



Si2i Limited



ANNUAL REPORT

2015

# CONTENTS

Corporate Profile .....	01
Board of Directors Message .....	02
Operational and Financial Performance Review.....	04
Corporate Structure .....	06
Board of Directors .....	08
Senior Management .....	10
Corporate Information.....	12
Corporate Governance.....	13
Directors' Statement .....	24
Independent Auditors' Report .....	30
Consolidated Income Statement.....	31
Consolidated Statement of Comprehensive Income.....	32
Statements of Financial Position.....	33
Consolidated Statement of Changes in Equity.....	35
Consolidated Statement of Cash Flows.....	36
Notes to the Financial Statements .....	38
Statistics of Shareholdings .....	108
Group Offices.....	110
Notice of Annual General Meeting.....	112
Proxy Form	

# CORPORATE PROFILE

S i2i Limited was incorporated in Singapore under the name of Mediacom Technologies Pte Ltd on 15 July 1993. Subsequently, it was converted to a public limited company on 25 October 1999.

## **S i2i currently operates in the following key segments:**

### **Distribution for Operator Products and services**

The Company distributes mobile prepaid cards as authorized distributor of well-established telecom operators in Indonesia like PT Telekomunikasi Selular (Telkomsel), PT XL Axiata, PT Indosat etc. The distribution is based on a network of more than 30,000 resellers, 150 dealers and sub-dealers, along with a network of large number of branch offices and sub-branch offices in Indonesia.

### **ICT Distribution and Managed Services**

Based on partnerships with global players like IBM and HP, the Company provides both hardware infrastructure and business service integration for governments and corporate clients in Southeast Asia. Not only does the Company offer integrated one-stop ICT solutions ranging from consultancy to maintenance and disaster recovery services, but it also undertakes projects on Networking, Data Hosting, and Managed Service solutions.

### **Mobile Devices Distribution and Retail Business**

The Company is involved in the procurement and sale of both mobile devices and related services. By running a selection of niche retail stores in Indonesia, the Company sells mobile handsets and accessories under the "Selular Shop" brand. The Company retails MNC brand devices/Mobile devices from its retail outlets but has moved away from its own brand of mobile devices procurement and distribution business.

Since 1999 S i2i Limited is listed on the Mainboard of the Singapore Exchange Securities Trading Limited and operates under the ticker symbol SGX: BAI.



# BOARD OF DIRECTORS MESSAGE

## Dear Shareholders,

The Board of Directors of S i2i Limited (“S i2i” or the “Group”) hereby present to you the Group’s annual report for the financial year ended December 31, 2015. (“FY2015”). We express our sincere gratitude to all shareholders for your unyielding and continuing support for S i2i.

### THE YEAR IN REVIEW - 2015

During the year under review, the Board and Management worked with a focused plan to chart and steer S i2i’s return to profitability as a key objective and have achieved significant progress in a short span of time. Our key focus during the year remained on cost optimisation and divestment of loss-making and non-strategic business units, which the Group achieved with the divestment of three non-core businesses - Mediating Network Services Pte. Limited (“MRNS”) and Mediating Communications Pte. Ltd. (“MRC”) (collectively, the “Voice Entities”) and I-Gate Holdings Sdn Bhd (“I-Gate”)

The completion of the divestiture of I-Gate and the Voice Entities in December 2015 is consistent with our strategy to rationalise unprofitable units and refocus on the Group’s higher value-add operations.

Our turnaround efforts are yielding positive results, evidenced by a set of improved financial results, turning around from a loss of S\$56.0 million a year ago (“FY2014”) to a profit after tax of approximately S\$1.1 million in FY2015. This is a firm step forward in line with our priority of achieving profitability and exiting the SGX watch-list.

Even as we work towards the strategic goals of sustainable profitability and growth, we continue to maintain a firm commitment on value creation for our faithful shareholders. The successful divestments and our subsequent return to profitability provided a suitable opportunity for us to unlock significant value for shareholders, as we unveiled a S\$10 million cash distribution to shareholders via a capital reduction exercise in February 2016. The proposed capital reduction will encompass a payout of 72.9 Singapore cents per ordinary share, which works out to approximately S\$72.9 for every 100 S i2i shares currently held. Shareholders should also note that the capital reduction will not result in a cancellation of shares or a change in the number of shares held by shareholders. The proposed capital reduction is subject to your approval at an upcoming Extraordinary General Meeting, and a detailed circular has also been circulated to shareholders.

The operating environment remained challenging in FY2015. Our key market of Indonesia was not spared by the global events and expanded 4.7% in 2015, missing its target for economic growth of 5.7% in 2015. Slower growth in consumer spending compared to previous years and the weak rupiah also hampered our turnaround efforts. Nonetheless, Indonesia still holds much growth potential and is forecasted to grow 4.9% in 2016 as the government accelerates spending.

Notwithstanding a challenging backdrop, the Group recorded turnover of S\$411.9 million in FY2015, as compared to S\$449.3 million in FY2014. As announced in October 2015, overall clusters consolidation and reallocation exercise for the distribution of operator products carried out by one of the operators in Indonesia resulted in reduction in number of clusters held by one of our Indonesian subsidiaries. Consequently, this translated into a significant reduction in revenue from the Distribution of Operator Products and Services segment in the last quarter of FY2015. The decrease in revenue from our Mobile Devices Distribution and Retail business is in line with our strategy of moving away from unprofitable mobile device businesses and loss-making retail shops.

Our management’s ongoing efforts to optimise costs have also contributed to performance as overhead expenses decreased. Operating expenses decreased to S\$31.5 million in FY2015 from S\$39.8 million in the preceding year, on the back of lower personnel costs, infrastructure costs and other operating expenses. Other non-operating expenses declined 99.0% to S\$0.5 million during the period under review, from S\$49.7 million in FY2014, mainly due to the impairment of intangible assets in FY2014 whereas there were no such assets required to be tested for impairment in the year under review. Consequently, total net profit for FY2015 totalled S\$1.1 million, reversing from a loss of S\$56.0 million in FY2014.





## COMMITMENT TO GROWTH

Looking ahead, we will keep our focus on the Distribution of Operator Products and Services business and maintaining our existing clusters. We will work with the operators to plan to increase the number of clusters under our control as well as focus our efforts on winning bids and cluster renewals. Loss-making and non-strategic business units will continue to be divested to save cost and reduce impending drain on resources and cash

The ICT Distribution and Managed Services industry has demonstrated signs of saturation and competition remains keen, particularly in the manufacturing and the banking sectors. We intend to focus on service-led solutions which enjoy higher margins than hardware oriented sales and focus on large account deals, working closely with our partners, which include HP and IBM. Further, we will also exercise financial discipline and look for ways to continuously cut costs and improve margins.

In the upcoming year, we will continue to take steps towards exiting the SGX administered watch-list. Our board members and senior management executives will continually monitor and evaluate the Group's turnaround progress, with a focus on removing non-strategic non-performing business units and maintaining profitability.

## APPRECIATION

2015 has been a year of meaningful developments for the Group. We continue to strive towards achieving sustainable profitability and envisage 2016 as another year of opportunities and business transformation.

We would like to thank our business associates and customers for their unwavering support. The Board also would like to extend its gratitude to S i2i's management and staff, for their counsel, diligence and unwavering commitment shown to the Group.

In closing, we would like to reiterate our sincere appreciations to our loyal shareholders for their faith and patience in S i2i. With your continued support, we will continue to move ahead to achieve success in the years ahead. Thank you!

On behalf of the Board

Maneesh Tripathi  
Executive Director & Group CEO

**S i2i LIMITED**  
28 March 2016



# OPERATIONAL & FINANCIAL PERFORMANCE REVIEW

## OPERATIONAL REVIEW

S i2i Limited (“S i2i”, and together with its subsidiaries, collectively, the “Group”), is a South Asia regional company with focus on products and services in segments such as distribution of mobile operator & IT related products and services and related professional & managed services.

The Group mainly operates in the following key segments:

- Distribution for Operator Products and Services
- ICT Distribution and Managed Services
- Mobile Device Distribution and Retail Business

### Distribution for Operator Products and Services

The Company distributes mobile prepaid cards as authorized distributor of well-established telecom operators in Indonesia like PT Telekomunikasi Selular (Telkomsel), PT XL Axiata, PT Indosat etc. The distribution is based on a network of more than 30,000 resellers, 150 dealers and sub-dealers, along with a network of large number of branch offices and sub-branch offices in Indonesia.

### ICT Distribution and Managed Services

Based on partnerships with global players like IBM and HP, the Company provides both hardware infrastructure and business service integration for governments and corporate clients in Southeast Asia. Not only does the Company offer integrated one-stop ICT solutions ranging from consultancy to maintenance and disaster recovery services, but it also undertakes projects on Networking, Data Hosting, and Managed Service solutions. The company now focuses on Information and technology business and has divested and moved away from VOIP enterprise business to focus on core and strategic businesses as announced before.

## Mobile Devices Distribution and Retail Business

The Company is involved in the procurement and sale of both mobile devices and related services. By running a selection of niche retail stores in Indonesia, the Company sells mobile handsets and accessories under the “Selular Shop” brand. The Company retails MNC brand devices/Mobile devices from retail outlets but has moved away from its own brand of mobile devices procurement and distribution business

## FINANCIAL REVIEW

The Group recorded a turnover of S\$411.9 million during the year ended 31 Dec 2015 - a decrease of 8.3% over revenue of corresponding financial year 2014. As announced on 2 October 2015, overall clusters consolidation and reallocation exercise for the distribution of operator products carried out by one of the operators in Indonesia resulted in reduction in number of clusters in one of the subsidiaries of the Company in Indonesia. Consequently, as anticipated, this resulted in reduction in revenue from Distribution of Operator Products and Services during the quarter ended 31 December 2015. Revenue from Distribution of Operator Products and Services in Indonesia has shown decline of 4.4% during current year ended 31 December 2015 against corresponding preceding year ended 31st December 2014 (“FY 2014”). Revenue from ICT distribution and managed services has shown a decline in FY 2015 over corresponding FY 2014. There has been a planned reduction in revenue from Mobile Devices Distribution and Retail. The Group has moved away from its own brand led Device business, which was not profitable and also taking steps to move away from loss making retail shops and only focus on profitable revenue stream. Accordingly, there has been change in “Purchases & changes in inventories and direct services fee incurred”. The Company continues to retail the top MNC brands through its retail outlets as per demand.



There was a decrease in overheads on account of ongoing cost optimisation measures taken by the Company including consequent to reduction in clusters in Indonesia as explained above. Corresponding decrease in purchase and changes in inventories and direct services fee incurred to decrease in turnover and significant reduction in operating expenses resulted in improvement in operating results during FY 2015 against FY 2014. During FY 2015, certain subsidiaries had been disposed and correspondingly gain on disposal has been recognized.

In accordance with FRS 21 "The Effects of Changes in Foreign Exchange Rates", the cumulative translation reserve pertaining to I-Gate group has also been reclassified from equity to profit. Certain costs related to ongoing restructuring initiatives and probable losses at the time of receipt of last payment from disposal of Voice Business were incurred/ recognized during FY 2015. This was partially offset by write back of certain portion of accruals, which were no longer required. These accruals were in respect of certain non-recurring costs recognised in FY 2014 as part of alignment of certain business segments in light of industry shifts. During FY 2014, in accordance with FRS 36, certain intangible assets arisen as part of acquisition of businesses in past were impaired resulting in higher losses during those periods.

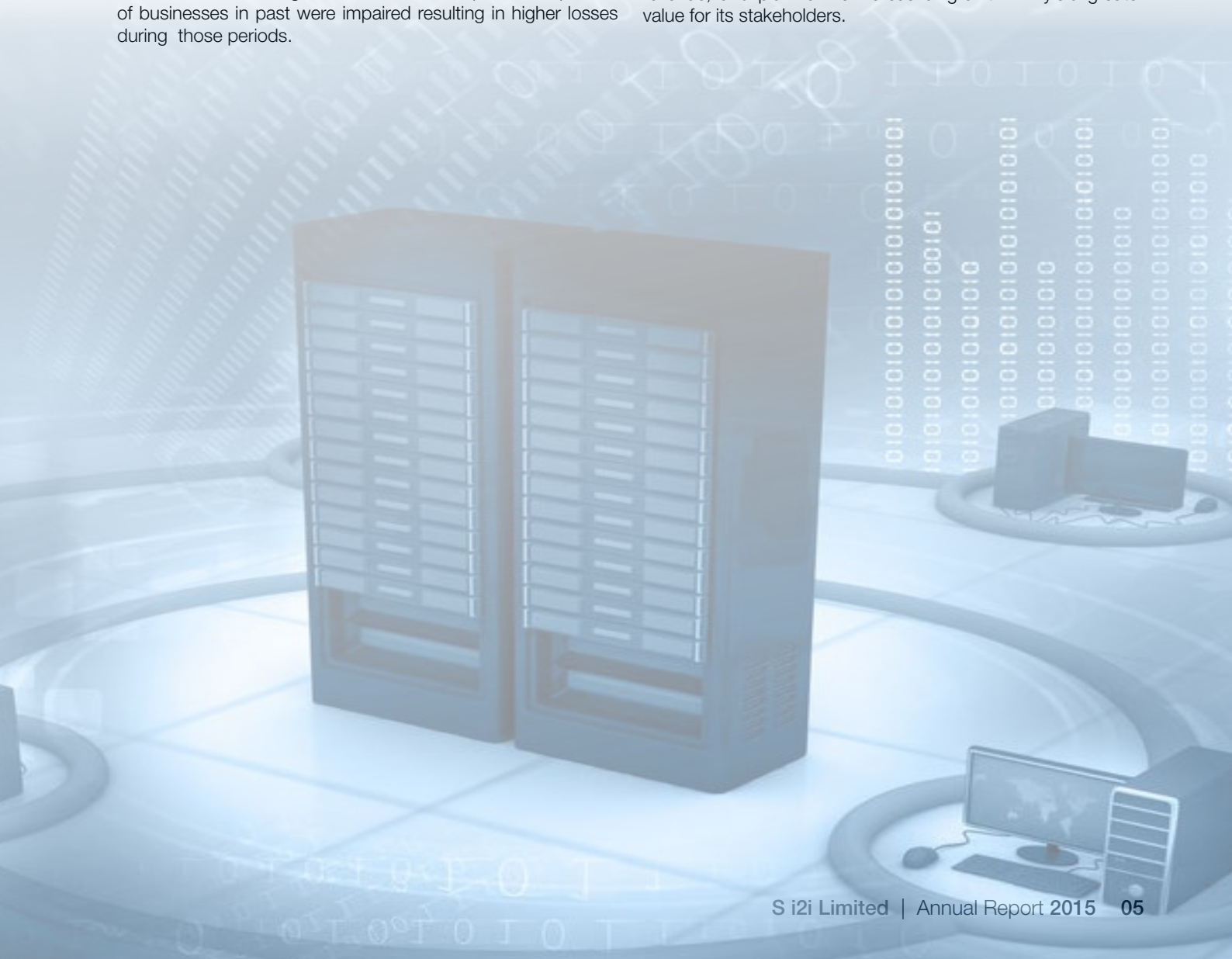
The Group earned net profit after tax of S\$ 1.1 million during FY 2015 against loss after tax of S\$ 55.9 million during corresponding year FY 2014. There had been reduction mainly in stocks, trade debtors, trade creditors and loans & borrowings during the year. Cash in hand (Net of borrowings) as at 31 December 2015 had been S\$40.0 million against S\$32.9 million as at 31 December 2014.

#### **OUTLOOK**

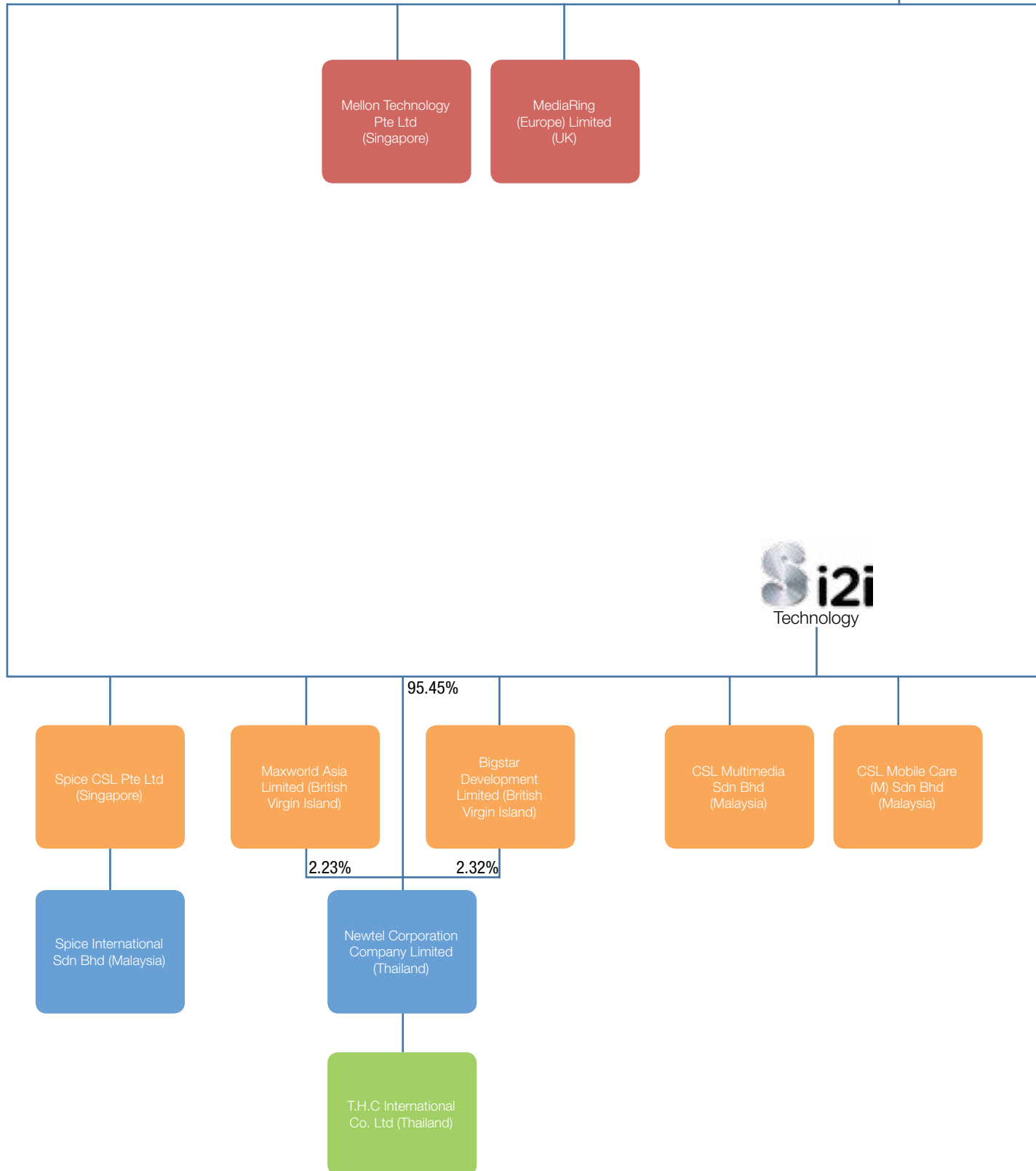
Going forward the Company plans to focus on the following initiatives:

