR China Limited# | British Virgin Islands | Investment holding | 100 | 100 |
| ISR Global Pte Ltd* | Singapore | Investment holding | 100 | 100 |
| Raintree Strategic Consultancy Limited# | British Virgin Islands | Consultancy services | 100 | 100 |

## 18. INVESTMENTS IN SUBSIDIARIES (Continued)

| Name | Country of incorporation | Principal activities | Proportion of ownership interest | |
|---|---|---|---|---|
| | | | 2014 % | 2013 % |
| Held through Infiniti Asset Management Pte Ltd | | | | |
| Dynamic Return Limited# | British Virgin Islands | Investment holding | 100 | 100 |
| IPR Fund Ltd# *** | Cayman Islands | Investment holding (General Partners) | 50 | 100 |
| Held through ISR China Limited | | | | |
| ISR Shanghai Investment Advisory Co. Ltd## | People's Republic of China | Provision of business consultancy services | 100 | 100 |

* Audited by RT LLP, Singapore.

** Audited by RT LLP, Singapore and was classified as assets held-for-sale as disclosed in Note 10. The disposal was completed on 6 March 2015.

*** Additional US$1 ordinary share was issued to a third party in August 2014.

\# Not required to be audited under the laws of the country of incorporation.

\#\# Audited by Shanghai Hongda Dongya Certified Public Accounts Co. Ltd., People's Republic of China.

## 18. INVESTMENTS IN SUBSIDIARIES (Continued)

**Disposal of ownership in interest in subsidiary, without loss of control**

On 22 August 2014, the Group disposed of its 50% equity interest in IPR Fund Ltd. Following the disposal, the Group continues to maintain control of IPR Fund Ltd while retaining 50% of the ownership interests. The transaction has been accounted for as an equity transaction with non-controlling interests, resulting in:

| | 2014 |
|---|---|
| | S$ |
| Proceeds from disposal of 50% ownership interest | 1 |
| Net liabilities attributable to non-controlling interest | (39,861) |
| Increase in equity attributable to parent entity | (39,860) |

The non-controlling interest arising from the above partial disposal in IPR Fund Ltd is not material to the Group.

## 19. PROPERTY, PLANT AND EQUIPMENT

| Group | Leasehold improvements | Furniture and fittings | Office equipment | Computers | Motor vehicles | Total |
|---|---|---|---|---|---|---|
| | S$ | S$ | S$ | S$ | S$ | S$ |
| **Cost** | | | | | | |
| At 1 January 2013 | 193,411 | 16,421 | 63,212 | 144,238 | 158,321 | 575,603 |
| Additions | 130,290 | – | 1,399 | 17,043 | 250,000 | 398,732 |
| Write-offs | (193,411) | – | (25,427) | (11,826) | (158,321) | (388,985) |
| At 31 December 2013 and at 1 January 2014 | 130,290 | 16,421 | 39,184 | 149,455 | 250,000 | 585,350 |
| Additions | 32,089 | – | 31,749 | 11,876 | – | 75,714 |
| Write-offs | – | – | (320) | – | – | (320) |
| Reclassified to disposal group [Note 10 (a)] | – | – | – | (14,422) | – | (14,422) |
| At 31 December 2014 | 162,379 | 16,421 | 70,613 | 146,909 | 250,000 | 646,322 |
| **Accumulated depreciation** | | | | | | |
| At 1 January 2013 | 103,447 | 8,165 | 56,526 | 143,678 | 158,321 | 470,137 |
| Depreciation charge for the year [Note 8 (a)] | 89,964 | 2,328 | 3,458 | 3,393 | 13,336 | 112,479 |
| Write-offs | (193,411) | – | (23,039) | (11,826) | (158,321) | (386,597) |
| At 31 December 2013 and at 1 January 2014 | – | 10,493 | 36,945 | 135,245 | 13,336 | 196,019 |
| Depreciation charge for the year [Note 8 (a)] | 50,289 | 2,328 | 1,820 | 8,576 | 21,337 | 84,350 |
| Write-offs | – | – | (320) | – | – | (320) |
| Reclassified to disposal group [Note 10 (a)] | – | – | – | (8,717) | – | (8,717) |
| At 31 December 2014 | 50,289 | 12,821 | 38,445 | 135,104 | 34,673 | 271,332 |
| **Carrying amount** | | | | | | |
| At 31 December 2014 | 112,090 | 3,600 | 32,168 | 11,805 | 215,327 | 374,990 |
| At 31 December 2013 | 130,290 | 5,928 | 2,239 | 14,210 | 236,664 | 389,331 |

**19. PROPERTY, PLANT AND EQUIPMENT** (Continued)

| Company | Leasehold improvements | Furniture and fittings | Office equipment | Computers | Motor vehicles | Total |
|---|---|---|---|---|---|---|
| | S$ | S$ | S$ | S$ | S$ | S$ |
| **Cost** | | | | | | |
| At 1 January 2013 | 193,411 | 12,225 | 18,539 | 49,926 | 158,321 | 432,422 |
| Additions | 130,290 | – | 1,399 | 10,073 | 250,000 | 391,762 |
| Transfer-in | – | 4,196 | 44,673 | 86,085 | – | 134,954 |
| Write-offs | (193,411) | – | (25,427) | (7,925) | (158,321) | (385,084) |
| At 31 December 2013 and at 1 January 2014 | 130,290 | 16,421 | 39,184 | 138,159 | 250,000 | 574,054 |
| Additions | 32,088 | – | 1,750 | 8,750 | – | 42,588 |
| Write-offs | – | – | (320) | – | – | (320) |
| At 31 December 2014 | 162,378 | 16,421 | 40,614 | 146,909 | 250,000 | 616,322 |
| **Accumulated depreciation** | | | | | | |
| At 1 January 2013 | 103,447 | 3,969 | 11,853 | 49,926 | 158,321 | 327,516 |
| Depreciation charge for the year | 89,964 | 2,328 | 3,458 | 1,546 | 13,336 | 110,632 |
| Transfer-in | – | 4,196 | 44,673 | 86,085 | – | 134,954 |
| Write-offs | (193,411) | – | (23,039) | (7,925) | (158,321) | (382,696) |
| At 31 December 2013 and at 1 January 2014 | – | 10,493 | 36,945 | 129,632 | 13,336 | 190,406 |
| Depreciation charge for the year | 50,288 | 2,328 | 1,320 | 5,472 | 21,337 | 80,745 |
| Write-offs | – | – | (320) | – | – | (320) |
| At 31 December 2014 | 50,288 | 12,821 | 37,945 | 135,104 | 34,673 | 270,831 |
| **Carrying amount** | | | | | | |
| At 31 December 2014 | 112,090 | 3,600 | 2,669 | 11,805 | 215,327 | 345,491 |
| At 31 December 2013 | 130,290 | 5,928 | 2,239 | 8,527 | 236,664 | 383,648 |