- Consolidate the distribution of operator products business in Indonesia and plan to win back or grow more clusters in Indonesia
- Cut losses and exit non-strategic and loss making business units
- Plan for new areas of growth to reenergize the company
- Work to move out of watch list as per guidelines

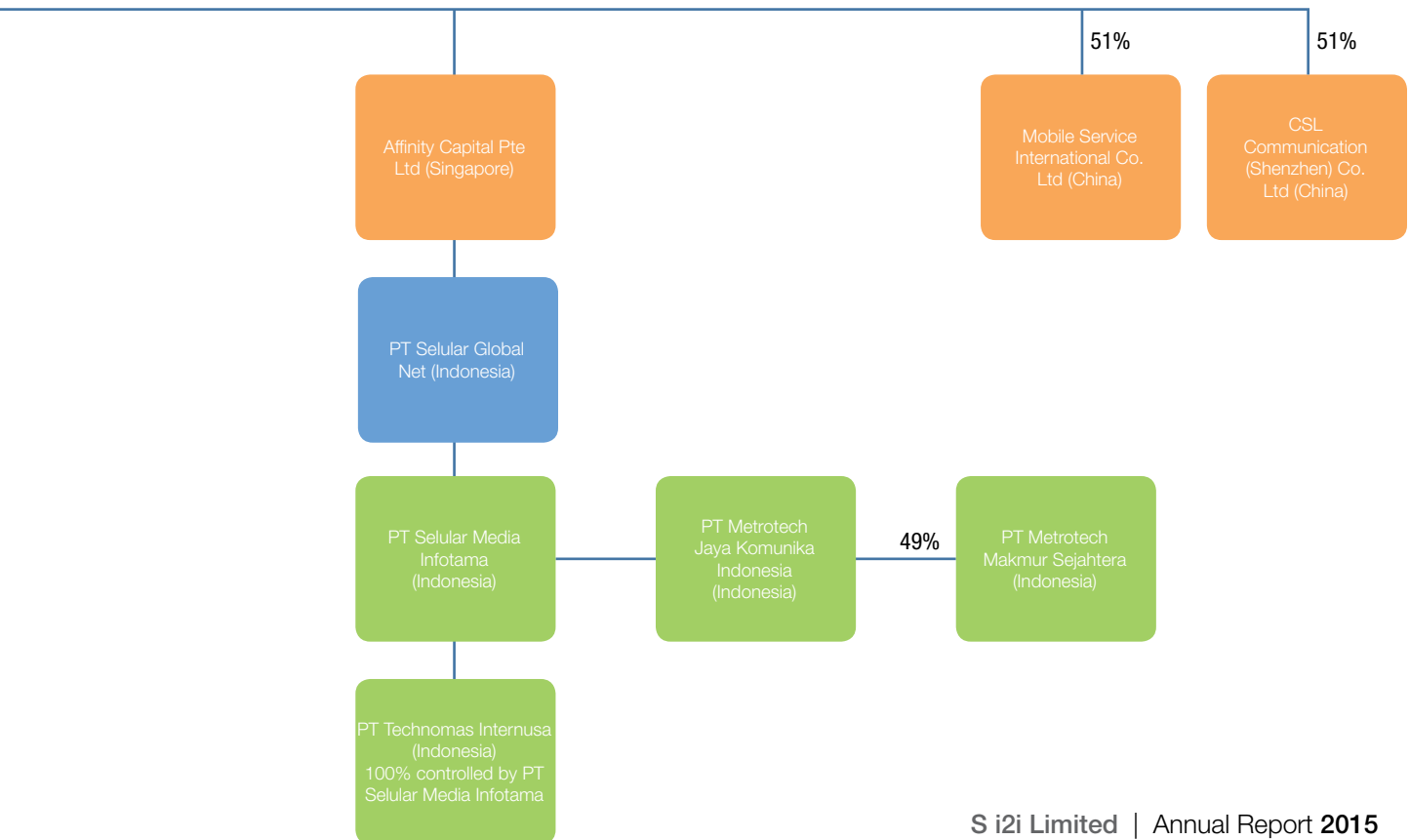
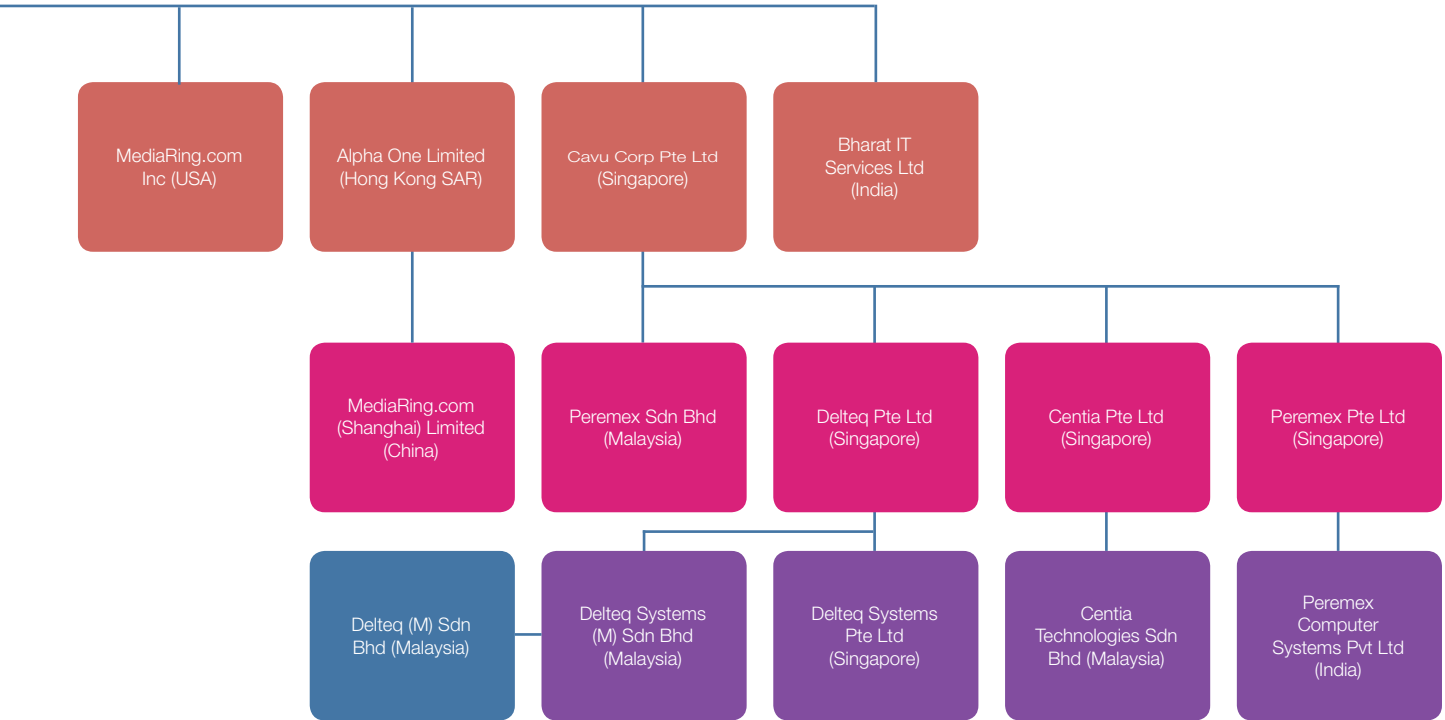
Backed by a strong and committed Board of Directors and Management team, the Group strongly believes that in the long term, its strategy and direction of focussing on cost, profitable revenue, and plan for new areas of growth will yield greater value for its stakeholders.



# CORPORATE STRUCTURE







# BOARD OF DIRECTORS

## Dr. Bhupendra Kumar Modi

Non-Executive Director and Chairman  
"Technology Futurepreneur"

Dr. Bhupendra Kumar Modi was appointed on the board on 1 September 2015 as Non-Executive Director and Chairman.

A 'futurepreneur' with nearly four decades of business excellence, he has always shunned conformity in order to embrace the future. Veering away from traditional family business norms, he revolutionized the office automation and communications domain in India. Spearheading successful alliances and JV partnerships with multinational corporations & category leaders like Xerox, Alcatel, Telstra, Olivetti, Singapore Technologies Telemedia, Telekom Malaysia, amongst others.

Accredited with 'Many Firsts' to his name, his efforts led to the introduction of the first photocopier, PC, facsimile in India. In the mobile telephony space, he is credited with bringing the mobile ecosystem in India with the first mobile call in India being placed on the Spice network. Single-handedly, he has expanded the reach of the Smart Group across India, Singapore, China, the ASEAN region, parts of Africa, UK and the USA.

A keen philanthropist, Dr Modi has led interfaith activity for decades. He is the Founder of the Global Citizen Forum (GCF), a Singapore based non-profit organisation whose objective is to create 'One World'- beyond gender, religion, nationality and boundaries that often divide the human family. In the year 2000, he co-organised the Millennium World Peace Summit at the United Nations. He was also a Founder-Member of 'Ekal Vidyalaya' a unique one teacher school established to impart education to the remotest communities in across the globe.

His humanitarian work has been recognised and commended by several organisations. Recently, Dr Modi was felicitated as 'Ambassador for peace' by Universal Peace Federation. He is also the chairman of Asia's Crime Prevention Foundation (India Chapter).

Dr Modi is a chemical engineer and holds a Master's Degree in Business Administration from the University of South California. He has also been conferred PhD in financial management and a DLitt in industrial management.

## Mr. Thomas Henrik Zilliacus

Lead Independent Director

Mr. Thomas Henrik Zilliacus is a globally recognised innovator and leader in the mobile business space. He has had a significant number of years working in senior management positions with global industry leaders in the mobile industry. He is the Chairman and Founder of Mobile FutureWorks Inc, an investment and development company focused on the mobile space, which currently holds approximately 47% of YuuZoo's share capital.

Prior to forming Mobile FutureWorks, he held various senior management positions with the world's leading mobile handset company Nokia, including Regional Director for the Asia-Pacific region, Managing Director for Nokia Southeast Asia Pte Ltd, and Senior Vice-President, Corporate Communications, with overall responsibility for Nokia's corporate image, marketing, PR and brand.

He is a senior adviser to several companies in the wireless space. He is the co-founder and first chairman of the world's leading mobile services industry body, the Mobile Entertainment Forum.

Mr. Zilliacus holds a Master of Science in Economics and Business Administration from the Swedish School of Economics and Business Administration, Helsinki.

## Mr. Hanif M Dahya

Independent Director

Mr. Hanif Mohamed Dahya, Wally, serves as the Chief Executive Officer of The Y Company, LLC. Mr. Dahya is an Investment Banker with over 14 years of experience on Wall Street. He began his career with E.F. Hutton and Company, Inc. Mr. Dahya served as a Director of New York Community Bancorp. Inc and also served as a Director of New York Commercial Bank.

He was an Independent Non-Executive Director of Cellebrum Technologies Limited. He has been Independent Non Executive Director of S i2i Limited since August 29, 2013. He is a Director of New York Community Bank since March 2, 2007. He served as a Director of CFS Investments New Jersey, Inc., a subsidiary of CFS Bank. He also serves as an Independent Director on the Board of Spice Mobility Ltd, a listed company in India.

Mr. Dahya holds Masters in Business Administration Degree of Harvard Business School, Cambridge, Massachusetts, USA and obtained his bachelor's degree in technology from Loughborough University of Technology in the UK.

## Mr. Maneesh Tripathi

Executive Director and Group Chief Executive Officer

Mr. Maneesh Tripathi was appointed as an Executive Director on 27 March 2015. He was first appointed as Chief Executive Officer of Si2i Ltd (formerly known as Media Ring Ltd) in March 2010. Later, after the acquisition of the Affinity Group in Indonesia he was appointed as Managing Director/ Chief Executive Officer of Affinity/Selular Group Indonesia in May 2011.

Mr. Tripathi has played a key role in the integration, transition and growth plans of Affinity/Selular Group having business in Mobile Devices, VAS and Telecom operator calling card and VOIP business in Indonesia.

In January 2013, Mr. Tripathi was once again appointed by the Board as the Group CEO of Si2i Ltd to oversee the business of all subsidiaries, as the local management was put in place in Affinity Group in Indonesia and the integration plan was implemented.

Mr. Tripathi has more than 25 years of experience in various leadership positions in Multinational Companies. In 2010 Mr. Tripathi joined Spice i2i as Group CEO. He is also a board member of many subsidiaries of S i2i Ltd.

Prior to this Mr. Tripathi handled senior management assignments with IBM, Philips, Olivetti, Sun and TCPL conducting business and working out of various countries like Japan, China, Singapore, Malaysia, Thailand, India, Saudi Arabia and Middle East. He managed various Business Head positions in IBM Global Services during his stint (10 years) where he lastly held the position of COO to run IBM ISS in Asia Pac. He is also an honorary board member of Global Indian International School Singapore.

Mr. Tripathi is an Engineer by qualification with a Degree in Electronics and Telecom from Jabalpur Engineering College (India) and has a PGCGM/Management from Indian Institute of Management, Calcutta, India.

## Ms. Chada Anitha Reddy

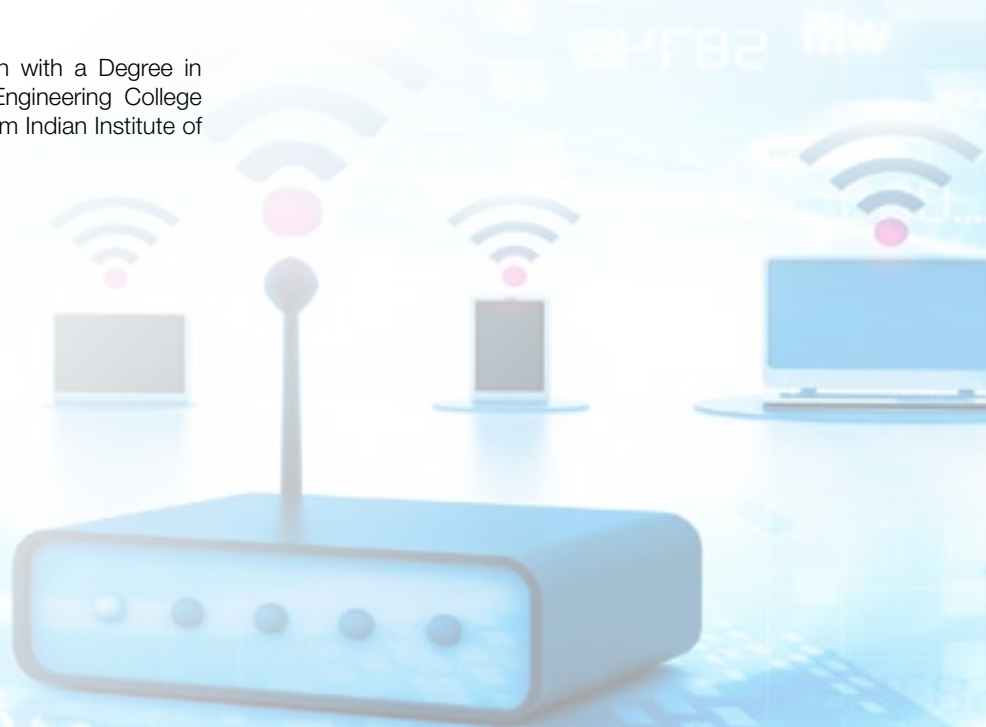
Non-Executive Non-Independent Director

Ms. Anitha Reddy was appointed as Non Independent & Non Executive Director on 5 January 2016. Prior to that, she had been leading the Si2i Human Resources as Head of the Group since July 2011. She has over 19 years of managerial experience.

She joined the Group in October 2009 and held various senior management positions where she held leadership roles in Corporate Administration, Corporate Image & International Business Relationships, Events Management, Personnel / Human Resource Development, Communication, Public Relations. She was also actively involved in providing matrix leadership for teams in Finance, Human Resources, Policy development and Administration and led various teams during group initial acquisitions, restructuring operations and new spinoffs in Singapore, Thailand, Malaysia and Indonesia.

Anitha also takes keen interest and is actively involved in community development and service, coordinating and conducting charity and community events. She held various positions in the community centres of Singapore and cultural associations and was awarded long service award by the community centres of Singapore in appreciation of her dedicated voluntary service.

She holds a Master of Business Administration degree.



# SENIOR MANAGEMENT

## Rakesh Kherra

Deputy Chief Financial Officer  
S i2i Limited

Rakesh Kherra brings with him total experience of 25+ years including 5.5 years with S i2i Limited, Singapore.

Before joining S i2i Limited in year 2010, he had been working as Vice President – Finance & Accounts of a widely held public listed company in India.

His pan industry experience includes heading finance and accounts functions of trading, service, manufacturing, engineering, procurement & commissioning and assembly oriented organizations. His various roles included heading corporate and works accounts & finance, doing strategic planning, dealing with consortium of financial institutions and banks, foreign collaborators, direct and indirect taxation.

He has also been member of Finance & Banking Committee of Indian trade associations namely PHD Chamber of Commerce & Industry and Faridabad Industries Association. He also played role of Facilitator for Total quality Management (TQM), when his company embarked upon the journey of TQM followed by ISO 9001 certification.

He is a fellow member of The Institute of Chartered Accountants of India apart from being a commerce graduate.

## Arun Seth

Chief Executive Officer  
Bharat IT Services Ltd

As the CEO of Bharat IT Services Ltd, Arun brings with him a rich experience spanning 24 years in the Electronics and Information Technology Industry in India, having held senior and responsible positions throughout his career.

Arun commenced his career with the IT industry and served DCM Data Products and Spice Limited in various senior capacities. He joined Modi Olivetti Ltd in 1990 as General Manager. During the initial years of his tenure with the Company, Arun proved to be a consistent performer and his geographic domain remained the highest revenue generating region in the country for many years.

In 1996, Arun was given the complete responsibility of the organization and was capped as Chief Executive Officer of Modi Olivetti. Arun remained in vanguard and transformed the organization with a select team to support him. Even though Olivetti exited the PC business worldwide, Arun was able to build a substantial business under the Spice Banner in the I.T Systems, Services and Peripherals area.