Property, plant and equipment of the Group with carrying amount of $244,827 (2013: S$236,664) were acquired under finance lease arrangements (Note 21). The lease assets are pledged as security for the related finance lease.

## 20. OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | S$ | S$ | S$ | S$ |
| Accrued operating expenses | 314,483 | 417,885 | 266,683 | 316,384 |
| Other payables | 301,350 | 73,820 | 301,350 | 17,000 |
| | 615,833 | 491,705 | 568,033 | 333,384 |

Included in other payables is an amount of S$100,000 relating to deposit received from the Purchaser of IAMPL as disclosed in Note 10.

## 21. FINANCE LEASE LIABILITIES

The Group leases a motor vehicle and photocopiers from third parties under finance leases. The lease agreements provide the Group with an option to purchase the leased assets at a nominal value at the end of the lease terms.

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | S$ | S$ | S$ | S$ |
| Minimum lease payments due | | | | |
| – Not later than one year | 46,299 | 28,033 | 28,032 | 28,033 |
| – Later than one year but not later than five years | 100,420 | 93,441 | 65,409 | 93,441 |
| | 146,719 | 121,474 | 93,441 | 121,474 |
| Less: Future finance charges | (12,290) | (12,600) | (7,623) | (12,600) |
| Present value of finance lease liabilities | 134,429 | 108,874 | 85,818 | 108,874 |

## 21. FINANCE LEASE LIABILITIES (Continued)

The present value of the finance lease liabilities is analysed as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | S$ | S$ | S$ | S$ |
| – Not later than one year | 40,916 | 23,056 | 24,250 | 23,056 |
| – Later than one year but not later than five years | 93,513 | 85,818 | 61,568 | 85,818 |
| | 134,429 | 108,874 | 85,818 | 108,874 |

## 22. DEFERRED INCOME TAX LIABILITIES

Deferred income tax liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | S$ | S$ | S$ | S$ |
| Deferred income tax liabilities | | | | |
| – To be settled within one year | 15,121 | 40,100 | 15,121 | 40,100 |

## 22. DEFERRED INCOME TAX LIABILITIES (Continued)

Movements in deferred income tax account are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** |
| | **S$** | **S$** | **S$** | **S$** |
| At 1 January | 40,100 | 43,007 | 40,100 | 4,900 |
| Tax credited to other comprehensive income | – | (38,107) | – | – |
| Tax (credited)/charged to profit or loss [Note 9(a)] | (4,425) | 35,200 | (4,425) | 35,200 |
| Overprovision in respect of prior years | (20,554) | – | (20,554) | – |
| | 15,121 | 40,100 | 15,121 | 40,100 |

The movement in deferred income tax liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

| **Group** | **Accelerated tax depreciation** | **Others** | **Total** |
|---|---|---|---|
| | **S$** | **S$** | **S$** |
| *Deferred income tax liabilities* | | | |
| At 1 January 2013 | 4,900 | 149,777 | 154,677 |
| Tax charged/(credited) to: | | | |
| – Other comprehensive income | – | (149,777) | (149,777) |
| – Profit or loss | 35,200 | – | 35,200 |
| At 31 December 2013 and 1 January 2014 | 40,100 | – | 40,100 |
| Tax credited to: | | | |
| – Profit or loss | (4,425) | – | (4,425) |
| –Overprovision in respect of prior years | (20,554) | – | (20,554) |
| At 31 December 2014 | 15,121 | – | 15,121 |

## 22. DEFERRED INCOME TAX LIABILITIES (Continued)

| Group | Accelerated tax depreciation | Unrealised fair value loss | Total |
|---|---|---|---|
| | S$ | S$ | S$ |
| *Deferred income tax assets* | | | |
| At 1 January 2013 | – | (111,670) | (111,670) |
| Credited to other comprehensive income | – | 111,670 | 111,670 |
| At 31 December 2013 and 31 December 2014 | – | – | – |

| Company | Accelerated tax depreciation | |
|---|---|---|
| | 2014 | 2013 |
| | S$ | S$ |
| *Deferred income tax liabilities* | | |
| At 1 January | 40,100 | 4,900 |
| Tax (credited)/charged to profit or loss [Note 9(a)] | (4,425) | 35,200 |
| Overprovision in respect of prior years | (20,554) | – |
| At 31 December | 15,121 | 40,100 |

**Unrecognised tax losses**

At the end of the reporting period, the Group has tax losses of approximately S$12,104,000 (2013: S$4,667,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred income tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

### 23. SHARE CAPITAL

| | No. of ordinary shares Issued share capital | Amount Share capital |
|---|---|---|
| | | S$ |
| Group and Company | | |
| 2014 | | |
| At beginning and end of financial year | 214,000,100 | 21,549,245 |
| 2013 | | |
| Beginning of financial year | 179,600,100 | 16,041,353 |
| Shares issued | 34,400,000 | 5,572,112 |
| Share issue expenses | – | (64,220) |
| End of financial year | 214,000,100 | 21,549,245 |

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

**23. SHARE CAPITAL** (Continued)

During the previous financial year, the Company issued 34,400,000 ordinary shares in the capital of the Company (the "Placement") for a total consideration of S$5,572,112 to fund the Group's business expansion and general working capital purposes. Share issue expenses arising from the Placement amounted to S$64,220. The newly issued shares ranked *pari passu* in all respects with the previously issued shares. The status on the use of the Placement proceeds, rounded up to the nearest Singapore thousand dollars ("S$'000"), as at 31 December 2013 was as follows:

| | Amount allocated | Amount utilised | Balance |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| Investments in quoted securities | 4,955 | (4,955) | – |
| Working capital (remuneration for directors and employees, office rentals, insurance premiums and professional fees) | 552 | (552) | – |
| Total net placement proceeds | 5,507 | (5,507) | – |