A key component of this success was the strong bond established with Olivetti to promote, sell and service their products in India. Till today, the Olivetti business remains the flagship business for Bharat IT and contributes majority to the top and bottom line of the company. Parallely, the service business in the I.T sector was developed to cater to the service support needs of the domestic BFSI segment. This business has also shown regular and encouraging growth till date.

In 2002 when the Modi GBC JV got concluded, Arun was entrusted with the additional responsibility of managing the Office Automation business in India. He was able to successfully integrate the GBC business as a separate LOB in Bharat IT. Introducing technology products to address evolving needs of banks has been an important consideration for Arun.

Bharat IT's most recent foray in the cheque truncation area by associating with CTS Electronics of Italy as their Indian Distributor, will go a long way in making us a prominent player in this category in India. Building and managing teams of successful professionals is Arun's forte. Creating and nurturing customers with long term relationships is a key strength.

## Mukesh Khetan

Head-Corporate Affairs  
Selular Group

Mukesh Khetan brings with him a total experience of more than 10 years of handling compliance and legal functions including managing compliance, legal and corporate affairs function for the S i2i Group from the past 3.5 years.

He has been based out of Indonesia working in the Selular Group from the last 3.5 years and has been designated as the President Director for the Selular Group from the last 1 year and is now managing the Indonesia business with the local team.

Throughout his career, he has been associated with public listed companies in India like Vaibhav Gems Limited and Provogue India Limited as their Company Secretary & Compliance Officer before joining the Spice Group. He has handled matters like IPOs, Private Equity Placements, GDRs, Complex SPAs, Litigation etc.

He is an associate member of the Institute of Company Secretaries of India and a Masters of Business Administration in Finance from the Institute of Chartered Financial Analysts of India ("ICFAI") besides being a Commerce Graduate.



## Rusli Su anto

Chief Operating Officer  
Selular Group

Rusli Su anto is working as the Chief Operating Officer of the Selular Group in Indonesia. He has been instrumental and has proven track record in developing business strategies, Sales Plans and Performance Targets of the Airtime business unit. Currently, he is also responsible for the Retail business of the Selular Group.

He has over 10 years of professional experience in the field of telecommunications. Prior to joining Selular Group in 2011 as General Manager Sumatera and Kalimantan Area, he had outstanding record in working with some reputed and established companies in Indonesia like PT. Grant Surya Multi Sarana and PT. Landseair Transport.

He has good understanding of Indonesia's Telco industry. He maintains good relationships with Telco operators, dealers and partners. He also has strong business leadership skills, people management skills which make him an asset to the organization.

Rusli Su anto is a literary language graduate from University Methodist-Indonesia.

## Lim Ai Wah

Assistant Vice President  
Cavu Corp Pte Ltd – IT Business

Ai Wah has more than 20 years of extensive experiences with primary focus on sales and marketing, channel and distribution, client relationship management and general management across industries. She has cross region implementation expertise and is instrumental in building and developing the growth of Cavu IT business and clientele over the last 10 years.

Ai Wah currently leads our Sales organization and is responsible to deliver value-added customer experience and partnership for customers across industries namely banking and financial services, manufacturing, logistic and supply chain.

Ai Wah holds a BA (Hons) International Business Administration, University of Northumbria at Newcastle, UK.

## Kelly Lim

Deputy General Manager  
Delteq Pte Ltd

Kelly has more than 20 years of experience in System Integration industry, dealing with public, finance, manufacturing, pharmaceutical sectors. Her network with industry leaders such as Hewlett Packard Enterprise, HP Inc, Veritas, ArcServe and so on, has been an asset to the company in driving more opportunity in collaboration.

She has an outstanding track record in her performance as the senior sales manager in her previous role, being the top sales person in Delteq for the last 5 years. She has done more S\$20m revenue in a single year over achieving her then target by 400 times.

Kelly graduated from National University of Singapore and has a degree in Information Systems and Computer Science.

# CORPORATE INFORMATION

## Board of Directors

Dr Bhupendra Kumar Modi, Non-Independent, Non Executive Director and Chairman  
Mr Thomas Henrik Zilliacus, Lead Independent Director  
Mr Hanif M Dahya, Independent Director  
Ms Chada Anitha Reddy, Non-Independent, Non-Executive Director  
Mr Maneesh Tripathi, Executive Director and Group CEO

## Company Secretary

Ms Kim Yi Hwa

## Audit Committee

Mr Hanif M Dahya - Chairman  
Mr Thomas Henrik Zilliacus  
Ms Chada Anitha Reddy

## Nominating Committee

Mr Thomas Henrick Zilliacus - Chairman  
Mr Hanif M Dahya  
Ms Chada Anitha Reddy

## Remuneration Committee

Mr Thomas Henrick Zilliacus - Chairman  
Mr Hanif M Dahya  
Ms Chada Anitha Reddy

## Registered Office

152, Ubi Avenue 4,  
Level 4, Smart Innovation Centre,  
Singapore 408826  
Tel: (65) 6514 9458  
Fax: (65) 6441 3013  
<http://www.spicei2i.com/>

## Share Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.  
50 Raffles Place,  
#32-01 Singapore Land Tower  
Singapore 048623

## Auditors

Moore Stephens LLP  
10 Anson Road, #29-15  
International Plaza, Singapore 079903  
Partner-in-charge: Chris Johnson  
Date of appointment: 25 August 2014

## Principal Bankers

**Oversea-Chinese Banking Corporation Limited**  
63 Chulia Street #10-00  
OCBC Centre East  
Singapore 049514

# CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE

S i2i Limited (the “Company”) and its subsidiaries (collectively called “the Group”) are committed to achieving and maintaining high standards of corporate governance. While there will always be business risks, we believe that good corporate governance is the cornerstone to building a sound corporation in the best interests of the shareholders. We believe that given the Group’s size and stage of development, the overall corporate governance we have in place is appropriate. The Company is in compliance of the Corporate Governance 2012 (the “Code”). This corporate governance report (“Report”) describes the Company’s corporate governance framework with specific reference to the principles set out in the Code. Where there is any deviation from the Code, an explanation has been provided within this report. The Company has also complied with the spirit and requirements of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

### (A) BOARD MATTERS

#### The Board’s Conduct of its Affairs

##### **Principle 1: Effective board to lead and control the Company**

The principal roles of the Board of Directors (the “Board”) are to decide on matters in respect of strategic direction, performance, resources, standard of conduct, corporate planning, major investments and divestments. The Board oversees and reviews key operational activities, business strategies and affairs of the Group, annual budget, management performance, adequacy of internal controls and risk management. The Board also approves the financial results for release to the SGX-ST, major funding and borrowings, investment proposals, and ensures that effective human resources and management leadership of high quality and integrity are in place. Each Director exercises objective judgement in the best interest of the Company and the shareholders.

To assist the Board in its discharge of oversight function, the Board has delegated specific responsibilities to various board committees, namely the Audit Committee (AC), the Nominating Committee (NC) and the Remuneration Committee (RC).

The details of the AC , NC and RC can be found in page 16 to 21 of this report.

During the financial year from 1 January 2015 to 31 December 2015 (“FY2015”), a total of nine Board meetings were held. The Company’s Constitution allows for participation in a meeting of the Board by means of conference telephone or similar communications equipment. The number of meetings of the Board of Directors, AC, RC and NC held in FY2015, as well as the attendance of each Board member at these meetings are set out in the table below.

Name of Director	Board		Audit Committee		Remuneration Committee		Nominating Committee	
	No. of Meetings							
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Dr. Bhupendra Kumar Modi*	4	4	-	-	-	-	-	-
Dilip Modi**	2	2	-	-	-	-	-	-
Preeti Malhotra**	2	2	1	1	2	2	2	2
Umang Das **	2	2	1	1	2	2	2	2
Thomas Henrik Zilliacus	9	9	7	7	4	4	4	4
Ashok Kumar Goyal@	7	7	6	6	2	2	2	2
Hanif M Dahya	9	8	7	6	2	1	2	1
Maneesh Tripathi@@	7	7	-	-	-	-	-	-

\* Appointed as a Director on 1 September 2015

\*\* Ceased to be a Director on 27 March 2015

@ Appointed as a Director on 27 March 2015 and ceased to be a Director on 5 January 2016

@@ Appointed as a Director on 27 March 2015

The Board oversees the management of the Group and has adopted a set of internal guidelines setting out management authority limits (including Board’s approval) for capital and operating expenditure, investments and divestments, bank facilities and cheque signatories.

# CORPORATE GOVERNANCE

The Company conducts an induction programme for newly appointed Directors which include management presentations on the Group's businesses and strategic plans and objectives. The Directors are provided with regular updates on regulatory changes and any new applicable laws and are also encouraged to attend training programs, seminars and workshops organized by professional bodies and organizations at Company expense, so as to enable them to properly discharge their duties as Board or Board Committee members.

## **Board Composition and Guidance**

### ***Principle 2: Strong and independent element on the Board***

During FY2015, the Board comprised 5 Directors, 2 of whom were independent Directors. The Directors of the Company during FY2015 were:

1. Dr. Bhupendra Kumar Modi ( Non-Executive Chairman) (appointed on 1 September 2015)
2. Mr Dilip Modi (Non-Executive Chairman) (resigned on 27 March 2015)
3. Mr Thomas Henrik Zilliacus (Lead Independent Director)
4. Ms Preeti Malhotra (Non-Independent Non-Executive Director) (resigned on 27 March 2015)
5. Mr Umang Das (Independent Director) (resigned on 27 March 2015)
6. Mr Hanif M Dahya (Independent Director)
7. Mr Maneesh Tripathi (Executive Director & Group CEO) (appointed as Executive Director on 27 March 2015)

The Company has renewed the membership of the Board, with the appointment of Dr. Bhupendra Kumar Modi as the Chairman and Non-Executive Director on 1 September 2015 and Ms Chada Anitha Reddy as Non-Independent Non-Executive Director on 5 January 2016. Mr Ashok Kumar Goyal, who was appointed as a Non-Independent Non-Executive Director on 27 March 2015, resigned as Director on 5 January 2016. During FY2015, Mr Dilip Modi, Mr Umang Das and Ms Preeti Malhotra resigned as Directors of the Company on 27 March 2015. Mr Maneesh Tripathi was appointed as Executive Director on 27 March 2015.

In FY2015, the composition of the Board was made up of more than one third of independent directors and with the renewed membership on the Board, the independent directors continue to make up at least one third of the Board and as such, provide a strong independent element on the Board. Management has benefitted and would continue to benefit from their external and objective perspectives on issues that are brought before the Board.

The independent non-executive directors constructively challenge and assist in development of proposals on strategy, assist the Board in reviewing the performance of Management in meeting agreed goals and objectives, and monitor the reporting of performance. When necessary, the non-executive directors will have discussions amongst themselves without the presence of Management.

Membership on the Board and various board committees are carefully selected to ensure an equitable distribution of responsibilities and appropriate combination of skills and experience, as well as a balance of power and independence.

The NC continues to hold the view that as warranted by circumstances, the Board may form additional board committees to look into specific areas of oversight. Majority of the members in the AC, RC and NC are independent directors of which chairpersons of the AC, RC and NC are all independent directors.

The Board consists of individuals who are respected business leaders and professionals, whose collective core competencies and experience are extensive, diverse and relevant to the principal activities of the Group.

The NC had reviewed the independence of the Independent Directors who were present on the Board in FY2015 and found them to be independent notwithstanding the existence of Mr Hanif M Dahya's relationship with Spice Mobility Limited, the details of which are described below, and notwithstanding that Mr Thomas Henrik Zilliacus has served on the Board beyond nine years. The Board does not impose any limit on the length of service of independent directors.

Mr Hanif M Dahya was appointed as an Independent Director on 29 August 2013. Mr Dahya continues to demonstrate independence in character and judgement in the discharge of his responsibilities as a Director of the Company. Although Mr Dahya is an existing independent director of Spice Mobility Limited (formerly "S Mobility Limited"), a company listed on the National and Bombay Stock



# CORPORATE GOVERNANCE

Exchange, India and Spice Mobility Limited (through its subsidiary) had transactions of more than S\$200,000 with the Company in the previous financial year, the Board noted that these transactions with Spice Mobility Limited (“Spice IPTs”) are carried out on an arms’ length basis mainly on account of sharing expenses related to support services for procurement of mobility products, in respect of its China office. The Spice IPTs are disclosed by the Company in this Annual Report on page 23. Mr Dahya is also independent from the management of the Company and neither does he have any direct involvement in the day to day operations of Spice Mobility Limited. As such, he will abstain from both making any recommendation and/or voting on any shareholders’ and/or director’s resolution that relates to the Spice IPTs, or any other commercial transactions (if any) that the Group might have with Spice Mobility Limited in future. The Board, upon the recommendation of the NC, considered the existence of the relationship described above and determined that Mr Dahya can be considered Independent. The Board and the NC felt that appointment of Mr Dahya would help to enrich the overall Board Performance.

Although Mr Thomas Henrik Zilliacus has been a Director since 2002, there was a change in management and board members when the new substantial shareholder became a shareholder in the Company in 2009. The NC has considered and reviewed his independence more rigorously and determined that Mr Zilliacus continues to express his individual viewpoint and objectivity and exercises independent judgement in the best interest of the Company and there are no relationships or circumstances that could or are likely to affect his judgement and ability to discharge his responsibilities as an independent Director.

The NC had reviewed the size of the Board in FY2015 taking into account the nature and scope of the Group’s operations. The current Board members comprise competent Directors who are able to address the relevant industry and business needs of the Group. The NC was satisfied that the Board in FY2015 comprised Directors who as a group provided core competencies and diversity of skills, experience, gender and knowledge such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board to be effective. The Board views that Board renewal is an ongoing process to ensure good governance, and to maintain relevance to the changing needs of the Group and business.

## **Chairman and CEO**

***Principle 3: Clear division of responsibilities at the top of the Company, no one individual represents a considerable concentration of power***

Dr. Bhupendra Kumar Modi has been appointed as the Non-Executive Director and Chairman of the Company with effect from 1 September 2015 and is involved at the Board level in charting the corporate direction for the Company while taking advice from the other members of the Board. Mr Dilip Modi resigned as Chairman and Non-Executive Director with effect from 27 March 2015.

Mr Maneesh Tripathi was the Group CEO of the Company and has, on 27 March 2015 been appointed as Executive Director and Group CEO. He has been delegated with fiduciary duties as a Director as well as full executive responsibility for overseeing the Group’s day-to-day business, development, strategies and policies.

In FY 2015, the Chairman and the Group CEO performed separate functions to ensure that there is an appropriate balance of power, authority and responsibility, and to ensure accountability and Board independence. All major decisions involving the Company are only executed upon approval by a majority of the Board.

The Chairman led the Board and ensured that the members of the Board worked closely together with Management on various matters, including strategic issues and business planning processes. The Chairman also ensured effective communication with shareholders and promoted high standards of disclosure and corporate governance.

Mr Thomas Henrik Zilliacus was appointed the Lead Independent Director on 8 May 2014. Mr Zilliacus is available to shareholders if they have any concerns relating to matters when contact through the normal channels of the Chairman or the CEO has failed to resolve, or where such contact is inappropriate.

# CORPORATE GOVERNANCE

## Board Membership

### ***Principle 4: Formal and transparent process for the appointment of new directors to the board***

#### NC

The Company has established a NC to, among other matters, make recommendations to the Board on all board appointments and oversee the Company's succession and leadership development plans.

The NC, which is guided by written terms of reference, comprises the following Directors:

Mr Thomas Henrik Ziliacus	Independent Director (Chairman)
Mr Hanif M. Dahya	Independent Director (Appointed as a member on 27 March 2015)
Ms Chada Anitha Reddy	Non-Independent Non-Executive Director (Appointed as a member on 5 January 2016)

Mr Umang Das (Independent Director) and Ms Preeti Malhotra (Non-Independent Non-Executive Director) ceased to be members of the NC on 27 March 2015. Mr Ashok Kumar Goyal, who was appointed as a member of the NC on 27 March 2015, ceased to be member on 5 January 2016 and was replaced by Ms Chada Anitha Reddy.

Majority of the NC members (including the Chairman) are independent directors.

The NC's key terms of reference includes identifying and selecting new Directors and ensuring equitable distribution of responsibilities among Board members to optimise the effectiveness of the Board. Board renewal is an ongoing process to ensure good governance, and maintain relevance to the changing needs of the Group and business.

The NC reviews and assesses the nominations for the appointment, re-appointment or re-election of Directors before making recommendations of the same to the Board. Consideration for assessment of Board is given to diversity of experience, appropriate skills, potential contributions to the needs and goals of the Group, as well as to whether there are any conflicts of interests. The NC also evaluates the Directors' availability to commit them to carrying out the Board's duties and activities having regard to director's contribution and performance (such as attendance, preparedness, participation and candour). The NC Chairman is an Independent Director and is not, or the one who is directly associated with, a Substantial Shareholder (with interest of 5% or more in the voting shares of the Company).

In accordance with Article 104 of the Company's Constitution, at least one-third of the Directors shall retire from office by rotation at every Annual General Meeting ("AGM") and each Director is subject to retirement at least once in every three years. Mr Hanif M Dahya, would retire at the forthcoming AGM in accordance with Article 104 of the Company's Constitution. The NC and the Board were informed that Mr Hanif M Dahya who is retiring at the forthcoming AGM and being eligible, has offered himself for re-election. Pursuant to Article 108 of the Constitution of the Company, newly appointed Directors should submit themselves for re-election at the Annual General Meeting following their appointments. Dr. Bhupendra Kumar Modi and Ms Chada Anitha Reddy would be required to submit themselves for re-election at the forthcoming AGM. They have offered themselves for re-election.

All re-appointments of Directors are subject to recommendation of the NC. The NC meets at least once a year. Additional meetings are scheduled when the Chairman of the NC deems necessary.

The NC reviews the "independence" status of the Directors annually having regard to the guidelines provided in the Code. Mr Thomas Ziliacus and Mr Hanif M Dahya have each declared that they are independent. The NC was satisfied that Mr Hanif M Dahya and Mr Thomas Ziliacus are considered to be independent.

The NC had reviewed the Directors with multiple directorships and was of the view that sufficient time and attention has been given to the affairs of the Company, through attendance at Board and Board Committee meetings including meetings held via tele-conference and is satisfied that all the Directors have adequately carried out their duties as Directors notwithstanding their multiple board representations and other commitments. The Board did not see any reason to set the maximum number of listed board representations that any director may hold as all the directors are able to devote their time to the affairs of the Company in light of their other commitments.

There are no Alternate Directors appointed in the Company.

Key information of the Directors are set out in the following pages of the Annual Report: academic and professional qualifications are set out on page 8 to 9 of this Annual Report; age, date of first appointment as well as last re-election are set out in the table below.

# CORPORATE GOVERNANCE

Name	Age	Position	Date of Initial Appointment	Date of Last Re-election/re-appointment/Resignation
Dr. Bhupendra Kumar Modi	67	Non-Executive Director and Chairman	1 September 2015	Due for re-election
Thomas Henrik Zilliacus	62	Lead Independent Director	28 February 2002	30 April 2015
Hanif M Dahya	60	Independent Director	29 August 2013	Due for re-election
Chada Anitha Reddy	44	Non-Independent Non-Executive Director	5 Jan 2016	Due for re-election
Maneesh Tripathi	53	Executive Director and Group CEO	27 March 2015	30 April 2015

Information on the shareholdings in the Company of each Director is set out on page 24 to 25 of the Directors Statement.

## Board Performance

### **Principle 5: Formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board**

The Company believes that Board performance is ultimately reflected in the performance of the Group. The Board, through the delegation of its authority to the NC, ensures that Directors appointed to the Board possess the background, experience, industry knowledge and skills critical to the Group's business so as to enable the Board to make sound and well-considered decisions.

During FY2015, the NC had evaluated the performance of the Board as a whole. Each Director is required to complete a board evaluation form. The results of the evaluation is prepared and consolidated for the Board. The performance criteria of the Board covers composition structure, accountability and standards of conduct of the Board. One of the considerations when assessing the Board's performance is its ability to lend support to Management especially in times of crisis and to steer the Group in the right direction. Other considerations include contribution by Board members, communication with the Management and the Board members' standard of conduct and compliance. The Chairman, with recommendation of the NC would act on the results of the performance evaluation, with the view of strengthening the Board to enhance its effectiveness as a whole. The Directors are not evaluated individually. However, the factors taken into consideration for the re-nomination of the Directors are based on their contributions at meetings and on various matters, including strategic issues and business planning processes and their attendance at meetings.

Throughout the year, the Board has maintained open lines of communication directly with Senior Management on matters within their purview, over and above their attendance at convened meetings. The Board has also constructively challenged and assisted in developing proposals on strategy and reviewed the Management's performance in meeting set goals and objectives. The Board has also provided valuable inputs, knowledge and raised insightful issues at Board and board committees' meetings.

## Access to Information

### **Principle 6: Board members to have complete, adequate and timely information**

Prior to each Board or board committee meeting and as warranted by circumstances, Management provides the Board and the relevant board committees with adequate and complete information, relating to matters to be brought before them for decision. Periodical reports providing updates on key performance indicators and financial analysis on the performance of the Group, and regular analysts' reports on the Company are also circulated to the Board for their information. This enables the Board and the board committees to make informed, sound and appropriate decisions and keep abreast of key challenges and opportunities as well as developments for the Group.

The Board has independent and direct access to Senior Management at all times. Frequent dialogue and interaction take place between Senior Management and the Board members. The Board also has separate and independent access to the Company Secretary who attends all Board meetings. The Company Secretary is responsible for advising the Board through the Chairman to ensure that the Board procedures are followed and that the applicable requirements of the Act and the SGX-ST Listing Manual are complied with. The Company Secretary is also responsible for good information flow within and between the Board, the board committees and the Senior Management. The Board members may take independent professional advice, at the Company's expense, as and when necessary to enable them to discharge their responsibilities effectively.

# CORPORATE GOVERNANCE

## **(B) REMUNERATION MATTERS**

***Principle 7: Procedures for developing remuneration policies***

***Principle 8: Level and mix of remuneration***

***Principle 9: Disclosure on remuneration***

### RC

The RC comprises of the following Directors:

Mr Thomas Henrik Zilliacus	Independent Director (Appointed as Chairman on 27 March 2015)
Mr Hanif M. Dahya	Independent Director (Appointed as a member on 27 March 2015)
Ms Chada Anitha Reddy	Non-Independent Non-Executive Director (Appointed as a member on 5 January 2016)

Mr Umang Das (Independent Director) and Ms Preeti Malhotra (Non-Independent Non-Executive Director) ceased to be Chairman and member, respectively of the RC on 27 March 2015. Mr Ashok Kumar Goyal was appointed as a member of the RC on 27 March 2015 and ceased to be member on 5 January 2016.

All the members of the RC are Non-Executive and the majority of the RC members including the Chairman are independent directors.

The main responsibilities of the RC which is guided by its written terms of reference, include:-

- (i) reviewing policy on executive remuneration and for determining the remuneration packages of individual Directors and Senior Management;
- (ii) reviewing and making recommendation to the Board for endorsement of a framework for remuneration which covers all aspects of remuneration including Directors' fees, salaries, allowance, bonuses, options and benefits in kind and the specific remuneration packages for each Director; and
- (iii) reviewing the remuneration of Senior Management.

In setting an appropriate remuneration structure and level, the RC takes into consideration industry practices and norms in compensation as well as the Group's relative performance. The compensation structure is designed to enable the Company to stay competitive and relevant.

Only the independent directors are paid fees. Non-Executive directors have not been paid any fee during the current financial year or any other form of remuneration. The framework for independent directors' remuneration is based on separate fixed fees for holding a chairman position and being a member, as well as serving on board committees. Share options are granted from time to time as decided by the RC. The policy takes into account the effort and time spent and the responsibilities assumed by each independent director. Directors' fees are subject to the shareholders' approval at the forthcoming AGM. No director is involved in the decision concerning his own fee.

For FY 2015, the Board, with the recommendation of RC has decided that each of the independent directors of the Company and Mr Ashok Kumar Goyal, Non-Independent Non-Executive Director will only be paid S\$ 1 as Directors' fees. The Directors' fee was to be reviewed once the Company returns to profitability. The Board in its meeting held on 29 February 2016 with the recommendation of RC has approved to restore the Directors fees for FY 2016 as per the existing Directors fee structure of the Company since the Company has returned to profitability. The Directors fees is to be paid only to the independent directors.

The level and mix of each of the Directors' remuneration are set out below for the FY2015.



# CORPORATE GOVERNANCE

	Fees %	Salary %	Bonus %	Share-based Payment %	Total S\$
S\$100,000 and below					
Dr Bhupendra Kumar Modi	-	-	-	-	-
Mr Thomas Henrik Zilliacus	100%	-	-	-	1.00
Mr Maneesh Tripathi *	-	100%	-	-	24,808 **
Mr Hanif M. Dahya	100%	-	-	-	1.00
Mr Dilip Modi	-	-	-	-	-
Mr Umang Das	100%	-	-	-	1.00
Mr Ashok Kumar Goyal	100%	-	-	-	1.00
Ms Preeti Malhotra	-	-	-	-	-

Note:-

\* Mr Maneesh Tripathi, the Group CEO was appointed as Executive Director of the Company on 27 March 2015. On 26 February 2015, he had voluntarily offered to convert his basic annual salary to S\$1 w.e.f 1 February 2015 in light of the continuing losses of the Company for the past 3 years, and linked his Variable Pay/ remuneration to the profitability of the Company and its subsidiaries. This arrangement has been reviewed by the RC on 29 February 2016 and since the Company has returned to profitability for the quarter ended 30 September 2015 and the quarter and financial year ended 31 December 2015, the Executive Director and Group CEO's salary has been restored commencing from 1 January 2016. Share options of 137,125 granted to Mr Maneesh Tripathi pursuant to the 2014 Employee Stock Option Plan were voluntarily forfeited.

\*\* Including salary for the month of January 2015.

The Company adopts long-term incentive schemes such as Employee Share Option Schemes (ESOS), Restricted Share Plan (RSP) and Performance Share Plan (PSP) that reward Directors and employees who contribute to the Group and are valuable to retain, using vesting schedules.

For key management personnel, the Group adopts a remuneration policy that comprises a fixed and a variable component. The variable component is in the form of a variable bonus that is linked to the Group's key performance indicators approved by the Board.

Information on the Group's ESOS, RSP and PSP is set out in the Directors Statement on page 25 to 28.

The remuneration details of the key executives (who are not Directors) in FY2015 is set out below:

No.	Employee Name	Band	Basic	Variable Pay	Total	Salary Range In SGD
1	Bernard Ong*	2	100%	-	100%	0-250,000
2	Rusli Sufianto	5A	92%	8%	100%	
3	Arun Seth	1	82%	18%	100%	
4	Chan Ying Kiong*	2	100%	-	100%	
5	Rakesh Khera	2	100%	-	100%	

Note:-

\* Resigned on 8 January 2016

The aggregate remuneration paid to the above key executives (who are not directors or the CEO) in FY2015 was S\$ 761,925.

The Company is of the view that due to confidentiality and sensitivity attached to remuneration matters; it would not be in the best interest of the Company to disclose the exact details of the remuneration of each of the key executives as recommended by the Code. The information on performance conditions of the key executives in FY 2015 are not disclosed due to confidentiality and sensitivity attached to remuneration matters.

There is no employee who is related to a director whose remuneration exceeds S\$50,000 in the Group's employment for FY2015.

# CORPORATE GOVERNANCE

## **(C) ACCOUNTABILITY AND AUDIT**

### ***Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospect***

The Board has overall accountability to shareholders for the Group's performance and ensuring that the Group is well managed and guided by its strategic objectives. The Company continues to report the Group's operating performance and financial results on a quarterly basis and other price sensitive information via SGXNet in an effort to provide shareholders with a balanced and accurate assessment of the Group's performance, financial position and prospects. The Company believes that prompt compliance of statutory reporting requirements is a way to maintain shareholder confidence and trust in our capability and integrity.

Management provides the Board members with periodical business and financial reports which compare actual performance with budget and highlight the Company's performance, position and prospects. Other business reports are also provided on a timely and regular basis, to give up-to-date information and facilitate effective decision making.

## **INTERNAL CONTROLS AND RISK MANAGEMENT**

### ***Principle 11: Sound system of Risk Management and Internal Controls***

The AC is delegated the full responsibility to review, together with the Company's auditors, at least once a year, the effectiveness and adequacy of the Group's system of internal accounting controls, operational and compliance controls and risk management policies.

The AC also monitors Management's responses to audit findings and actions taken to correct any noted deficiencies. The key internal controls covered under such a review include:

- (i) identification of risks and implementation of risk management policies and measures;
- ii) establishment of policies and approval limits for key financial and operational matters, and the rules relating to the delegation of authorities;
- (iii) documentation of key processes and procedures;
- (iv) ensuring the integrity, confidentiality and availability of critical information;
- (v) maintenance of proper accounting records;
- (vi) ensuring the effectiveness and efficiency of operations;
- (vii) safeguarding of the Group's assets; and
- (viii) ensuring compliance with applicable laws and regulations.

The Company's internal control system ensures that assets are safeguarded, proper accounting records are maintained, and that financial information used within the business and for publication is reliable. The Group has also put in place policies on proper employee behavior and conduct which includes the observance of confidentiality obligations on information relating to the Group and customers, and the safeguarding of system integrity.

The internal audit function, as discussed under Principle 13 below, assists the AC and the Board in evaluating internal controls, financial and accounting matters, compliance and financial risk management.

The Board has received assurance from the Group CEO and Deputy CFO on the adequacy and effectiveness of the Group's risk management and internal control systems, and that the financial records have been properly maintained and the financial statements for the year ended 31 December 2015 give a true and fair view of the Group's operations and finances.

Based on the internal controls and risk management systems established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that Group's internal controls, addressing financial, operational, compliance and information technology risks, are adequate and effective as at 31 December 2015.

The system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group would not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

# CORPORATE GOVERNANCE

## **Principle 12: Establishment of Audit Committee with written terms of reference**

### AC

The AC comprises the following Directors;

Mr Hanif M Dahya	Independent Director	Chairman
Mr Thomas Henrik Zilliacus	Independent Director	Member
Ms Chada Anitha Reddy	Non-Independent Non-Executive Director	Member (appointed on 5 Jan 2016)

Mr Ashok Kumar Goyal (Non-Independent Non-Executive Director) was appointed as a member of the AC on 27 March 2015 and ceased to be member on 5 Jan 2016.

Majority of the members of the AC including the Chairman are independent directors.

The AC has explicit authority to conduct or authorise investigation into any matter within its terms of reference. It has full access to and co-operation by the Management and full discretion to invite any Director or executive officer to attend its meetings and reasonable resources to discharge its functions properly.

The AC held seven meetings in FY2015. The number of the Directors' participation and attendance at the AC meetings held during the FY2015 can be found on page 13 of this Report.

The key roles of AC include:-

- (i) maintaining adequate accounting records;
- (ii) reviewing the scope and results of the internal audit reports as well as Management's responses to the findings of the internal audit reports;
- (iii) reviewing the quarterly and full-year financial statements and the integrity of financial reporting of the Company;
- (iv) reviewing the adequacy of the Company's internal controls;
- (v) reviewing the interested party transactions;
- (vi) making recommendations to the Board on the appointment and re-appointment of auditors; and
- (vii) reviewing findings of internal investigations into matters where there is suspected fraud, irregularity, failure of internal controls or violation of any law likely to have a material impact on the financial reporting or other matters.

The AC members take measures to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements through updates from the external auditors and the Management from time to time.

During FY2015, the AC reviewed the quarterly financial statements; the results of the audits performed by the internal and external auditors and reviewed the register of interested person transactions.

The AC noted that there are no non-audit services provided by the auditors. The external auditors have confirmed their independence and the AC is satisfied on the independence of the external auditors.

The AC has adopted the practice to meet with both the external and internal auditors without the presence of Management at least once a year.

Both the AC and the Board have reviewed the appointment of auditors and/or significant associated companies and were satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Group. Accordingly, the Company has complied with Rule 712 and 716 of the Listing Rules of the SGX-ST. The AC, has therefore, recommended the existing external auditors, Moore Stephens LLP, to be re-appointed as auditors at the AGM.

As approved by the Board, the Company has put in place a whistle-blowing policy and procedures, which provide for the mechanisms by which the employees and other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters.

# CORPORATE GOVERNANCE

## ***Principle 13: Independent internal audit function***

In line with good corporate governance, the Company has engaged BDO LLP ("BDO") as the Company's independent internal auditors to provide an independent resource and perspective to the Board and the AC, on the processes and controls that help to mitigate major risks.

BDO performs its work according to the Global BDO IA Methodology which is consistent with the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors

The AC is satisfied that BDO has the adequate resources to perform its functions and has appropriate standing within the Company. The internal auditor reports its findings and recommendations for improvement of any internal control weakness to the AC. The AC reviews and makes recommendations to the Board to adopt the internal audit plan drawn up on an annual basis and ensures that the approved audit recommendations are adequately performed.

## **(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES**

### ***Principle 14: Shareholder rights***

### ***Principle 15: Communication with shareholders***

### ***Principle 16: Conduct of Shareholder Meetings***

In line with continuous disclosure obligations of the Company pursuant to the SGX-ST's Listing Rules, it is the Board's policy that the shareholders be informed of all major developments that significantly affect the Group. Management addresses queries raised by institutional and retail investors or shareholders via phone calls or emails. Any shareholder also is free to call at the Company office during office hours on working days and get their queries attended.

Information is communicated to the shareholders on a timely basis through:

- (i) quarterly and full year financial results announcements, announcements of corporate information in accordance with the requirements of SGX-ST, and press releases broadcasted through SGXNet;
- (ii) annual reports and circulars that are sent to all shareholders;
- (iii) notices and explanatory notes for annual general meetings and extraordinary general meetings;
- (iv) the websites of the Company ([www.spicei2i.com](http://www.spicei2i.com)) at which shareholders and the public may access information on the Group; and
- v) The notice of annual general meeting is dispatched to shareholders at least 14 days before the meeting.

The Board welcomes questions from institutional and retail shareholders who have an opportunity to raise issues either formally at or informally after the annual general meeting. The respective Chairmen of the AC, RC and NC are normally available at the annual general meeting to answer questions relating to the work of these committees.

Though the Company has made profit this year, the Company has not declared any dividends as it has been in loss making position over the last few years.

Shareholders are informed of the AGM through notices published in the newspapers and reports sent to all shareholders. At each AGM, shareholders are encouraged to participate in the question and answer session. The Board of Directors, the external auditors and the Senior Management are present to respond to shareholders' questions.

If any shareholder is unable to attend the AGM, the Company's Constitution allows a shareholder to appoint up to two proxies to attend and vote on his or her behalf at the AGM. A relevant intermediary, which has the meaning in the Companies Act, Cap 50, is allowed to appoint more than two proxies.

The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company presents separate resolutions on each issue at Shareholders' meetings. Voting on each resolution is carried out systematically by poll, with proper recording of the votes cast and the resolutions passed.

The Company Secretary prepares minutes of shareholders' meetings which incorporates substantial comments and responses from the Board and Management. These minutes are available to shareholders upon their requests.

# CORPORATE GOVERNANCE

## (E) RISK MANAGEMENT

The Group does not have a separate Risk Management Committee. However, the Management regularly reviews the Company's business and operational activities to identify areas of significant business risk as well as appropriate measures to control and mitigate these risks. The Management reviews all significant policies and procedures and will highlight all significant matters to the AC and the Board.

## (F) MATERIAL CONTRACTS (Listing Manual Rule 1207(8))

Other than those disclosed in the financial statements, the Company and its subsidiary companies did not enter into any material contracts involving interests of the CEO, Directors or controlling shareholders and no such material contracts still subsist at the end of the financial year.

## (G) DEALINGS IN THE COMPANY'S SECURITIES (Listing Manual Rule 1207(19))

In line with the recommended practices on dealings in securities set out under Rule 1207(19) of the SGX-ST Listing Manual, the Company has a policy in place prohibiting dealings in the Company's securities on short-term considerations. Directors and employees are also expected to observe the insider trading laws at all times. The Company has issued directives to its employees and Directors not to deal in the Company's securities on short-term considerations and the Company and its officers also should abstain from dealing with the Company's securities for a period commencing two weeks before the announcement of the results of each quarter and one month before the announcement of full year results and ending on the date of the announcement of the relevant results.

## (H) INTERESTED PERSON TRANSACTION (Listing Manual Rule 907)

During the financial year under review, the Group had the following interested person transaction: Information required pursuant to Rule 907

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) <sup>1</sup>
Spice Retail Limited (subsidiary of Spice Mobility Limited)	693*	-
Armorcoat Technologies Pte Ltd	696*	-

\*amount in S\$'000s

### Notes:

1. There was neither renewal nor new IPT mandate obtained during the Annual General Meeting of the Company held on 30 April 2015.
2. Save for the above, there were no other transactions conducted with interested persons as defined in Chapter 9 of the Listing Manual of the SGX-ST.



# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The directors present their statement to the members together with the audited consolidated financial statements of S i2i Limited (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2015, and the statement of financial position of the Company as at 31 December 2015.

In the opinion of the directors:

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

## 1 Directors

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

Dr. Bhupendra Kumar Modi	(Non-Independent, Non-Executive Director and Chairman) (appointed on 1 September 2015)
Thomas Henrik Zilliacus	(Lead Independent Director)
Hanif M Dahya	(Independent Director)
Maneesh Tripathi	(Executive Director & Group CEO) (appointed as Executive Director on 27 March 2015)
Chada Anitha Reddy	(Non-Independent Non-Executive Director) (appointed on 5 January 2016)

## 2 Arrangements to Enable Directors to Acquire Shares or Debentures

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

## 3 Directors' Interests in Shares or Debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares, share options, performance shares or debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), except as follows:

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Name of Directors and Company	Direct interest		Deemed interest	
	At the beginning of the financial year / date of appointment	At the end of the financial year	At the beginning of the financial year / date of appointment	At the end of the financial year
<b>S i2i Limited</b>				
<b>(the Company)</b>				
				<u>Ordinary shares</u>
Dr. Bhupendra Kumar Modi	-	-	4,178,951	4,304,651
Thomas Henrik Zilliacus	2,400,000*	48,700	-	-
Ashok Kumar Goyal (resigned on 5 January 2016)	-	-	7,150,000*	17,875
Options to subscribe for ordinary shares at S\$0.1294 per share *				
Thomas Henrik Zilliacus	233,359*	-	-	-
Options to subscribe for ordinary shares at S\$120.75 per share #				
Thomas Henrik Zilliacus	314,286*	785	-	-
Options to subscribe for ordinary shares at S\$0.96 per share #				
Thomas Henrik Zilliacus	-	137,125	-	-
Ashok Kumar Goyal (resigned on 5 January 2016)	-	411,250	-	-
Maneesh Tripathi	-	137,125	-	-

\* Denotes the pre-consolidation shareholding/options/exercise price.

# The number of outstanding options and the exercise prices have been adjusted in the current financial year pursuant to the share consolidation.

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2016, except that the options granted to Mr. Ashok Kumar Goyal have lapsed on 5 January 2016 as a result of his resignation.

Dr. Bhupendra Kumar Modi, by virtue of the provisions of Section 7 of the Companies Act, Chapter 50, is deemed to be interested in the whole of the issued share capital of all the related corporations of S i2i Limited at the date of appointment and at the end of the financial year.

## 4 Share Options

The particulars of share options of the Company are as follows:

### (a) 1999 S i2i Employees' Share Option Scheme

This scheme had lapsed in the year 2009 and had since been discontinued. There are no outstanding options under this scheme.

### (b) 1999 S i2i Employees' Share Option Scheme II

Pursuant to this Scheme, the Remuneration Committee ("RC") has the ability to grant options to present and future employees of the Group as well as to other persons who are eligible under the Scheme at the average of the closing prices for the 5 trading days prior to the issuance of the grant, less a discount, if any, to be determined by the RC, which shall not exceed 20% of the then prevailing market price.

The Scheme will be administered by the RC who will then determine the terms and conditions of the grant of the options, including the exercise price, the vesting periods which may be over and above the minimum vesting periods prescribed by the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the imposition of retention periods following the exercise of these options by the employees, if any.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 4 Share Options (cont'd)

### (b) 1999 S i2i Employees' Share Option Scheme II (cont'd)

Details of all the options to subscribe for ordinary shares of the Company pursuant to the 1999 S i2i Employees' Share Option Scheme II outstanding as at 31 December 2015 and consequent to the consolidation of shares during the year are as follows:

Expiry date	Exercise price (S\$)	Number of options
27 April 2016	120.75	785

Details of the options to subscribe for ordinary shares in the Company granted to the directors of the Company pursuant to the Scheme are as follows:

Name of Director	No. of shares under option			
	Aggregate options granted/ adjusted since commencement of the Scheme to the end of the financial year	Aggregate options lapsed since commencement of the Scheme to the end of the financial year	Adjustment due to share consolidation during the current financial year	Aggregate options outstanding as at the end of the financial year
Thomas Henrik Zilliacus	977,281	(662,995)	(313,501)	785

Aggregate options of 130,334,221 (not adjusted for the share consolidation during the current year) were granted under this Scheme since the commencement of the Scheme to the end of the financial year. The options granted during the financial year under this Scheme were Nil (2014: Nil). Aggregate options of 35,819,564 (not adjusted for the share consolidation during the current year) ordinary shares have lapsed since the commencement of this Scheme.

Except as disclosed above, no other directors were granted options under this Scheme and no participant received 5% or more of the total options available under the Scheme. No unissued shares other than those referred to above, are under option as at the date of this statement.

During the financial year under review, no options have been granted at a discount.

The total number of shares to be issued under the S i2i Employees' Share Option Scheme II shall not exceed 15% of the total issued share capital of the Company from time to time.

### (c) S i2i Restricted Share Plan ("S i2i RSP") and S i2i Performance Share Plan ("S i2i PSP")

#### Objectives

The S i2i RSP and S i2i PSP were established in the financial year 2006 with the objectives of increasing the Group's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve superior performance and sustaining long-term growth for the Group.

#### Eligibility

The following persons, unless they are also controlling shareholders (as defined in the Listing Manual) of S i2i Limited or its associates (as defined in the Listing Manual) of such controlling shareholders, shall be eligible to participate in both S i2i RSP and S i2i PSP (provided that such persons are not un-discharged bankrupts):

- any employee of the Group (including any Group Executive Directors and any Parent Group Executive or Non-Executive Director of the Parent Group who meet the relevant age and rank criteria and whose services have been seconded to a company within the Group) selected by the RC to participate in the S i2i RSP and S i2i PSP;
- Non-Executive Directors; and
- any employee of associated companies (including Executive Directors) selected by the RC to participate in both Plans.

## 4 Share Options (cont'd)

### (c) S i2i Restricted Share Plan ("S i2i RSP") and S i2i Performance Share Plan ("S i2i PSP") (cont'd)

#### *Awards*

Awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the participant achieving prescribed performance targets and/or service conditions or otherwise having performed well and/or made a significant contribution to the Group.

#### *Types of awards*

Awards granted under the S i2i RSP and S i2i PSP may be performance-based or time-based. Such predetermined performance targets may be shorter term targets aimed at encouraging continued service such as completion of projects and/or stretched targets aimed at sustaining longer term growth. Time-based awards are awards granted after the satisfactory completion of time-based service conditions, that is, after the participant has served the Group for a specified number of years, as may be determined or predetermined by the RC. Such awards may also be granted as a sign-on bonus.

The Company has the flexibility to grant awards under both S i2i RSP and S i2i PSP to the same participant simultaneously. No minimum vesting periods are prescribed under both S i2i RSP and S i2i PSP and the length of vesting periods will be determined on a case-by-case basis. The RC may also grant the awards at any time where in its opinion a participant's performance and/or contribution justifies such award.

The release of the shares awarded under both S i2i RSP and S i2i PSP can take the form of either a new issue of shares and/or the purchase of existing shares (subject to applicable laws).

In 2015, Nil (2014: Nil) performance shares were granted to independent Non-Executive Directors as part of the incentive plan for independent Non-Executive Directors and key employees. During the financial year under review, Nil (2014: Nil) performance shares previously granted had lapsed.

### (d) S i2i Employee Stock Option Plan 2014 ("ESOP 2014")

The ESOP 2014 was approved by the shareholders in their meeting held on 15 April 2014 with an objective to gradually phase out the S i2i 1999 Employee' Share Option Scheme and the 1999 S i2i Employees' Share Option Scheme II as no new options can be granted under these schemes. Pursuant to ESOP 2014, the RC has the authority to grant options to present and future employees of the Group as well as to other persons who are eligible under ESOP 2014 at the average of the closing prices for the 5 trading days prior to the issuance of the grant, less a discount, if any, to be determined by the RC, which shall not exceed 20% of the then prevailing market price.

ESOP 2014 will be administered by the RC who will then determine the terms and conditions of the grant of the options, including the exercise price, the vesting periods which may be over and above the minimum vesting periods prescribed by the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the imposition of retention periods following the exercise of these options by the employees, if any.

The RC has on 27 March 2015 granted a total of 274,200,000 stock options to the directors under the ESOP 2014. The options granted at an exercise price of S\$0.0024 will be vested after 2 years from the date of the grant. The options can be exercised up to 10 years from the date of the grant.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the S i2i Employee Share Option Plan 2014 outstanding as at 31 December 2015 and consequent to the consolidation of shares during the year are as follows:

Expiry date	Exercise price (S\$)	Number of options
26 March 2025	0.96	685,500

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 4 Share Options (cont'd)

### (d) S i2i Employee Stock Option Plan 2014 ("ESOP 2014") (cont'd)

Details of the options to subscribe for ordinary shares in the Company granted to the directors of the Company pursuant to the Scheme are as follows:

Name of Director	No. of shares under option			
	Aggregate options granted/adjusted since commencement of the Scheme to the end of the financial year	Aggregate options lapsed since commencement of the Scheme to the end of the financial year	Adjustment due to share consolidation during the current financial year	Aggregate options outstanding as at the end of the financial year
Thomas Henrik Zilliacus	54,850,000	-	(54,712,875)	137,125
Maneesh Tripathi	54,850,000	-	(54,712,875)	137,125
Ashok Kumar Goyal	164,500,000	-	(164,088,750)	411,250

Aggregate options of 274,200,000 were granted under this Scheme since the commencement of the Scheme to the end of the financial year. The options granted during the financial year under this Scheme were 274,200,000 (2014: Nil). No option has lapsed since the commencement of this Scheme to the end of the financial year.

Mr. Ashok Kumar Goyal resigned as a Director of the Company on 5 January 2016 and as a result, the options granted to him as above have lapsed.

The share options granted to Mr. Maneesh Tripathi were voluntarily forfeited in view of the restatement of the Executive Director and Group CEO's salary, commencing from 1 January 2016.

Except as disclosed above, no other Directors were granted options under this Scheme and no participant received 5% or more of the total options available under the Scheme. No unissued shares other than those referred to above, are under option as at the date of this statement.

During the financial year under review, no options have been granted at a discount.

## 5 Audit Committee

The Audit Committee ("AC") comprises the following three Directors:

Hanif M Dahya (Chairman, Independent Director)

Thomas Henrik Zilliacus (Member, Independent Director)

Chada Anitha Reddy (Member, Non-Independent Non-Executive Director) (appointed on 5 January 2016)

The AC performs the functions set out in section 201B (9) of the Singapore Companies Act, Chapter 50. In performing those functions, the AC reviewed the overall scope of the internal audit function, external audit function and the assistance given by the Company's officers to the auditors. The AC met with the auditors to discuss the results of their audit and their evaluation of the systems of internal controls. The AC also reviewed the financial statements of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2015, as well as the external auditors' report thereon.

The AC has noted that there are no non-audit services provided by the auditors and as such the independence of the auditors is not affected.

A full report on the functions performed by the AC is included in the report on Corporate Governance.



# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 6 Independent Auditors

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

On behalf of the Board of Directors

Maneesh Tripathi  
Executive Director and Group Chief Executive Officer

Chada Anitha Reddy  
Director

Singapore  
28 March 2016

# INDEPENDENT AUDITORS' REPORT

We have audited the accompanying consolidated financial statements of S i2i Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2015, and the consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and 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 financial statements and to maintain accountability of assets.

## **Auditors' 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 controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

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

## **Report on Other Legal and Regulatory Requirements**

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

## **Moore Stephens LLP**

Public Accountants and  
Chartered Accountants

Singapore  
28 March 2016

# CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group	
		2015	2014
		S\$'000	(Restated) S\$'000
Turnover	4	411,924	449,327
<b>Operating expenses</b>			
Purchases and changes in inventories and direct service fees incurred		(383,640)	(418,167)
Commissions and other selling expenses		(277)	(1,480)
Other income - operating	5	2,592	2,418
Personnel costs	6	(20,081)	(22,237)
Infrastructure costs		(4,075)	(4,779)
Marketing expenses		(1,185)	(1,026)
Other expenses - operating		(6,178)	(11,711)
Other income - non-operating	5	3,741	3,068
Other expenses - non-operating		(494)	(49,716)
Interest income from deposits and investment securities	5	591	825
Finance costs		(712)	(1,367)
Depreciation of property, plant and equipment		(1,152)	(1,956)
Amortisation of intangible assets		(184)	(5,437)
Profit/(loss) before taxation from continuing operations	7	870	(62,238)
Loss before taxation from discontinued operations	9	(210)	(225)
<b>Total profit/(loss) before taxation</b>		660	(62,463)
<b>Taxation</b>			
From continuing operations	8	408	6,501
From discontinued operations	9	(2)	(4)
<b>Total taxation</b>		406	6,497
<b>Net profit/(loss) after tax for the year</b>			
From continuing operations		1,278	(55,737)
From discontinued operations	9	(212)	(229)
<b>Total net profit/(loss) after tax for the year</b>		1,066	(55,966)
<b>Profit/(loss) attributable to:</b>			
Owners of the parent		960	(55,846)
Non-controlling interest		106	(120)
<b>Total</b>		1,066	(55,966)
Earnings/(loss) per share attributable to owners of the parent (cents per share)			
From continuing and discontinued operations			
- Basic and diluted	10	7.01	(407.26)
From continuing operations			
- Basic and diluted	10	8.55	(405.59)

The accompanying notes form an integral part of the financial statements

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Group	
	2015	2014
	S\$'000	(Restated) S\$'000
<b>Profit/(loss) for the year</b>	1,066	(55,966)
<b>Other comprehensive loss, net of income tax:</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation		
- Gain/(loss) on translation of foreign operations	185	(12)
- Gain reclassified to profit or loss on disposal of foreign operations	(1,677)	-
Net (loss)/gain on fair value changes of available-for-sale financial assets	(84)	63
<b>Other comprehensive (loss)/income for the year, net of tax</b>	(1,576)	51
<b>Total comprehensive loss for the year</b>	(510)	(55,915)
<b>Total comprehensive loss attributable to:</b>		
Owners of the parent	(467)	(55,784)
Non-controlling interest	(43)	(131)
<b>Total comprehensive loss for the year</b>	(510)	(55,915)

The accompanying notes form an integral part of the financial statements

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	Group			Company		
		2015	2014	2013	2015	2014	2013
		S\$'000	(Restated) S\$'000	(Restated) S\$'000	S\$'000	(Restated) S\$'000	(Restated) S\$'000
<b>Assets</b>							
<b>Current assets</b>							
Inventories	11	11,660	18,942	26,555	-	110	247
Trade receivables	12	10,286	14,980	30,939	405	819	1,066
Other receivables and deposits	13	6,365	5,633	7,167	2,649	1,057	1,025
Prepayments	14	2,209	3,307	5,159	153	522	482
Due from subsidiaries	15	-	-	-	158	837	13,481
Investment securities	21	1,687	1,200	-	1,687	1,200	-
Cash and bank deposits pledged	16	11,539	7,674	8,126	4,878	4,775	4,362
Cash and cash equivalents	16	32,802	37,053	28,631	23,820	25,745	16,732
Tax recoverable	13	1,064	4,413	1,125	-	-	-
		77,612	93,202	107,702	33,750	35,065	37,395
<b>Non-current assets</b>							
Property, plant and equipment	17	5,256	6,620	7,570	256	361	498
Intangible assets	18	42	245	51,542	39	81	634
Investment in subsidiaries	19	-	-	-	5,912	8,533	54,766
Investment in associates	20	-	-	-	-	-	-
Investment securities	21	137	1,892	3,475	137	1,892	3,475
Long-term loans and advances to subsidiaries	22	-	-	-	16,451	15,970	25,461
Deferred tax assets	23	233	112	77	-	-	-
Trade receivables	12	-	275	272	-	-	-
Tax recoverable	13	-	1,123	4,784	-	-	-
Other receivables and deposits	13	787	92	81	687	-	-
		6,455	10,359	67,801	23,482	26,837	84,834
<b>Total assets</b>		<b>84,067</b>	<b>103,561</b>	<b>175,503</b>	<b>57,232</b>	<b>61,902</b>	<b>122,229</b>

The accompanying notes form an integral part of the financial statements



# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	2015	Group 2014 (Restated)	2013 (Restated)	2015	Company 2014 (Restated)	2013 (Restated)
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Liabilities</b>							
<b>Current liabilities</b>							
Trade creditors	24	8,112	16,036	14,441	1,201	3,083	2,129
Other creditors and accruals	25	10,105	12,630	14,760	2,623	3,714	3,421
Deferred revenue		2,677	1,707	1,485	280	465	371
Lease obligations, current	26	289	223	3,125	29	27	27
Loans and bank borrowings	27	3,829	10,739	17,215	-	-	-
Due to subsidiaries	15	-	-	-	7,685	15,854	14,025
Tax payable		246	1,818	1,495	-	-	-
		25,258	43,153	52,521	11,818	23,143	19,973
<b>Non-current liabilities</b>							
Deferred tax liabilities	23	-	4	7,383	-	-	-
Lease obligations	26	192	646	318	167	175	194
Provision for employee benefits	32	786	1,167	903	-	-	-
Loan and bank borrowings	27	-	250	250	-	-	-
		978	2,067	8,854	167	175	194
<b>Total liabilities</b>		26,236	45,220	61,375	11,985	23,318	20,167
<b>Equity Attributable to Owners of the Company</b>							
Share capital	28	590,515	590,515	590,515	590,515	590,515	590,515
Accumulated losses	29	(458,390)	(459,350)	(403,568)	(482,029)	(486,761)	(424,819)
Other reserves	30	(5,361)	(5,277)	(5,404)	(8,750)	(8,666)	(8,729)
Translation reserve	31	(68,864)	(67,521)	(67,520)	(54,489)	(56,504)	(54,905)
		57,900	58,367	114,023	45,247	38,584	102,062
<b>Non-controlling interest</b>		(69)	(26)	105	-	-	-
<b>Total equity</b>		57,831	58,341	114,128	45,247	38,584	102,062
<b>Total liabilities and equity</b>		84,067	103,561	175,503	57,232	61,902	122,229