**24. OTHER RESERVES**

***(a) Fair value adjustment reserve***

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

***(b) Currency translation reserve***

Currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

## 25. COMMITMENTS

***Operating lease commitments – lessee***

At the end of the reporting period, the Group leases office from non-related parties under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

The future minimum lease payable under non-cancellable operating leases at the end of the reporting period are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** |
| | **S$** | **S$** | **S$** | **S$** |
| Not later than one year | 391,327 | 427,145 | 391,327 | 427,145 |
| Later than one year but not later than five years | 391,327 | 782,655 | 391,327 | 782,655 |
| | 782,654 | 1,209,800 | 782,654 | 1,209,800 |

Payment recognised as an expense during the financial year amounted to S$388,478 (2013: S$255,091) [Note 8 (b)].

## 26. RELATED PARTY TRANSACTIONS

***(a) Income and expenses***

In addition to information disclosed elsewhere in the consolidated financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | **S$** | **S$** |
| Management fee income from a holding company | – | 92,578 |

## 26. RELATED PARTY TRANSACTIONS (Continued)

### *(b) Key management's remuneration*

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | **S$** | **S$** |
| Key management's remuneration is as follows: | | |
| Salaries, fees, bonuses and other short-term employee benefits | 1,311,893 | 1,367,765 |
| Employer's contributions to Central Provident Fund | 41,226 | 48,732 |
| | 1,353,119 | 1,416,497 |
| Comprise amounts paid to: | | |
| Directors of the Company | 414,004 | 547,113 |
| Other key management personnel | 939,115 | 869,384 |
| | 1,353,119 | 1,416,497 |

Key management's remuneration includes remuneration of key management personnel of a subsidiary that is classified as discontinued operations.

## 27. FAIR VALUE OF FINANCIAL INSTRUMENTS

### *(a) Fair value of financial instruments that are carried at fair value*

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

| Group | Quoted prices in active markets for identical instruments (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
|---|---|---|---|---|
| | S$ | S$ | S$ | S$ |
| **2014** | | | | |
| **Financial assets** | | | | |
| Available-for-sale financial assets: | | | | |
| – Equity securities (quoted) | 640,332 | – | – | 640,332 |
| – Equity securities (unquoted) | – | – | 717,704 | 717,704 |
| – Debt securities (unquoted) | – | – | 1 | 1 |
| | 640,332 | – | 717,705 | 1,358,037 |
| **2013** | | | | |
| **Financial assets** | | | | |
| Available-for-sale financial assets: | | | | |
| – Equity securities (quoted) | 5,728,856 | – | – | 5,728,856 |
| – Equity securities (unquoted) | – | – | 2,103,631 | 2,103,631 |
| – Debt securities (unquoted) | – | – | 1 | 1 |
| | 5,728,856 | – | 2,103,632 | 7,832,488 |

## 27. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

### (a) *Fair value of financial instruments that are carried at fair value* (Continued)

Fair value hierarchy

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

Level 1 – Quoted prices unadjusted in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (i.e., unobservable inputs).

Determination of fair value

Fair value of quoted equity securities are determined directly by reference to their published market bid price at the end of the reporting period.

The fair values of unquoted equity and debt securities are determined as follows:

Financial assets, available-for-sale:

- Unquoted equity securities amounted to S$717,704 (2013: S$2,103,631) as at 31 December 2014. These equity investments are valued based on the net asset value of the investee companies as at the end of the reporting period. The majority of net asset value of the unquoted equity securities is extracted from the net asset value reports issued by a bank.

- Unquoted debt securities amounted to S$1 (2013: S$1) after full redemption of redeemable convertible note in 2013.

## 27. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

### (a) *Fair value of financial instruments that are carried at fair value* (Continued)

Movements in Level 3 financial instruments measured at fair value

The following table presents the reconciliation for all financial instruments measured at fair value based on significant unobservable inputs (Level 3):

| Group | Equity securities (unquoted) | Debt securities (unquoted) | Total |
|---|---|---|---|
| | S$ | S$ | S$ |
| **2014** | | | |
| At 1 January | 2,103,631 | 1 | 2,103,632 |
| Purchases | 300,000 | – | 300,000 |
| Foreign exchange loss in profit or loss | (18,100) | – | (18,100) |
| Impairment loss in profit or loss | (1,667,827) | – | (1,667,827) |
| At 31 December | 717,704 | 1 | 717,705 |
| Total gains or losses for the year included in profit or loss for assets held at 31 December | (1,685,927) | – | (1,685,927) |
| **2013** | | | |
| At 1 January | 7,702,617 | 4,000,001 | 11,702,618 |
| Purchases | 725,600 | – | 725,600 |
| Foreign exchange gain in profit or loss | 21,900 | – | 21,900 |
| Impairment loss in profit or loss | (5,319,000) | – | (5,319,000) |
| Other comprehensive income | (1,027,486) | – | (1,027,486) |
| Redemption | – | (4,000,000) | (4,000,000) |
| At 31 December | 2,103,631 | 1 | 2,103,632 |
| Total gains or losses for the year included in profit or loss for assets held at 31 December | (5,297,100) | – | (5,297,100) |

There has been no transfer from Levels 1 and 2 to 3 during the financial years ended 31 December 2014 and 2013.

## 27. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

### *(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amount is a reasonable approximation of fair value*

Such financial instruments include cash and cash equivalents, trade receivables, other receivables, amounts due from subsidiaries, other payables and finance lease liabilities.

The carrying amounts of these financial assets and liabilities are reasonable approximation of their fair values due to their short-term nature.

### *(c) Classification of financial instruments*

Set out below is a comparison by category of the carrying amounts of the Group's financial instruments that are carried in the financial statements:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** |
| | **$** | **$** | **$** | **$** |
| **Financial assets** | | | | |
| ***Loans and receivables:*** | | | | |
| – cash and bank balances | 66,476 | 928,598 | 47,799 | 638,303 |
| – trade receivables | – | 598,352 | – | – |
| – other receivables | 143,018 | 424,782 | 142,889 | 111,592 |
| – amounts due from subsidiaries | – | – | 64,371 | 5,743,885 |
| ***Available-for-sale financial asset:*** | | | | |
| – financial assets, available-for-sales | 1,358,037 | 7,832,488 | – | – |
| Total financial assets | 1,567,531 | 9,784,221 | 255,059 | 6,493,780 |
| Total non-financial assets | 868,848 | 428,650 | 763,387 | 1,911,756 |
| **Total assets** | 2,436,379 | 10,212,871 | 1,018,446 | 8,405,536 |

## 27. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

### *(c) Classification of financial instruments* (Continued)

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | $ | $ | $ | $ |
| **Financial liabilities** | | | | |
| ***Amortised cost:*** | | | | |
| – other payables | 615,833 | 491,705 | 568,033 | 333,384 |
| – finance lease liabilities | 134,429 | 108,874 | 85,818 | 108,874 |
| Total financial liabilities | 750,262 | 600,579 | 653,851 | 442,258 |
| Total non-financial liabilities | 199,215 | 45,051 | 15,121 | 40,100 |
| **Total liabilities** | 949,477 | 645,630 | 668,972 | 482,358 |

## 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk, interest rate risk and price risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk for the financial years ended 31 December 2014 and 31 December 2013.

Risk management is carried out in accordance with approved policies. In relation to investment risk, mandates that are above or beyond the management's limits of authority would be deliberated, resolved and approved by the Audit Committee and/or the Board.

## 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### *(a) Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group adopts the policy of dealing only with customers and counterparties who have good credit standing to mitigate credit risk, and/or those who have provided sufficient security.

For fund management and private equity activities, management and service fees (either monthly or quarterly based on fund management or investment agreements) are collected in accordance with the stipulated payment terms.

The fund management business unit has its own checklists on acceptance of customers.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

## 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### (a) *Credit risk* (Continued)

Credit risk concentration profile

The Group determines concentrations of credit risk by business units on an on-going basis. The credit risk concentration profile of the Group's trade receivables that are past due but not impaired at the end of the reporting period is as follows:

| | Group | | | |
|---|---|---|---|---|
| | 2014 | 2014 | 2013 | 2013 |
| | S$ | % of total | S$ | % of total |
| **By business units** | | | | |
| Fund management | –* | –* | 472,153 | 100.0 |

* Trade receivables recorded in the fund management business unit were reclassified on the balance sheet as part of "Assets held-for-sale" as at 31 December 2014.

At the end of the reporting period, the Group has no concentration of credit risk in cash and cash equivalents.

Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits placed with banks that management considers as reputable banks.

Other receivables that are neither past due nor impaired are substantially debtors with good collection track record with the Group and the Company.

## 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### (a) *Credit risk* (Continued)

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired are disclosed in Notes 13 and 14 respectively.

### (b) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulties in meeting financial obligations due to shortage of funds. The Group's and the Company's exposures to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company manage the liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments.

The Group's and Company's ability to operate as a going concern is very much dependent on the outcome of the Company's proposed issuance of 2% convertible redeemable bonds of S$35 million as disclosed in Note 1.2.

## 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### *(b)* ***Liquidity risk*** (Continued)

The table below analyses the maturity profile of the financial liabilities of the Group and the Company based on contractual undiscounted cash flows:

| | Less than 1 year | More than 1 year |
|---|---|---|
| | S$ | S$ |
| **Group** | | |
| **2014** | | |
| Other payables | 573,833 | – |
| Finance lease liabilities | 46,299 | 100,420 |
| **2013** | | |
| Other payables | 445,705 | – |
| Finance lease liability | 28,033 | 93,441 |
| **Company** | | |
| **2014** | | |
| Other payables | 541,033 | – |
| Finance lease liabilities | 28,032 | 65,410 |
| **2013** | | |
| Other payables | 316,384 | – |
| Finance lease liability | 28,033 | 93,441 |

## 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### (c) *Foreign currency risk*

The Group operates primarily in Singapore. The Group does not generally take on significant exposures to foreign currency risk arising from its operations. The Group does not consider its currency exposure to the net assets of the Group's foreign operations as material.

The Group had no material foreign currency exposure as at 31 December 2014 and 2013.

The Group's exposure to foreign currency translation risk on its net investments in foreign subsidiaries is not significant when consolidated.

### (d) *Interest rate risk*

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 value of a financial instrument will fluctuate due to changes in market interest rates.

The Group and the Company do not take on significant variable-rate interest-bearing financial assets and financial liabilities. The Group and the Company have no time/fixed deposits placed with financial institutions. Therefore, the Group's and the Company's income and equity are not likely to be materially affected by changes in market interest rates had these occurred at the end of the reporting period and had these been applied to the risk exposures as at those at the end of the reporting period.

### (e) *Price risk*

The Group is exposed to equity securities price risk arising from the investments held by the Group which are classified on the balance sheets as available-for-sale. These investments consist of quoted equity securities and both unquoted equity and debt securities. The Group is not exposed to commodity price risk.

## 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### *(e)* ***Price risk*** (Continued)

In carrying out its investment activities, the Group identifies and evaluates investment opportunities which provide synergistic benefits to and which are complementary to, the conduct and growth of the Group's business. The investee companies should also possess profit potential for the Group to take strategic stakes with an objective of earning dividend income or capital gain through either a trade sale or an initial public offering at an appropriate time.

When an investee company no longer has synergies with the Group's business or if the Group is unable to optimise its investments in the investee company, the Group may decide to dispose of its interests in that investee company.