The accompanying notes form an integral part of the financial statements

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Group	Attributable to owners of the parent				Total S\$'000	Non- controlling interest S\$'000	Total S\$'000
	Share capital S\$'000	Accumulated losses S\$'000	Other reserves S\$'000	Translation reserve S\$'000			
<b>31 December 2015</b>							
Opening balance at 1 January 2015 (Restated)	590,515	(459,350)	(5,277)	(67,521)	58,367	(26)	58,341
Profit for the year	-	960	-	-	960	106	1,066
<u>Other comprehensive income/(loss)</u>							
Foreign currency translation	-	-	-	(1,343)	(1,343)	(149)	(1,492)
Net loss on fair value of available-for-sale financial assets	-	-	(84)	-	(84)	-	(84)
Other comprehensive loss for the year, net of tax	-	-	(84)	(1,343)	(1,427)	(149)	(1,576)
Total comprehensive income/(loss) for the year	-	960	(84)	(1,343)	(467)	(43)	(510)
Closing balance at 31 December 2015	590,515	(458,390)	(5,361)	(68,864)	57,900	(69)	57,831
<b>31 December 2014 (Restated)</b>							
Opening balance at 1 January 2014	590,515	(403,568)	(5,404)	(67,520)	114,023	105	114,128
Loss for the year	-	(55,846)	-	-	(55,846)	(120)	(55,966)
<u>Other comprehensive income/(loss)</u>							
Foreign currency translation	-	-	-	(1)	(1)	(11)	(12)
Net gain on fair value of available-for-sale financial assets	-	-	63	-	63	-	63
Other comprehensive income/( loss) for the year, net of tax	-	-	63	(1)	62	(11)	51
Total comprehensive income/(loss) for the year	-	(55,846)	63	(1)	(55,784)	(131)	(55,915)
<u>Changes in ownership interests in subsidiaries</u>							
Partial disposal of interest in a subsidiary	-	64	64	-	128	-	128
Closing balance at 31 December 2014	590,515	(459,350)	(5,277)	(67,521)	58,367	(26)	58,341

The accompanying notes form an integral part of the financial statements

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Group	
	2015	2014
		(Restated)
	S\$'000	S\$'000
<b>Cash Flows from Operating Activities</b>		
Profit/(loss) before taxation from continuing operations	870	(62,238)
Loss before taxation from discontinued operations	(210)	(225)
Profit/(loss) before taxation	660	(62,463)
Adjustments for:		
Depreciation and amortisation	1,493	7,587
Allowance for/write-off of doubtful non-trade debts, net	231	903
Allowance for/write-off of doubtful trade debts, net	170	1,463
(Reversal of)/Allowance for inventory obsolescence, net	(1,182)	887
Gain on disposal of a subsidiary	(3,478)	-
Interest income from bonds, deposits and investment securities	(591)	(825)
Impairment of property, plant and equipment	-	499
(Reversal of impairment)/impairment of intangible assets	(78)	45,738
Finance costs	711	1,379
Unrealised exchange differences	42	1,269
Others	(643)	(186)
Operating cash flows before working capital changes	(2,665)	(3,749)
Decrease in inventories	8,459	6,737
Decrease in trade receivables	4,965	13,244
Decrease in other receivables and deposits	412	1,242
Decrease in prepayments	1,098	1,852
(Decrease)/increase in trade creditors	(7,552)	1,595
Decrease in other creditors and accruals	(1,765)	(2,131)
Increase in deferred revenue	970	222
<b>Cash flows generated from operating activities</b>	3,922	19,012
Interest paid	(711)	(1,379)
Income tax refunded/(paid)	2,016	(193)
<b>Net cash flows generated from operating activities</b>	5,227	17,440

The accompanying notes form an integral part of the financial statements

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Group	
	2015	2014
		(Restated)
	S\$'000	S\$'000
<b>Cash Flows from Investing Activities</b>		
Interest income received from bonds, deposits and investment securities	500	518
Disposal of subsidiary I-Gate Holdings, net of cash disposed	(46)	-
Disposal of subsidiaries MRC and MRNS, net of cash disposed	501	-
Proceeds from disposal of property, plant and equipment	115	696
Proceeds from investment securities	1,200	800
Purchase of property, plant and equipment	(619)	(1,203)
Purchase of intangible assets	(3)	(233)
<b>Net cash flows generated from investing activities</b>	1,648	578
<b>Cash Flows from Financing Activities</b>		
(Placement)/withdrawal of cash and bank deposits pledged	(3,865)	452
Repayment of loans and bank borrowings	(6,873)	(6,785)
Repayment of obligations under finance leases	(388)	(3,263)
<b>Net cash flows used in financing activities</b>	(11,126)	(9,596)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(4,251)	8,422
Cash and cash equivalents at the beginning of year	37,053	28,631
<b>Cash and cash equivalents at the end of the year</b> (Note 16)	32,802	37,053

The accompanying notes form an integral part of the financial statements

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

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

## 1 General

Si2i 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 registered office and principal place of business of the Company is located at 152 Ubi Avenue 4, level 4, Smart Innovation Centre, Singapore 408826.

The principal activities of the Company are rendering of telecommunication services and research and development, distribution of telecommunication handset, related products and services, design and marketing of telecommunication software. The principal activities of the subsidiaries are disclosed in Note 19 to the financial statements.

The financial statements for the financial year ended 31 December 2015 were approved and authorised for issue by the board of directors in accordance with a resolution of the directors on the date of the Directors’ Statement.

## 2 Summary of Significant Accounting Policies

### (a) Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (“FRS”).

The financial statements, which are expressed in Singapore Dollar (“S\$”), are rounded to the nearest thousand dollar (S\$’000), except as otherwise indicated. The financial statements have been prepared on a historical cost basis, except as disclosed in the summary of accounting policies below.

#### ***Adoption of New/Revised FRS***

On 1 January 2015, the Group and the Company adopted the following new/amended standards that are mandatory for annual financial periods beginning on or after 1 January 2015:

#### **Annual Improvements to FRSs (January 2014)**

The Group has adopted the amendments to FRS 108 Operating Segments included in the Annual Improvements to FRSs (January 2014) in the current year. The amendment is applicable for annual periods beginning on or after 1 July 2014. This annual improvement requires entities to disclose judgements made by management in applying the aggregation criteria set out in paragraph 12 of FRS 108 Operating Segments. The Group has aggregated several operating segments into a single operating segment and made the required disclosures in Note 2(t) in accordance with the amendments. The application of other amendments has had no impact on the disclosures or amounts recognised in the Group’s consolidated financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 2 Summary of Significant Accounting Policies (cont'd)

### (a) Basis of Preparation (cont'd)

#### New/Revised FRS which are not yet effective

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

		Effective for accounting periods beginning on or after
FRS 1 (Amendment)	Presentation of Financial Statements: Disclosure Initiative	1 January 2016
FRS 16 (Amendment)	Property, Plant and Equipment	1 January 2016
FRS 27 (Amendment)	Separate Financial Statements	1 January 2016
FRS 28 (Amendment)	Investments in Associates and Joint Ventures	1 January 2016
FRS 38 (Amendment)	Intangible Assets	1 January 2016
FRS 110 (Amendment)	Consolidated Financial Statements	1 January 2016
FRS 19 (Amendment)	Employee Benefits	1 January 2016
FRS 105 (Amendment)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
FRS 107 (Amendment)	Financial Instruments: Disclosures	1 January 2016
FRS 7 (Amendment)	Statement of Cash Flows	1 January 2017
FRS 12 (Amendment)	Income taxes	1 January 2017
FRS 109	Financial Instruments	1 January 2018
FRS 115	Revenue from Contracts with Customers	1 January 2018

Except for FRS 109 and FRS 115, the directors expect the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending impact on the financial statements on adoption of FRS 109 and FRS 115 is described below.

#### FRS 109 *Financial Instruments*

FRS 109 was introduced to replace FRS 39 Financial Instruments: Recognition and Measurement. FRS 109 changes the classification and measurement requirements for financial assets and liabilities, and also introduces a three-stage impairment model that will impair financial assets based on expected losses regardless of whether objective indicators of impairment have occurred. FRS 109 also provides a simplified hedge accounting model that will align more closely with companies' risk management strategies.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

#### FRS 115 *Revenue from Contracts with Customers*

FRS 115 Revenue from Contracts with Customers sets out the requirements for recognising revenue that apply to all contracts with customers (except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments). FRS 115 replaces the previous revenue standards, FRS 18 Revenue and FRS 11 Construction Contracts, and the related interpretations on revenue recognition, INT FRS 115 Agreements for the Construction of Real Estate, INT FRS 118 Transfers of Assets from Customers, and INT FRS 31 Revenue – Barter Transactions Involving Advertising Services.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 2 Summary of Significant Accounting Policies (cont'd)

### (a) Basis of Preparation (cont'd)

#### New/Revised FRS which are not yet effective (cont'd)

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied. Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

### (b) Basis of Consolidation

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when all three elements of control are present: (a) power over the entity; (b) exposure or rights to variable returns from its involvement with the entity; and (c) ability to use its power to affect the amount of its returns.

Investments in subsidiaries are carried at cost less accumulated impairment losses in the statement of financial position of the Company. On disposal of investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

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

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

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

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

Acquisition-related costs are expensed as incurred.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 2 Summary of Significant Accounting Policies (cont'd)

### (b) Basis of Consolidation (cont'd)

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

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which 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 unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the subsidiaries financial statements to ensure consistency of accounting policies with that of the Group.

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

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statements of financial position. 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.

### (c) Transactions with Non-Controlling Interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statements of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

### (d) Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is carried in the statements of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 2 Summary of Significant Accounting Policies (cont'd)

### (d) Associates (cont'd)

The Group's share of the profit or loss of its associates is the profit attributable to equity holders of the associate and, therefore is the profit or loss after tax and non-controlling interests in the subsidiaries of associates.

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

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's net investment in its associate. The Group determines at each financial year end whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

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

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

In the Company's separate financial statements, investments in associates are accounted for at cost less any impairment losses.

### (e) Foreign Currencies

#### Functional and presentation currency

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

For the purpose of the consolidated financial statements, the results and financial position of each entity in the Group are expressed in Singapore Dollar ("S\$"), which is the presentation currency for the consolidated financial statements. The functional currency of the Company is United States Dollar ("US\$").

#### Change in presentation currency

With effect from 1 January 2015, the presentation currency of the Group and the Company were changed from United States Dollar ("US\$") to Singapore Dollar ("S\$"). The change has been adopted as the Company is of the view that the Singapore Dollar will be a better presentation currency than the United States Dollar. The Company was incorporated in Singapore and is currently listed on the Singapore Exchange. The Company's shareholders are largely based in Singapore. Furthermore, the majority of the Company's operations are in Southeast Asia, and the use of the Singapore Dollar as a presentation currency is thus more relevant. The comparative information has been re-presented in Singapore Dollar ("S\$") to conform with current year's presentation.

#### Transactions and balances

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

At the financial year end, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the financial year end are recognised in profit or loss, unless they arise from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. These currency translation differences are recognised in the foreign currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 2 Summary of Significant Accounting Policies (cont'd)

### (e) Foreign Currencies (cont'd)

#### Translation of Group entities' financial statements

The results and financial position of each of the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing exchange rate at the financial year end;
- Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of transactions); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

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

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

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

### (f) Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2(m). 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.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

The carrying amounts 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 values, useful lives and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

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

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

Furniture, fixtures and fittings	3 - 10 years
Computer equipment	2 - 5 years
Office equipment	3 - 8 years
Motor vehicles	3 - 10 years
Leasehold improvements	3 - 20 years
Buildings	20 years

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 2 Summary of Significant Accounting Policies (cont'd)

### (f) Property, Plant and Equipment (cont'd)

Computer equipment includes office computers, telecommunication equipment and network equipment. Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

### (g) Intangible Assets

#### (a) Goodwill

Goodwill acquired in a business combination is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

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

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2(e).

Goodwill and fair value adjustments which arose on acquisition of foreign operations before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in SGD at the rates prevailing at the date of acquisition.

#### (b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial acquisition intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss through the 'amortisation of intangible assets' line item.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying amount may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 2 Summary of Significant Accounting Policies (cont'd)

### (g) Intangible Assets (cont'd)

#### (b) Other intangible assets (cont'd)

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

#### (i) Patents, trademarks and licences

The initial costs of acquiring patents, trademarks and licences are capitalised and charged to profit or loss over the license period from 3 to 10 years. The costs of applying for and renewing patents and licences are charged to profit or loss.

The carrying amounts of patents, trademarks and licenses are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment in amount is provided in full.

#### (ii) Customer contracts, order backlog, customer relationship and marketing rights

Customer contracts, order backlog, customer relationship and marketing rights acquired through business combinations are measured at fair value as at the date of acquisitions. Subsequently, customer contracts, order backlog, customer relationship and marketing rights are amortised on a straight-line basis over their estimated useful lives of 1 to 15 years.

The carrying amounts of customer contracts, order backlog, customer relationship and marketing rights are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment in amount is provided in full.

#### (iii) Research and development costs

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

Following initial recognition of deferred development costs as an intangible asset, it is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use. Deferred development costs have a finite useful life and are amortised over the period of 3 years from the completion of the related project on a straight line basis.

### (h) Financial Assets

#### **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, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

#### **Subsequent measurement**

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

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

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing 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 as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets 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 assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 2 Summary of Significant Accounting Policies (cont'd)

### (h) Financial Assets (cont'd)

#### (b) Loans and receivables

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

#### (c) 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 or 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 assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

#### **De-recognition**

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

#### **Regular way purchase or sale of a financial asset**

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

### (i) Impairment of Financial Assets

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 2 Summary of Significant Accounting Policies (cont'd)

### (i) Impairment of Financial Assets (cont'd)

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

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

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

#### (b) *Financial assets carried at cost*

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

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

In the case of equity investments classified as available-for-sale, 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 that indicates the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

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; increase in their fair value 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.

### (j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and the estimated costs necessary to make the sale.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 2 Summary of Significant Accounting Policies (cont'd)

### (k) Cash and Cash Equivalents

Cash and cash equivalents comprise of cash at bank and on hand, fixed deposits, short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, and are classified as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2(h).

### (l) 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 each financial year end 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 provision is 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. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### (m) Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

The Group recognises other borrowing costs as an expense in the period in which they occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

### (n) Financial Liabilities

#### **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.

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.

#### **Subsequent measurement**

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

#### **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 difference in the respective carrying amounts is recognised in profit or loss.

### (o) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

#### **(a) Finance leases – as lessee**

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 2 Summary of Significant Accounting Policies (cont'd)

### (o) Leases (cont'd)

#### (a) Finance leases – as lessee (cont'd)

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

#### (b) Finance leases – as lessor

Finance leases which transfer substantially all the risks and rewards incidental to legal ownership of the leased items, are recognised as a receivable at an amount equal to the net investment in the lease. Thus, the lease payment receivable is treated by the Group as repayment of principal and finance income to reimburse and reward the Group for its investment and services.

The recognition of finance income shall be based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on the Group's net investment in the finance lease. Lease payments relating to the period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

#### (c) Operating leases – as lessee

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

#### (d) Operating lease – as lessor

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

### (p) Impairment of Non-financial Assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating 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 to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group based its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, the Group has used cash flow projections based on detailed budgets and forecast calculations that is deemed reliable and accurate.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 2 Summary of Significant Accounting Policies (cont'd)

### (q) Revenue Recognition

Revenue of the Group comprises fees earned from telecommunication and ISP services rendered, sale of software licences, distribution of telecom operator products and services, distribution of telecommunication handsets, related products and services, and the supply, rental, maintenance and servicing of computer hardware and peripheral equipment and systems integration service relating to computer equipment and peripherals, storage systems and networking products. These revenues are categorised into operating segments as detailed in Note 2(t).

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

#### (a) Distribution of operator products and services

- Revenue from sale and distribution of mobile prepaid cards and related products and services is recognised at the time when significant risks and rewards of ownership of the goods are transferred to the customer, which generally coincides with delivery and acceptance of goods sold.

#### (b) ICT distribution and managed services

- Revenue from the supply of computer hardware and peripheral equipment is recognised at the time when the significant risk and rewards of ownership of the goods is transferred to the customer, which generally coincides with delivery and acceptance of goods sold. Revenue is not recognised to the extent there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.
- Revenue from the maintenance and servicing of computer hardware and peripheral equipment, systems integration service and consultation services is recognised at the time when services are rendered.
- Revenue from the rental of computer hardware and peripheral equipment is recognised proportionately on a time basis over the contract period.
- Revenue from postpaid telecommunication services is recognised at the time when such services are rendered.
- Revenue from rendering of prepaid telecommunication services comprises the gross value of services rendered. Commissions and other incentives given to resellers are separately classified under commissions and other selling expenses as these are part of the distribution costs. Revenue and the related distribution costs from such services are recognised when services are rendered. Collections from prepaid telecommunication services are deferred and recognised as revenue as and when the services are rendered. Unused prepaid telecommunication services are included in the statements of financial position as "deferred revenue". Upon termination of the prepaid telecommunication services, any unutilised value of the prepaid telecommunication services will be taken to the profit and loss.
- Revenue from software customisation and system integration services to telecommunication carriers and wholesale clearing houses is recognised upon completion and delivery of the services to the customer.
- Revenue from software licences and post-contract customer support services is recognised proportionately on a time basis over the contract period.
- Revenue from ISP services is recognised at the time when such services are rendered.
- Revenue from service income is recognised on an accrual basis when no significant uncertainty exists regarding the amount of consideration that will be derived from rendering the service.

#### (c) Mobile devices distribution and retail

- Revenue from the supply of telecommunication and consumer electronic products is recognised at the time when significant risks and rewards of ownership of the goods are transferred to the customer, which generally coincides with delivery and acceptance of goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

#### (d) Others

- Interest income is recognised using the effective interest method and management fee income is recognised on an accrual basis.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 2 Summary of Significant Accounting Policies (cont'd)

### (r) Employee Benefits

#### (a) Defined contribution plans

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

#### (b) Employee leave entitlements

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

#### (c) Employee share incentive plan

Employees (including senior executives and Directors) of the Group receive remuneration in the form of share options and performance shares as consideration for services rendered ('equity-settled transactions').

The cost of equity-settled share-based transactions with employees for award granted after 22 November 2002 is measured by reference to the fair value at the date on which the share options and performance shares are granted which takes into account market conditions and non-vesting conditions. The Group has plans that are time-based and performance-based. In valuing the performance-based plans, no account is taken of any performance conditions.

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

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The employee share-based payment reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share-based payment reserve is transferred to share capital if new shares are issued.

#### (d) Defined benefit plan

The Group provides additional provisions for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under the respective jurisdiction, in accordance to the local legal regulations.

The said additional provisions are estimated using actuarial calculations based on the report prepared by independent actuary firms. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 2 Summary of Significant Accounting Policies (cont'd)

### (r) Employee Benefits (cont'd)

#### (d) Defined benefit plan (cont'd)

Defined benefit costs are categorised as follows:

- (a) Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- (b) Net interest expense or income; and
- (c) Remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'personnel costs'. Curtailment gains and losses are accounted for as past service costs.