If prices for quoted equity securities or fair value of unquoted equity securities change by 20% (2013: +/- 20%), respectively with all other variables including tax rate being held constant, the loss after taxation and other comprehensive income will be:

| | 2014 | | 2013 | |
|---|---|---|---|---|
| **Group** | **Loss after taxation** | **Other Comprehensive Income** | **Loss after taxation** | **Other Comprehensive Income** |
| | **S$** | **S$** | **S$** | **S$** |
| **Financial assets, available-for-sale:** | | | | |
| Equity securities (quoted): | | | | |
| – Change by | – | +/- 106,295 | – | +/- 950,990 |
| Equity securities (unquoted): | | | | |
| – Change by | – | +/- 119,139 | – | +/- 349,203 |

## 29. CAPITAL MANAGEMENT

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

Management also monitors the capital funds, financial resources and total risk exposure of regulated subsidiaries in the Group to ensure compliance with the relevant laws and regulatory requirements prescribed by the Monetary Authority of Singapore ("MAS").

The Group has complied with the externally imposed capital requirements during the financial years ended 31 December 2014 and 2013. The Group's overall strategy remains unchanged for the financial year ended 31 December 2014 and 2013.

The Group deems its capital as follows:

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | **S$** | **S$** |
| Equity attributable to the owners of the Company | 1,526,762 | 9,567,241 |
| Add/(less): – Fair value adjustment reserve | – | 686,069 |
| – Currency translation reserve | (180) | 409 |
| Total capital | 1,526,582 | 10,253,719 |

## 30. SEGMENT INFORMATION

For management purposes, the Group is currently organised into the following main business segments:

***(a) Investment management***

The Group seeks significant capital appreciation through making direct and indirect investments in companies and projects, both listed and unlisted, which the Group considers to be undervalued and with high growth prospects. Such investments may include investments in quoted and non-quoted equity or debt securities, pre-initial public offer ("IPO") shares which include late stage pre-IPO deals and early stage pre-IPO deals, IPO placement tranche shares, and other corporate finance deals, including without limitation, buyout deals and corporate restructuring deals.

***(b) Consultancy***

The Group renders consultancy services which include investment advisory and consultancy services in both the resource and non-resource space. This includes consultancy services rendered in maximising the probability of success for companies seeking IPO/placement deals before the actual launch of the IPO/placement efforts.

The following business segments have been discontinued or are in the process of being discontinued since financial year ended 31 December 2014 as the Group is no longer involved in such business activities:

(i) Fund management

The Group was involved in the fund management business through one of its subsidiaries, Infiniti Asset Management Pte. Ltd, a Singapore based fund management company registered with the Monetary Authority of Singapore, managing niche and innovative investment funds and customised investment solutions for selected valued clients.

## 30. SEGMENT INFORMATION (Continued)

### *(b)* ***Consultancy*** (Continued)

(ii) Equity Capital Markets ("ECM") syndication

The Group previously provided arrangement for the underwriting and placement syndicate for the distribution of shares with respect to IPOs by companies seeking listing or secondary fund raising exercises by companies already listed.

Except as indicated above, no operating segment has been aggregated to form the above reportable operating segments.

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

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties. Unallocated costs represent corporate expenses. Segment assets consist primarily of property, plant and equipment, trade and other receivables, financial assets and cash and cash equivalents. Segment liabilities comprise trade and other payables, finance lease liabilities, income tax liabilities and deferred income tax liabilities.

## 30. SEGMENT INFORMATION (Continued)

| 2014 | Investment Management | Consultancy | Fund Management (discontinued) | Adjustments and eliminations | Notes | Group |
|---|---|---|---|---|---|---|
| | S$ | S$ | S$ | S$ | | S$ |
| **Revenue** | | | | | | |
| – External revenue | – | 130,596 | 540,423 | (540,423) | A | 130,596 |
| **Results** | | | | | | |
| Unallocated interest income | – | – | – | – | | 73 |
| Unallocated depreciation | – | – | – | – | | (80,746) |
| Depreciation | (500) | – | (3,104) | 3,104 | A | (500) |
| Impairment loss on trade receivables and amount due from related parties | – | (130,596) | (433,808) | 433,808 | A | (130,596) |
| Impairment loss on financial assets, available-for-sale | (4,091,140) | (428,400) | – | – | | (4,519,540) |
| Reclassification to profit or loss on impairment of financial assets, available-for-sale | (686,069) | – | – | – | – | (686,069) |
| Unallocated income tax credit | – | – | – | – | | 24,979 |
| Segment results | (4,032,683) | (53,119) | (759,564) | (3,162,067) | B | (8,007,433) |
| **Assets** | | | | | | |
| Segment assets | 1,233,142 | 165,837 | 472,667 | 564,733 | B | 2,436,379 |
| Segment liabilities | 29,266,796 | 747,089 | 184,094 | (29,248,502) | | 949,477 |

## 30. SEGMENT INFORMATION (Continued)

| 2013 | Investment Management | Consultancy | Fund Management (discontinued) | ECM syndication (Discontinued) | Adjustments and eliminations | Notes | Group |
|---|---|---|---|---|---|---|---|
| | S$ | S$ | S$ (Re-presented) | S$ | S$ (Re-presented) | | S$ (Re-presented) |
| **Revenue** | | | | | | | |
| – External revenue | 1,215,909 | 13,752 | 1,600,047 | – | (1,507,469) | | 1,322,239 |
| **Results** | | | | | | | |
| Unallocated interest income | – | – | – | – | – | | 143 |
| Unallocated depreciation | – | – | – | – | – | | (110,632) |
| Depreciation | – | – | (1,847) | – | 1,847 | A | – |
| Write-back/(allowance) for impairment of trade receivables | – | – | – | – | – | | – |
| Impairment loss on financial assets, available-for-sale | (47,836,286) | (2,206,400) | – | – | – | | (50,042,686) |
| Income tax credit/(expense) | – | – | 200,630 | – | (244,519) | A | (43,889) |
| Segment results | (40,457,899) | (2,197,165) | 982,033 | (3,491) | (2,484,579) | B | (44,161,101) |
| Assets | | | | | | | |
| Associated company | – | – | 1 | – | – | | 1 |
| Segment assets | 7,283,588 | 623,668 | 10,142,837 | – | (7,837,222) | B | 10,212,871 |
| Segment liabilities | 31,970,628 | 1,151,800 | 7,587,112 | – | (40,063,910) | | 645,630 |

Note

A The amounts relating to the fund management has been excluded to arrive at amounts shown in profit or loss as they are presented separately in the consolidated statement of profit or loss and comprehensive income within one line item, “(loss)/ gain from discontinued operations, net of tax”.

B The following items are added to/(deducted from) segment results to arrive at “loss from continuing operations, net of tax” presented in the consolidated of profit or loss and comprehensive income:

## 30. SEGMENT INFORMATION (Continued)

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | S$ | S$ |
| Segment results of discontinued operations | 759,564 | 978,542 |
| Unallocated corporate expenses | (3,921,631) | (3,463,121) |
| | (3,162,067) | (2,484,579) |

The following items are/(deducted from) added to segment assets to arrive at total assets reported in the balance sheets:

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | S$ | S$ |
| Unallocated corporate assets | 564,733 | 1,202,959 |
| Inter-segment assets | – | (9,040,181) |
| | 564,733 | (7,837,222) |

The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the balance sheets:

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | S$ | S$ |
| Unallocated corporate liabilities | 674,213 | 488,458 |
| Inter-segment liabilities | (29,922,715) | (40,552,368) |
| | (29,248,502) | (40,063,910) |

## 30. SEGMENT INFORMATION (Continued)

**Geographical market of the customers**

The following details show the distribution of the Group's revenues from continuing operations based on the geographical segments in which the customers are located:

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | S$ | S$ (Re-presented) |
| Singapore | – | 1,308,487 |
| Australia | 130,596 | – |
| Switzerland | – | 13,752 |
| | 130,596 | 1,322,239 |

With the exception of Australia (2013: Singapore), no other geographical segments contributed more than 10% of the Group's consolidated revenue. Revenue is based on the geographical segment in which the customers are located.

## 31. EVENTS OCCURRING AFTER BALANCE SHEET DATE

**Completion of disposal of the entire share capital in Infiniti Asset Management Pte Ltd**

Following the Group's announcement on 7 November 2014 entitled "*Proposed Disposal of a Subsidiary*", the disposal of the entire share capital in Infiniti Asset Management Pte Ltd (the "Disposal"), which has been classified as discontinued operation (Note 10) as at 31 December 2014, has been completed on 6 March 2015 for a cash consideration of $400,000. Following the completion of the Disposal, Infiniti Asset Management Pte Ltd ceased to be a subsidiary of the Company.

## 32. EVENTS OCCURRING SINCE THE LAST FINANCIAL YEAR

**Investigation by Commercial Affairs Department**

On 2 April 2014, the Company with five other wholly-owned subsidiaries of the Company and two funds (including two subsidiaries of one of the funds) that are managed by a subsidiary of the Company, were served notices by the Commercial Affairs Department of the Singapore Police Force (“CAD”) for an investigation into an alleged offence under the Securities and Futures Act, Cap 289 which required the Company and those entities to provide CAD with access to certain data. Since then, the Company has been cooperating fully with CAD in its investigation. The CAD confirmed to the auditors that their investigation is still on-going but has not provided the Company with any further details or updates of its investigation, apart from certain key personnel being requested to attend further interviews by CAD in late January 2015.

## 33. AUTHORISATION OF CONSOLIDATED FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements of the Group for the financial year ended 31 December 2014 were authorised for the issue in accordance with a resolution of directors on 6 April 2015.

## 34. COMPARATIVE FIGURES

The financial statements for the financial year ended 31 December 2013 were audited by another firm of auditors whose report dated 21 May 2014 expressed a Disclaimer of Opinion on those financial statements. Below is the modified opinion expressed by the prior year auditor.

**Extracted from auditor’s report for the year ended 31 December 2013**

*“Basis for Disclaimer of Opinion*

We refer to Note 31 to the financial statements, which states that in April 2014, the Company, five of its wholly-owned subsidiaries, and two funds (including two subsidiaries of one of the funds) managed by one of the subsidiaries of the Company were served notices by the Commercial Affairs Department (“CAD”) of the Singapore Police Force for an investigation into an offence under the Securities and Futures Act, Chapter 289 (“SFA”).

## 34. COMPARATIVE FIGURES (Continued)

**Extracted from auditor's report for the year ended 31 December 2013** (Continued)

*Basis for Disclaimer of Opinion* (Continued)

The CAD has not provided the Company with details of its investigation.

We are unable to ascertain, whether the investigation, the outcome of which is unknown, would have an impact on the Group's ongoing business operations. We are also unable to ascertain the extent of pervasiveness and/or significance of any adjustments that may arise from the investigation, if any, on the financial statements of the Group and the Company.

*Disclaimer of Opinion*

Because of the significance of the uncertainty arising from the CAD's investigation as described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements."

## 34. COMPARATIVE FIGURES (Continued)

**Reason for Re-presentation**

Due to discontinued operations as disclosed in Note 10, certain re-presentation have been made to the 31 December 2013 consolidated statement of profit or loss and other comprehensive income to enhance comparability with the current year's presentation. The items reclassified were as follows:

| | The Group 2013 | | |
|---|---|---|---|
| | After re-presentation | Before re-presentation | Difference |
| | S$ | S$ | S$ |
| Revenue | 1,322,239 | 2,922,286 | (1,600,047) |
| Other losses, net | (43,265,833) | (43,265,833) | – |
| Other income | 30,643 | 30,855 | (212) |
| Employee benefits expense | (1,013,198) | (1,528,057) | 514,859 |
| Depreciation | (110,632) | (112,479) | 1,847 |
| Other operating expenses | (1,076,468) | (1,378,618) | 302,150 |
| Finance costs | (3,963) | (3,963) | – |
| Income tax expense | (43,889) | 156,741 | (200,630) |
| Gain from discontinued operation, net of tax | 978,542 | (3,491) | 982,033 |
| | (43,182,559) | (43,182,559) | – |

# SHAREHOLDERS' STATISTICS AND DISTRIBUTION
## AS AT 20 MARCH 2015

Class of Shares : Ordinary Shares
Voting Rights : One vote per Ordinary Share
No. of issued shares : 214,000,100 shares
No. of treasury shares : Nil