### (s) Taxes

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

#### Current income tax

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

#### Deferred tax

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

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

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

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 2 Summary of Significant Accounting Policies (cont'd)

### (s) Taxes (cont'd)

#### Deferred tax (cont'd)

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition when a business combination is initially accounted for but is subsequently realised, the acquirer shall recognise the resulting deferred tax income in profit or loss or a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period.

#### Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in the accounting for the business combination.

### (t) 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 Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. For financial statements presentation purposes, these individual operating segments have been aggregated into a single operating segment taking into account the following factors:

1. the nature of the products;
2. the type or class of customer for their products and services; and
3. methods used to distribute their products to the customers or provide their services.

#### (a) Operating Segments

The main operating segments of the Group are:

- a. Distribution of operator products and services, comprising:
  - (i) Distribution of mobile prepaid cards
- b. ICT distribution and managed services, comprising:
  - (i) Supply, rental, maintenance and servicing of computer hardware and peripheral equipment;
  - (ii) Systems integration service related to computer equipment and peripherals, storage systems and networking products;
  - (iii) Provide computer advising and consultation services, training of personnel and sales and services of compute software;
  - (iv) PC-Phone service that allows users to make calls from their PC to any phone in the world;
  - (v) GCC service that offers users the means to make low cost calls via IP infrastructure;
  - (vi) IDD, Mobile VoIP and VoIP telephony services to corporate users and consumers;
  - (vii) Enterprise service that allows corporate users to make calls via their existing corporate PABX and internet access;
  - (viii) Wholesale Termination services to carriers and service providers;
  - (ix) Technology Licensing that offers connectivity and interoperability solutions to telecommunication carriers and wholesale clearing houses;

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 2 Summary of Significant Accounting Policies (cont'd)

### (t) Segment Reporting (cont'd)

#### (a) Operating Segments (cont'd)

- b. ICT distribution and managed services, comprising: (cont'd)
  - (x) ISP service that offers an extensive portfolio of data services includes Broadband, Leaseline Access, Private Network, Network Security, Hosted Services and IT Solutions to corporate users and consumers;
  - (xi) Provide internet infrastructure, e-business applications consulting, project management and systems support services; and
- c. Mobile devices distribution and retail, comprising:
  - (i) Sales of mobile handsets, related products and services.

#### (b) Geographical Information

The Group has organised geographical segments according to the region in which the reporting Company is incorporated in. Assets and capital expenditure are based on the location of the assets.

### (u) Share Capital and Share Issue Expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are shown separately under other reserves.

### (v) Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statements of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

### (w) Related Parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
  - (i) has control or joint control over the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of the key management personnel of the Group or the Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
  - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 2 Summary of Significant Accounting Policies (cont'd)

### (w) Related Parties (cont'd)

- (b) An entity is related to the Group and the Company if any of the following conditions applies: (cont'd)
  - (iii) both entities are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

### (x) Non-current Assets Held for Sale and Discontinued Operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

In profit or loss, all income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in profit or loss.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

### (y) Financial Guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

## 3 Significant Accounting Estimates 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 each financial year end. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

### (a) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial year end are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 3 Significant Accounting Estimates and Judgements (cont'd)

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

- **Depreciation of property, plant and equipment**

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 2 to 20 years. The carrying amounts of the Group's and the Company's property, plant and equipment at 31 December 2015 are approximately S\$5,256,000 and S\$256,000 (31 December 2014: S\$6,620,000 and S\$361,000) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

If depreciation on property, plant and equipment increases/decreases by 10% from management's estimate, the Group's profit before taxation will decrease/increase by approximately S\$115,000 (2014: S\$196,000).

- **Impairment of loans and receivables**

The Group assesses at each financial year end 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 amount of the Group's loans and receivables at the financial year end is disclosed in Note 12 to the financial statements. If the present value of estimated future cash flows of receivables that are past due but not impaired and those that are impaired, varies by 5% from management's estimates, the Group's allowance for impairment will increase by S\$403,000 (31 December 2014: S\$346,000).

- **Impairment of investment in subsidiaries**

The Company follows the guidance of FRS 36 in determining the recoverability of its investment in subsidiaries. This requires assessment as to whether the carrying amount of its investment in subsidiaries and associates can be supported by the net present value of future cash flows derived from such investments using cash flow projections which have been discounted at an appropriate rate. This determination requires significant judgement, the Company determines forecasts of future cash flows based on its estimates of future revenues and operating expenses using historical and industry trends, general market conditions, forecasts and other available information. If the estimated recoverable amount decreases by 5% from management's estimates, the Group's allowance for impairment will increase by S\$211,000 (31 December 2014: increase by S\$71,000).

- **Fair value of financial instruments**

Where the fair values of financial instruments recorded on the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values. The judgements include considerations of liquidity and model inputs regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates, changes on assumptions about these factors could affect the reported fair values of financial instruments. The valuation of financial instruments is disclosed and further explained in Note 38.

- **Defined benefits plan**

The determination of the Group's obligations and cost for employee benefits liabilities is dependent on its selection of certain assumptions used by independent actuaries in calculating such amounts. Those assumptions include among others, discount rates, annual salary increment rate, annual employee turnover rate, disability rate, retirement age and mortality rate. Actual results that differ from the Group's assumptions, which are more than 10% of the defined benefit obligations, are deferred and amortised on a straight-line basis over the expected average remaining service years of the qualified employees. While the Group believes that its assumptions are reasonable and appropriate, significant differences in the Group's actual experiences or significant changes in the Group's assumptions may materially affect its estimated liabilities for pension and employee benefits and net employee benefits expense. The carrying amount of the Group's employee benefits liabilities as at 31 December 2015 is S\$848,000 (31 December 2014: S\$1,217,000). Further details are given in Note 32.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 3 Significant Accounting Estimates and Judgements (cont'd)

### (b) Critical judgements made in applying accounting policies

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

- **Determination of functional currency**

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

- **Allowance for inventories obsolescence**

Reviews are made periodically by management on inventories for inventory obsolescence and decline in net realisable value below cost. Allowances are recorded against the inventories for any such declines based on historical obsolescence and slow-moving experiences. Allowances for inventories are written back upon subsequent sale of the inventories.

During the financial year, the Group recognised a net write back of S\$780,000 (2014: allowance S\$4,199,000) and wrote off inventories of S\$625,000 (2014: S\$725,000) from continuing operations. The carrying amount of the Group's inventories as at 31 December 2015 was S\$11,660,000 (2014: S\$18,942,000).

- **Income taxes**

The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amount of the Group's tax payable, tax recoverable, deferred tax liabilities and assets as at 31 December 2015 were S\$246,000 (31 December 2014: S\$1,818,000), S\$1,064,000 (2014: S\$5,536,000), S\$Nil (31 December 2014: S\$4,000) and S\$233,000 (31 December 2014: S\$112,000) respectively.

- **Control over PT Technomas Internusa as a subsidiary**

Note 19 describes that PT Technomas Internusa ("TIN") is a subsidiary of the Group although the Group does not own any equity interest in TIN. Based on the contractual arrangements between the Group and the shareholder of TIN, the Group has the power to direct the relevant activities of TIN. Therefore, the directors concluded that it has the practical ability to direct the relevant activities of TIN unilaterally and hence the Group has control over TIN.

- **Loss of control over Mediating Communications Pte Ltd and Mediating Network Services Pte Ltd**

The Group has disposed its investment in Mediating Communications Pte Ltd ("MRC") and Mediating Network Services Pte Ltd ("MRNS") for a consideration of S\$3,000,000 payable in four instalments. The first closing has been completed on 30 December 2015 and as stipulated in the sale and purchase agreement, 30% of the shareholding in MRC and MRNS has been transferred to the buyer.

Although the Group continues to hold 70% of the shareholdings in MRC and MRNS as at 31 December 2015, management has assessed that the Group has lost control over both entities as management control has been handed over to the other shareholder effective from 30 December 2015 and the Group will have no exposure to the risks and rewards of the 70% shareholdings as the profit or loss of MRC and MRNS will be entirely borne by the buyer. Thus, management has regarded this as a disposal of the investment in subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 4 Turnover

Turnover comprises the following:

	Group	
	2015	2014 (Restated)
	S\$'000	S\$'000
Distribution of operator products and services	349,259	365,147
ICT distribution and managed services	45,196	45,951
Mobile devices distribution and retail	17,469	38,229
	411,924	449,327
Turnover from the sale of goods	403,352	438,194
Turnover from the rendering of services	8,572	11,133
	411,924	449,327

## 5 Other Income

	Group	
	2015	2014 (Restated)
	S\$'000	S\$'000
Other income - operating:		
- Early payment discount	-	77
- Rental income	302	526
- Write-back of sundry payables	1,175	882
- Rebates	148	147
- Support service to a related party	693	454
- Others	274	332
	2,592	2,418
Interest income:		
- Fixed deposits	414	540
- Bank balances	151	84
- Investment securities	-	201
- Others	26	-
	591	825
Other income - non-operating:		
- Gain on disposal of investment in subsidiaries	3,478	-
- Gain on disposal of property, plant and equipment	132	452
- Fair value gain on investment securities designated at fair value through profit or loss	131	-
- Settlement of certain arbitration proceedings	-	2,530
- Others	-	86
	3,741	3,068

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 6 Personnel Costs

	Group	
	2015	2014 (Restated)
	S\$'000	S\$'000
Salaries and allowances	17,476	18,966
Central Provident Fund contributions	1,053	1,095
Defined benefit plan (Note 32)	(126)	269
Staff welfare	999	793
Insurance	291	339
Other personnel costs	388	775
	<u>20,081</u>	<u>22,237</u>

Other personnel costs include mainly medical fees, staff accommodation, recruitment cost, training cost and provision for unpaid leave balance.

## 7 Profit/(loss) before Taxation from Continuing Operations

Profit/(loss) before taxation from continuing operations is stated after charging/(crediting) the following:

	Group	
	2015	2014 (Restated)
	S\$'000	S\$'000
Audit fees paid/payable to:		
- Auditors of the Company	376	424
- Other auditors	117	350
Non-audit fees paid/payable to:		
- Auditors of the Company	-	-
- Other auditors	5	37
Directors' fees:		
- Directors of the Company	*	216
Other professional fees	1,185	2,240
Equipment rental	282	294
Foreign exchange gain	(937)	(1,040)
(Reversal of impairment)/impairment of intangible assets (note 18)	(78)	45,738
Impairment of property, plant and equipment (note 17)	-	414
Telecommunication expenses	559	758
Travelling and entertainment	1,597	2,020
Allowance for doubtful trade debts (Note 12)	128	1,192
Allowance for doubtful non-trade debts (Note 13)	218	700
Provision for inventory obsolescence	781	5,879
Write-back of allowance for doubtful trade debts (Note 12)	(383)	(2,507)
Write-back of provision for inventory obsolescence	(1,561)	(1,680)
Write off of inventories	625	725
Write off of trade debts	49	2,274
Write-back of allowance for doubtful non-trade debts (Note 13)	(284)	-
Write off of non-trade debts	273	-
Interest expense on loans and borrowings	712	1,367
	<u>712</u>	<u>1,367</u>

\* Less than S\$1000

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 8 Taxation

### Major components of income tax expense

The major components of income tax expense for the year ended 31 December 2015 are:

	Group	
	2015	2014
		(Restated)
	S\$'000	S\$'000
<u>From continuing operations</u>		
Consolidated income statement:		
Current income tax		
- Current income taxation	342	910
- Over provision in respect of previous years	(633)	-
	<u>(291)</u>	<u>910</u>
Deferred income tax (Note 23)		
- Origination and reversal of temporary differences	(117)	(7,411)
Income tax credit relating to continuing operations	<u>(408)</u>	<u>(6,501)</u>

Foreign currency translation and net gain or loss on available-for-sale financial assets presented under other comprehensive income have no income tax impact.

### Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the financial years ended 31 December 2015 and 2014 is as follows:

	Group	
	2015	2014
		(Restated)
	S\$'000	S\$'000
Profit/(loss) before taxation from continuing operations	870	(62,238)
Tax at the domestic rates applicable to pre-tax profit or loss in the countries concerned*	(1,925)	(11,324)
Adjustments:		
Tax effect of expenses not deductible for tax purposes <sup>#</sup>	759	5,030
Deferred tax assets not recognised	1,964	630
Utilisation of deferred tax assets previously not recognised	(317)	(6)
Income not subject to taxation	(256)	(541)
Over provision in respect of previous years	(633)	-
Others	-	(290)
Income tax credit recognised in profit or loss	<u>(408)</u>	<u>(6,501)</u>

\* The reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

<sup>#</sup> The expenses not deductible for tax purposes mainly relate to provision for inventory obsolescence and allowance for doubtful debts.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 8 Taxation (cont'd)

The Group, in arriving at the current tax liabilities for the Singapore companies, has taken into account losses to be transferred under the loss transfer system of group relief in Singapore. This is subject to compliance with the relevant rules and procedures and agreement of the Inland Revenue Authority of Singapore. The current year tax expense of the Group is net of the tax effects of the unutilised tax losses transferred.

The use of these tax losses and unabsorbed capital allowances 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.

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2015	2014
		(Restated)
	S\$'000	S\$'000
Unabsorbed capital allowance	11,287	31,544
Unutilised tax losses	238,512	241,689

The unabsorbed capital allowance and unutilised tax losses do not expire except for unutilised tax losses relating to subsidiaries in Indonesia, Thailand and China which have an expiry period of 5 years. The breakdown of unutilised tax losses that will expire in the next 5 years is as follows:

	Group	
	2015	2014
		(Restated)
	S\$'000	S\$'000
Expiry dates		
31 December 2015	-	8,064
31 December 2016	307	307
31 December 2017	36,118	36,118
31 December 2018	20,743	20,743
31 December 2019	5,000	5,000
31 December 2020	6,287	-

## 9 Discontinued Operations

During the current financial year, the Company disposed its interest in Mediarig Communications Pte Ltd ("MRC"), Mediarig Network Services Pte Ltd ("MRNS") and I-Gate Holdings Sdn Bhd ("IGH"). The disposals were completed on 30 December 2015. The disposals were consistent with the Group's plan to dispose non-core businesses of the Group.

Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in Note 19 Subsidiaries.

### Analysis of loss for the year from discontinued operations

The combined results of the discontinued operations (MRC, MRNS and IGH) included in the consolidated income statement are set out below. The comparative income statement has been re-presented to include those operations classified as discontinued in the current year.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 9 Discontinued Operations (cont'd)

	Group	
	2015	2014 (Restated)
	S\$'000	S\$'000
Turnover	5,226	8,221
Other income	196	354
Purchases and changes in inventories and direct service fees incurred	(3,997)	(6,400)
Commissions and other selling expenses	(6)	(33)
Personnel costs	(454)	(630)
Infrastructure costs	(412)	(367)
Marketing expenses	(2)	(11)
Other operating expenses	(605)	(1,055)
Other expenses – non operating	-	(98)
Depreciation of property, plant and equipment	(157)	(194)
Finance costs	1	(12)
Loss before tax from discontinued operations	(210)	(225)
Taxation	(2)	(4)
Loss for the year from discontinued operations, net of tax	(212)	(229)

### Cash flows from discontinued operations

	Group	
	2015	2014 (Restated)
	S\$'000	S\$'000
Net cash (outflows)/inflows from operating activities	(269)	388
Net cash outflows from investing activities	(37)	(566)
Net cash outflows	(306)	(178)



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 10 Earnings/(loss) per Share

### (a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing profit/(loss), net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year. The following table reflects the profit/(loss) and share data used in the basic and diluted earnings/(loss) per share computation for the following year:

	Group	
	2015	2014 (Restated)
	S\$'000	S\$'000
Net profit/(loss) attributable to ordinary shareholders for computing basic and diluted earnings/(loss) per share	960	(55,846)
Loss for the year from discontinued operations	212	229
Net profit/(loss) from continuing operations attributable to ordinary shareholders for computing basic and diluted earnings/(loss) per share	1,172	(55,617)

	Group	
	2015	2014
	'000	'000
Weighted average number of ordinary shares as at 31 December 2015 and 2014 for the purpose of computing the basic earnings/(loss) per share as disclosed in Note 28	13,712	13,712

### (b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is calculated by dividing profit/(loss), net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	Group	
	2015	2014
	'000	'000
Weighted average number of ordinary shares as at 31 December 2015 and 2014 for the purpose of computing the diluted earnings/(loss) per share as disclosed in Note 28	13,712	13,712

During the current financial year, the number of ordinary shares decreased as a result of a share consolidation of 400:1. The basic and diluted earnings/(loss) per share for the comparative year have been adjusted accordingly.

686,285 (2014: 1,369) share options granted to employees under the existing employee share option plans have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

Since the end of the year, no employees (including senior executives and Directors) have exercised options to acquire ordinary shares (2014: Nil).

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 11 Inventories

	Group		Company	
	2015	2014	2015	2014
	S\$'000	(Restated) S\$'000	S\$'000	(Restated) S\$'000
Inventories	11,660	18,942	-	110
Inventories recognised as an expense	377,873	416,858	85	4,706

The Group wrote back allowance for inventories amounting to S\$1,561,000 (2014: S\$1,680,000) upon the sale of inventories that allowance thereof had been recognised previously.

The Group has subjected the inventories amounting to S\$10,444,000 (2014: S\$15,499,000) to collateral charge as security for bank facilities (Note 27).