### DISTRIBUTION OF SHAREHOLDINGS AS AT 20 MARCH 2015

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| 1 – 99 | 0 | 0.00 | 0 | 0.00 |
| 100 – 1,000 | 56 | 5.94 | 55,155 | 0.03 |
| 1,001 – 10,000 | 344 | 36.48 | 2,438,900 | 1.14 |
| 10,001 – 1,000,000 | 528 | 55.99 | 40,026,700 | 18.70 |
| 1,000,001 AND ABOVE | 15 | 1.59 | 171,479,345 | 80.13 |
| | 943 | 100.00 | 214,000,100 | 100.00 |

### TWENTY LARGEST SHAREHOLDERS AS AT 20 MARCH 2015

| | SHAREHOLDER'S NAME | NO. OF SHARES | % |
|---|---|---|---|
| 1. | CITIBANK NOMINEES SINGAPORE PTE LTD | 58,642,930 | 27.40 |
| 2. | MD WIRA DANI BIN ABDUL DAIM | 32,000,000 | 14.95 |
| 3. | OCBC SECURITIES PRIVATE LTD | 22,184,138 | 10.37 |
| 4. | UOB KAY HIAN PTE LTD | 10,010,000 | 4.68 |
| 5. | RAFFLES NOMINEES (PTE) LTD | 8,985,400 | 4.20 |
| 6. | LIM & TAN SECURITIES PTE LTD | 8,938,000 | 4.18 |
| 7. | HL BANK NOMINEES (S) PTE LTD | 8,600,000 | 4.02 |
| 8. | TAN BOON KIAT | 4,752,372 | 2.22 |
| 9. | TAN KAH KOON (CHEN JIAQIN) | 4,255,000 | 1.99 |
| 10. | INNOPAC HOLDINGS LIMITED | 4,105,000 | 1.92 |
| 11. | RAMESH S/O PRITAMDAS CHANDIRAMANI | 2,949,000 | 1.38 |
| 12. | PLANETES INTERNATIONAL LTD | 2,473,505 | 1.16 |
| 13. | UNITED OVERSEAS BANK NOMINEES PTE LTD | 1,288,000 | 0.60 |
| 14. | MAYBANK KIM ENG SECURITIES PTE LTD | 1,268,000 | 0.59 |
| 15. | DBS NOMINEES PTE LTD | 1,028,000 | 0.48 |
| 16. | PHILLIP SECURITIES PTE LTD | 920,000 | 0.43 |
| 17. | CIMB SECURITIES (SINGAPORE) PTE LTD | 915,000 | 0.43 |
| 18. | LIM SIEW HOOI | 895,000 | 0.42 |
| 19. | HSBC (SINGAPORE) NOMINEES PTE LTD | 804,000 | 0.38 |
| 20. | ONG SHI-WEI JILL (WANG SHIHUI JILL) | 716,000 | 0.33 |
| | | 175,729,345 | 82.13 |

# SHAREHOLDERS' STATISTICS AND DISTRIBUTION

## AS AT 20 MARCH 2015

Based on Shareholders' Statistics and Distribution as at 20 March 2015, approximately 48.00% of the issued ordinary shares of the Company are held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

### DIRECT AND INDIRECT INTEREST OF SUBSTANTIAL SHAREHOLDERS AS AT 20 MARCH 2015

| | Direct Interest | | Indirect interest | |
|---|---|---|---|---|
| **Name of Substantial Shareholders** | **No. of Shares** | **%** | **No. of Shares** | **%** |
| Vibrant Coast Management Ltd | 58,442,930 | 27.31 | – | – |
| Datuk Md Wira Dani Bin Abdul Daim | 32,000,000 | 14.95 | – | – |
| ECM Libra Investments Limited ("ELIL") | 20,767,138 | 9.70 | – | – |
| Asiasons Investment Limited(1) | – | – | 58,442,930 | 27.31 |
| Asiasons Capital Limited(2) | – | – | 58,442,930 | 27.31 |
| Asiasons Investment Managers Inc(3) | – | – | 58,442,930 | 27.31 |
| Datuk Jared Lim Chih Li(3) | – | – | 58,442,930 | 27.31 |
| Ng Teck Wah(3) | – | – | 58,442,930 | 27.31 |
| ECML Ltd ("EL")(4) | – | – | 20,767,138 | 9.70 |
| ECM Libra Holdings Limited ("ELHL")(5) | – | – | 20,767,138 | 9.70 |
| ECM Libra Financial Group Berhad ("ELFB")(6) | – | – | 20,767,138 | 9.70 |

**Note:**

1. Deemed interest arises by virtue of shares held by its wholly owned subsidiary, Vibrant Coast Management Ltd.
2. Deemed interest arises by virtue of its interest in its wholly owned subsidiary, Asiasons Investment Limited.
3. Deemed interest arises by virtue of its/his interest in Asiasons Capital Limited.
4. Deemed interest arises by virtue of EL [formerly known as ECM Libra Investment Bank Limited (in Members' Voluntary Liquidation)] being the holding company of ELIL.
5. Deemed interest arises by virtue of ELHL being the penultimate holding company of ELIL.
6. Deemed interest arises by virtue of ELFB being the ultimate holding company of ELIL.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 20 Martin Road, #10-01 Seng Kee Building, Singapore 239070 on Tuesday, 28 April 2015 at 2:30 p.m., to transact the following businesses:

**ORDINARY BUSINESSES:**

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2014 together with the Directors' Report and Independent Auditors' Report thereon. *Resolution 1*

2. To approve the payment of additional Directors' fees of S$6,500 for the financial year ended 31 December 2014. *Resolution 2*
   *[See Explanatory Note (i)]*

3. To approve the payment of Directors' fees of S$120,000 for the financial year ending 31 December 2015, to be paid quarterly in arrears. (FY2014: S$112,500, excluding additional Directors' fees of S$6,500 referred to in Item 2 above) *Resolution 3*

4. To re-elect Ms Quah Su-Yin, the director retiring by rotation pursuant to Article 89 of the Company's Articles of Association. *Resolution 4*

5. To re-elect Datuk Md Wira Dani Bin Abdul Daim, the director retiring by rotation pursuant to Article 89 of the Company's Articles of Association. *Resolution 5*
   *[See Explanatory Note (ii)]*

6. To re-appoint Messrs RT LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. *Resolution 6*

# NOTICE OF ANNUAL GENERAL MEETING

## SPECIAL BUSINESSES:

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

**7. Authority to allot and issue shares** *Resolution 7*

"That, pursuant to Section 161 of the Companies Act, Chapter 50, and the Listing Rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given for the Directors of the Company 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:

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

(ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues;

and (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuant to any Instrument made or granted by the Directors while the authority was in force, provided always that:

(a) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments, made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the Company's total number of issued shares excluding treasury shares, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro-rata basis to shareholders of the Company does not exceed twenty per centum (20%) of the total number of issued shares excluding treasury shares, and for the purpose of this resolution, the total number of issued shares excluding treasury shares shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for;

(i) new shares arising from the conversion or exercise of convertible securities, or

# NOTICE OF ANNUAL GENERAL MEETING

(ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed, and

(iii) any subsequent bonus issue, consolidation or subdivision of the Company's shares.

(b) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."
*[See Explanatory Note (iii)]*

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

BY ORDER OF THE BOARD

Vincent Lee Chung Ngee
Teo Meng Keong
Company Secretaries

13 April 2015
Singapore

# NOTICE OF ANNUAL GENERAL MEETING

**Explanatory Notes:–**

(i) At the Annual General Meeting held by the Company on 12 June 2014, shareholders approved an amount of S$112,500 as Directors' fees for the financial year ended 31 December 2014, to be paid quarterly in arrears. The additional Directors' fees of S$6,500 proposed to be approved at this Annual General Meeting arose due to the change of composition of the Board and Board Committees of the Company during the financial year ended 31 December 2014.

(ii) Datuk Md Wira Dani Bin Abdul Daim will, upon re-election as a Director of the Company, remain as a member of Audit, Nominating and Remuneration Committees. Key information on Datuk Md Wira Dani Bin Abdul Daim can be found on page 4 of the Annual Report 2014.

(iii) Ordinary Resolution 7 proposed in item no. 7 is to empower the Directors, from the date of the passing of Ordinary Resolution 7 to the date of the next Annual General Meeting, to issue Shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into Shares, and to issue Shares in pursuance of such instruments, up to an amount not exceeding in total 50% of the issued Shares (excluding treasury shares) in the capital of the Company, with a sub-limit of 20% of the issued Shares (excluding treasury shares) for issues other than on a *pro rata* basis to shareholders.

# NOTICE OF ANNUAL GENERAL MEETING

**Notes:**

(a) A member of the Company entitled to attend and vote at the general meeting of the Company is entitled to appoint not more than two proxies, to attend and vote on his/her behalf. A proxy need not be a member of the Company.

(b) Where a member appoints two proxies, he shall specify the proportion of his shares (expressed as a percentage of the whole) to be represented by each proxy.

(c) A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore to attend and vote for and on behalf of such corporation.

(d) 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 under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.

(e) Where an instrument appointing a proxy is signed on behalf of the appointor by the attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

(f) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 20 Martin Road, #10-01 Seng Kee Building, Singapore 239070, not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

**Personal data privacy:**

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

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ISR CAPITAL LIMITED
(Company No.: 200104762G)
(Incorporated in the Republic of Singapore)

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

**Personal Data Privacy**
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 April 2015.

# PROXY FORM
## ANNUAL GENERAL MEETING

*I/We ____________________________________________

of ____________________________________________

being *a member/members of ISR Capital Limited. (the "Company"), hereby appoint

| Name | Address | NRIC/Passport No. | Proportion of shareholdings to be represented by proxy (%) |
|---|---|---|---|
| | | | |

* and/or

| Name | Address | NRIC/Passport No. | Proportion of shareholdings to be represented by proxy (%) |
|---|---|---|---|
| | | | |

or failing him/her, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at 20 Martin Road, #10-01 Seng Kee Building, Singapore 239070 on Tuesday, 28 April 2015 at 2.30 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 Annual General Meeting as indicated hereunder. If no specific directions as to voting are given, the proxy/proxies will vote or abstain from voting at *his/their discretion.

| No. | Ordinary Resolutions | For# | Against# |
|---|---|---|---|
| 1. | Adoption of the Audited Financial Statements of the Company for the financial year ended 31 December 2014 together with the Directors' Report and Independent Auditor's Report thereon. | | |
| 2. | Approval of payment of additional Directors' fees of S$6,500 for the financial year ended 31 December 2014. | | |
| 3. | Approval of payment of Directors' fees of S$120,000 for the financial year ending 31 December 2015, to be paid quarterly in arrears. | | |
| 4. | Re-election of Ms Quah Su-Yin as Director. | | |
| 5. | Re-election of Datuk Md Wira Dani Bin Abdul Daim as Director. | | |
| 6. | Re-appointment of Messrs RT LLP as Auditors. | | |
| 7. | Authority to allot and issue shares. | | |

* *Delete accordingly*
\# *If you wish to use all your votes "For" or "Against", please indicate with an "X" within the box provided. Otherwise, please indicate number of votes "For" or "Against" for each resolution within the box provided.*

Dated this ______________ day of ______________ 2015

| Total number of shares in | No. of Shares |
|---|---|
| (a) CDP Register | |
| (b) Register of Members | |

______________________________________

Signature(s) of Member(s)/Common Seal
IMPORTANT. Please read notes overleaf.

***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 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.*

2. *A member of the Company entitled to attend and vote at the general meeting of the Company is entitled to appoint not more than two proxies, to attend and vote on his/her behalf. A proxy need not be a member of the Company.*

3. *Where a member appoints two proxies, he shall specify the proportion of his shares (expressed as a percentage of the whole) to be represented by each proxy.*

4. *A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore to attend and vote for and on behalf of such corporation.*

5. *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 under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.*

6. *Where an instrument appointing a proxy is signed on behalf of the appointor by the attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.*

7. *The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 20 Martin Road, #10-01 Seng Kee Building, Singapore 239070, not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting*

***General:***

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

AFFIX
STAMP

The Company Secretary

**ISR CAPITAL LIMITED**

20 Martin Road
#10-01 Seng Kee Building
Singapore 239070

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