## 12 Trade Receivables

	Group		Company	
	2015	2014	2015	2014
	S\$'000	(Restated) S\$'000	S\$'000	(Restated) S\$'000
<b>Non-current</b>				
Lease receivables	-	302	-	-
Less: Unearned finance income	-	(27)	-	-
	-	275	-	-
<b>Current</b>				
Trade receivables	13,728	18,733	1,369	1,724
Less: Allowance for impairment	(3,495)	(3,971)	(964)	(905)
	10,233	14,762	405	819
Lease receivables	54	218	-	-
Less: Unearned finance income	(1)	-	-	-
	10,286	14,980	405	819
Total trade receivables	10,286	15,255	405	819
Add:				
Long-term loans and advances to subsidiaries (Note 22)	-	-	16,451	15,970
Other receivables and deposits (Note 13)	7,152	5,725	3,336	1,057
Cash and bank deposits pledged (Note 16)	11,539	7,674	4,878	4,775
Cash and cash equivalents (Note 16)	32,802	37,053	23,820	25,745
Due from subsidiaries (Note 15)	-	-	158	837
Total loans and receivables	61,779	65,707	49,048	49,203

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 12 Trade Receivables (cont'd)

### Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to S\$4,455,000 (2014: S\$4,629,000) and S\$272,000 (2014: S\$573,000) that are past due at the financial year end but not impaired. These trade receivables are unsecured and the analysis of their aging at the financial year end is as follows:

	Group		Company	
	2015	2014 (Restated)	2015	2014 (Restated)
	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables past due for:				
Less than 30 days	2,269	2,551	2	182
31 to 60 days	1,327	649	*	101
61 to 90 days	273	510	7	36
More than 90 days	586	919	263	254
	<u>4,455</u>	<u>4,629</u>	<u>272</u>	<u>573</u>

\* Less than S\$1,000

### Receivables that are impaired

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

The Group's trade receivables that are impaired at the financial year end and the movement of the allowance accounts used to record the impairment are as follows:

	Group			
	Collectively impaired		Individually impaired	
	2015	2014 (Restated)	2015	2014 (Restated)
	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables - nominal amounts	97	233	3,462	4,564
Less: Allowance for impairment	(52)	(230)	(3,443)	(3,741)
	<u>45</u>	<u>3</u>	<u>19</u>	<u>823</u>
Movement in the allowance accounts:				
At the beginning of the year	230	125	3,741	4,951
Charge for the year	48	244	56	1,349
Arising from disposal of subsidiaries	(198)	-	(290)	-
Write-back	(35)	(52)	(358)	(2,707)
Write-off	-	(91)	127	(65)
Exchange differences	7	4	167	213
At the end of the year	<u>52</u>	<u>230</u>	<u>3,443</u>	<u>3,741</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 12 Trade Receivables (cont'd)

### Receivables that are impaired (cont'd)

	Company	
	2015	2014 (Restated)
	S\$'000	S\$'000
Trade receivables - nominal amounts	1,055	1,038
Less: Allowance for impairment	(964)	(905)
	91	133
Movement in the allowance accounts:		
At the beginning of the year	905	434
Charge for the year	-	453
Write-back	(2)	(5)
Exchange differences	61	23
At the end of the year	964	905

During the financial year, the Group and the Company wrote back allowance of S\$393,000 (2014: S\$2,759,000) and S\$2,000 (2014: S\$5,000) respectively upon the collection of debts that were previously provided for.

### Receivables pledged as collateral

The Group has pledged trade receivables with a carrying amount of S\$310,000 (2014: S\$4,092,000) as collateral to secure a subsidiary's bank loans (Note 27).

### Lease receivables

The Group has finance lease arrangements with customers for the sale of computer hardware and peripheral equipment. The discount rate implicit to the lease is 9.72% (2014: 9.43%) per annum.

Future minimum lease payment receivable under finance leases together with the present value of the net minimum lease payment receivables are as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2015	2014	2015	2014 (Restated)
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Group</b>				
Not later than one year	54	218	53	218
Later than one year but not later than five years	-	302	-	275
Total minimum lease payments	54	520	53	493
Less: Amounts representing finance incomes	(1)	(27)	-	-
Present value of minimum lease payments	53	493	53	493

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 13 Other Receivables and Deposits and Tax Recoverable

	Group		Company	
	2015	2014 (Restated)	2015	2014 (Restated)
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Other receivables and deposits</b>				
<b>Current</b>				
Other receivables				
- Third parties	6,100	5,645	2,261	851
- Related parties	867	694	867	694
	6,967	6,339	3,128	1,545
Less: Allowance for impairment	(1,446)	(1,718)	(809)	(775)
	5,521	4,621	2,319	770
Deposits	412	672	174	19
Interest receivable	432	340	156	268
	6,365	5,633	2,649	1,057
<b>Non-current</b>				
Other receivables	787	92	687	-
Total other receivables and deposits	7,152	5,725	3,336	1,057
<b>Tax recoverable</b>				
Current	1,064	4,413	-	-
Non-current	-	1,123	-	-
Total tax recoverable	1,064	5,536	-	-

Other receivables mainly relate to the deferred sales proceed to be received for the disposal of subsidiaries, value-added tax receivables and accrued performance bonuses for the distribution of operator products and services.

### Other receivables that are impaired

Allowances for impairment losses are recognised against other receivables based on management's estimation of irrecoverable amounts.

The Group's other receivables that are impaired at the financial year end and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2015	2014 (Restated)	2015	2014 (Restated)
	S\$'000	S\$'000	S\$'000	S\$'000
Other receivables - nominal amounts	1,446	1,718	809	775
Less: Allowance for impairment	(1,446)	(1,718)	(809)	(775)
	-	-	-	-
Movement in allowance account:				
At the beginning of the year	1,718	758	775	758
Charge for the year	244	902	(19)	(18)
Exchange differences	-	58	53	35
Write-back	(286)	-	-	-
Disposal of a subsidiary	(230)	-	-	-
At the end of the year	1,446	1,718	809	775

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 14 Prepayments

	Group		Company	
	2015	2014	2015	2014
	S\$'000	(Restated) S\$'000	S\$'000	(Restated) S\$'000
Prepaid selling expenses	116	266	94	251
Other prepaid expenses	2,093	3,041	59	271
	<u>2,209</u>	<u>3,307</u>	<u>153</u>	<u>522</u>

Total other prepaid expenses mainly relate to advance payments to vendors by subsidiaries and prepaid rental for offices and shops.

## 15 Due from/(to) Subsidiaries

Amounts due from subsidiaries to the Company are stated after deducting allowance for impairment of S\$22,144,000 (2014: S\$20,409,000). During the previous financial year, the repayment terms for certain outstanding amounts had been changed from repayable on demand to 7 years. Consequently, the related allowance for impairment has also been reclassified to non-current.

Amounts due from/(to) subsidiaries are trade and non-trade in nature, repayable in 1-7 years, unsecured, interest-free and are to be settled in cash, except for loans to subsidiaries which bear interest ranging from 5% to 6% (2014: 5% to 6%) per annum.

	Company	
	2015	2014
	S\$'000	(Restated) S\$'000
Movement in allowance account:		
At the beginning of the year	(20,409)	(19,364)
Charge for the year	(610)	(135)
Write-back	263	-
Exchange differences	(1,388)	(910)
At the end of the year	<u>(22,144)</u>	<u>(20,409)</u>

## 16 Cash and Cash Equivalents

Cash and cash equivalents comprise the following:

	Group		Company	
	2015	2014	2015	2014
	S\$'000	(Restated) S\$'000	S\$'000	(Restated) S\$'000
Fixed deposits	35,760	32,155	27,362	28,030
Cash and bank balances	8,581	12,572	1,336	2,490
	<u>44,341</u>	<u>44,727</u>	<u>28,698</u>	<u>30,520</u>
Less: Cash and bank deposits pledged	(11,539)	(7,674)	(4,878)	(4,775)
	<u>32,802</u>	<u>37,053</u>	<u>23,820</u>	<u>25,745</u>

Fixed deposits with financial institutions mature in varying periods from the financial year end. Fixed deposits earn interest at the effective interest rates ranging from 0.20% to 9.25% (2014: 0.25% to 9.25%) per annum.

Cash at bank earns interest at floating rates based on daily bank deposits ranging from 0% to 2.15% (2014: 0% to 1.5%) per annum.

Cash and bank deposits of S\$11,539,000 (2014: S\$7,674,000) are pledged as security for trust receipts, bank guarantees, standby letters of credit and other bank services.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 17 Property, Plant and Equipment

	Furniture, fixtures and fittings S\$'000	Computer equipment S\$'000	Office equipment S\$'000	Motor vehicles S\$'000	Leasehold improvements S\$'000	Buildings S\$'000	Total S\$'000
<b>Group</b>							
<b>2015</b>							
<b>Cost</b>							
At 1 January (Restated)	1,643	20,155	1,093	604	1,127	4,851	29,473
Additions	73	210	103	92	141	-	619
Disposal of subsidiaries	(531)	(1,818)	(260)	(1)	(77)	-	(2,687)
Disposals/write-offs	(596)	(1,486)	(590)	(186)	(372)	-	(3,230)
Translation differences	(169)	464	(86)	6	(44)	(194)	(23)
Adjustments	1,276	889	519	289	(106)	399	3,266
At 31 December	1,696	18,414	779	804	669	5,056	27,418
<b>Accumulated depreciation</b>							
At 1 January (Restated)	1,401	18,863	921	134	887	647	22,853
Depreciation charge for the year	166	383	227	84	196	253	1,309
Disposal of subsidiaries	(531)	(1,338)	(260)	(1)	(69)	-	(2,199)
Disposals/write-offs	(563)	(1,403)	(544)	(98)	(363)	-	(2,971)
Translation differences	(163)	298	(169)	1	(25)	(38)	(96)
Adjustments	1,324	924	495	289	(162)	396	3,266
At 31 December	1,634	17,727	670	409	464	1,258	22,162
<b>Net carrying amount</b>							
At 31 December	62	687	109	395	205	3,798	5,256
<b>2014 (Restated)</b>							
<b>Cost</b>							
At 1 January	1,718	18,903	1,069	763	597	4,887	27,937
Additions	17	1,113	42	133	588	-	1,893
Disposals/write-offs	(69)	(113)	(14)	(304)	(60)	(150)	(710)
Translation differences	(23)	252	(4)	12	2	114	353
At 31 December	1,643	20,155	1,093	604	1,127	4,851	29,473
<b>Accumulated depreciation</b>							
At 1 January	947	17,921	632	126	337	404	20,367
Depreciation charge for the year	505	674	223	120	357	271	2,150
Disposals/write-offs	(64)	(111)	(9)	(179)	(19)	(29)	(411)
Impairment loss	38	99	87	68	207	-	499
Translation differences	(25)	280	(12)	(1)	5	1	248
At 31 December	1,401	18,863	921	134	887	647	22,853
<b>Net carrying amount</b>							
At 31 December	242	1,292	172	470	240	4,204	6,620

### Assets held under finance lease

During the financial year ended 31 December 2015, the Group acquired property, plant and equipment with an aggregate cost of S\$Nil (2014: S\$690,000) by means of finance lease.

The carrying amount of property, plant and equipment held under finance leases as at 31 December 2015 was S\$682,000 (2014: S\$875,000) and S\$208,000 (2014: S\$231,000) for the Group and the Company respectively. The leased assets have been pledged as security for the related finance liability.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 17 Property, Plant and Equipment (cont'd)

### Impairment of assets

During the previous financial year ended 31 December 2014, an impairment loss of S\$499,000 representing the write-down of property, plant and equipment in certain subsidiaries to recoverable amount, as part of rationalisation exercise, was recognised in the consolidated income statement. There is no impairment loss in the current financial year.

	Furniture, fixtures and fittings	Computer equipment	Office equipment	Motor vehicles	Leasehold improve- ments	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Company</b>						
<b>2015</b>						
<b>Cost</b>						
At 1 January (Restated)	42	4,617	179	344	71	5,253
Additions	-	3	-	-	-	3
Disposals	(42)	(4)	-	-	(71)	(117)
Translation differences	-	312	12	23	-	347
At 31 December	-	4,928	191	367	-	5,486
<b>Accumulated depreciation</b>						
At 1 January (Restated)	26	4,522	176	113	55	4,892
Depreciation charge for the year	7	54	2	38	8	109
Disposals	(33)	-	-	-	(63)	(96)
Reclassifications	-	(5)	-	-	-	(5)
Translation differences	-	309	12	9	-	330
At 31 December	-	4,880	190	160	-	5,230
<b>Net carrying amount</b>						
At 31 December	-	48	1	207	-	256
<b>2014 (Restated)</b>						
<b>Cost</b>						
At 1 January	40	4,351	170	329	68	4,958
Additions	1	60	-	-	-	61
Translation differences	1	206	9	15	3	234
At 31 December	42	4,617	179	344	71	5,253
<b>Accumulated depreciation</b>						
At 1 January	19	4,184	154	75	28	4,460
Depreciation charge for the year	6	136	15	33	25	215
Translation differences	1	202	7	5	2	217
At 31 December	26	4,522	176	113	55	4,892
<b>Net carrying amount</b>						
At 31 December	16	95	3	231	16	361

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 18 Intangible Assets

	Goodwill	Licensing, patents and trademarks	Customer contracts	Order backlog	Customer relationship	Marketing rights	Deferred developments costs	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Group</b>								
<b>2015</b>								
<b>Cost</b>								
At 1 January (Restated)	137,296	28,579	2,279	631	57,624	5,086	3,543	235,038
Additions	-	3	-	-	-	-	-	3
Disposal of subsidiaries	(5,251)	(282)	(2,226)	-	-	-	(86)	(7,845)
Disposals	-	(551)	-	-	-	-	-	(551)
Adjustments	-	(1,498)	-	-	(4,204)	(3,955)	94	(9,563)
Translation differences	-	124	-	-	-	-	236	360
At 31 December	132,045	26,375	53	631	53,420	1,131	3,787	217,442
<b>Accumulated amortisation and impairment</b>								
At 1 January (Restated)	137,296	28,338	2,279	631	57,624	5,086	3,539	234,793
Amortised during the year	-	184	-	-	-	-	-	184
Reversal of impairment during the year	-	(82)	-	-	-	-	4	(78)
Disposal of subsidiaries	(5,251)	(177)	(2,226)	-	-	-	(86)	(7,740)
Disposals	-	(551)	-	-	-	-	-	(551)
Adjustments	-	(1,498)	-	-	(4,204)	(3,955)	94	(9,563)
Translation differences	-	119	-	-	-	-	236	355
At 31 December	132,045	26,333	53	631	53,420	1,131	3,787	217,400
<b>Net carrying amount</b>								
At 31 December	-	42	-	-	-	-	-	42
<b>2014 (Restated)</b>								
<b>Cost</b>								
At 1 January	133,248	27,640	2,177	603	56,113	4,859	3,296	227,936
Additions	-	138	-	-	-	-	95	233
Translation differences	4,048	801	102	28	1,511	227	152	6,869
At 31 December	137,296	28,579	2,279	631	57,624	5,086	3,543	235,038
<b>Accumulated amortisation and impairment</b>								
At 1 January	112,917	14,809	2,177	603	39,149	3,909	2,830	176,394
Amortised during the year	-	820	-	-	4,281	87	249	5,437
Impairment during the year	20,017	11,868	-	-	12,680	863	310	45,738
Translation differences	4,362	841	102	28	1,514	227	150	7,224
At 31 December	137,296	28,338	2,279	631	57,624	5,086	3,539	234,793
<b>Net carrying amount</b>								
At 31 December	-	241	-	-	-	-	4	245

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 18 Intangible Assets (cont'd)

The remaining amortisation periods as at 31 December 2015 range between 1 – 2 years for licensing, patents and trademarks.

### (a) Allocation of goodwill to cash-generating units (“CGU”)

Goodwill is allocated for impairment testing purposes to the individual entity or group of subsidiaries, which is also the CGU. Where the acquired business has been merged as a division of an entity, the CGU would be that division of the merged entity. The carrying amount of goodwill as at 31 December 2014 was fully impaired.

### (b) Basis of impairment assessment

The recoverable amounts of the CGUs have been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a 5 year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows beyond the 5 year period are as follows:

	Affinity Group		Bharat IT		MediaRing Network Services		Cavu Corp		Delteq		
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	
	%	%	%	%	%	%	%	%	%	%	
Pre-tax discount rates		17.50									
	-	to 21.00	-	22.49	-	10.13	-	11.00	-	11.00	
Growth rates	-	2.50	-	3.00	-	1.00	-	1.00	-	1.00	

#### Key assumptions used in the value-in-use calculations

The calculations of value-in-use for the CGUs are most sensitive to the following assumptions:

Forecasted gross margins – Gross margins are based on the value achieved in the year preceding the start of the budget period.

Growth rates – The forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Pre-tax discount rates – Discount rates reflect management’s estimate of the risks specific to each CGU. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

#### Sensitivity to changes in assumptions

No sensitivity analysis is presented as the Group has fully impaired the goodwill and intangible assets, except for S\$42,000 (2014: S\$241,000) relating to licensing and S\$Nil (2014: S\$4,000) relating to deferred development costs.

### (c) Impairment loss recognised

In the previous financial year, an impairment loss was recognised to write-down the carrying amount of goodwill and intangible assets. The impairment loss of S\$45,738,000 had been recognised in profit and loss under the line item “Other Expenses – non operating”.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 18 Intangible Assets (cont'd)

### (c) Impairment loss recognised (cont'd)

In accordance with FRS 36 "Impairment of Assets", the Group carried out impairment testing as at the end of the previous financial year. Accordingly, to the extent that the carrying amounts exceeded the recoverable amounts, goodwill and other intangible assets amounting to S\$37,321,000 arising out of the acquisition in the case of Affinity group and S\$8,417,000 in the case of the subsidiaries forming part of the ICT distribution and managed services had been impaired. The impairment charge in respect of the Affinity group had primarily been on account of changing preference of customers for mobility products and a paradigm shift in the distribution channel via e-commerce and online marketing of mobility products. Impairment charge in respect of subsidiaries of ICT distribution and managed services resulted due to relatively lower potential earning capacity due to industry challenges and severe downturn in the Voice over Internet Protocol ("VoIP") retail businesses.

	Licensing, patents and trademarks S\$'000	Deferred development costs S\$'000	Total S\$'000
<b>Company</b>			
<b>2015</b>			
<b>Cost</b>			
At 1 January (Restated)	2,306	3,546	5,852
Translation differences	157	241	398
At 31 December	2,463	3,787	6,250
<b>Accumulated amortisation and impairment</b>			
At 1 January (Restated)	2,228	3,543	5,771
Amortised during the year	125	-	125
(Reversal of impairment)/impairment during the year	(82)	4	(78)
Translation differences	153	240	393
At 31 December	2,424	3,787	6,211
<b>Net carrying amount</b>			
At 31 December	39	-	39
<b>2014 (Restated)</b>			
<b>Cost</b>			
At 1 January	2,163	3,293	5,456
Additions	95	95	190
Translation differences	48	158	206
At 31 December	2,306	3,546	5,852
<b>Accumulated amortisation and impairment</b>			
At 1 January	1,996	2,826	4,822
Amortised during the year	109	249	358
Impairment during the year	24	309	333
Translation differences	99	159	258
At 31 December	2,228	3,543	5,771
<b>Net carrying amount</b>			
At 31 December	78	3	81

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 19 Subsidiaries

Investment in subsidiaries comprise:

	Company	
	2015	2014 (Restated)
	S\$'000	S\$'000
Unquoted equity shares, at cost	269,273	284,503
Less: Impairment losses	(263,361)	(275,970)
Carrying amount after impairment losses	5,912	8,533

The details of subsidiaries are as follows:

Name	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group	
			2015 %	2014 %
<b>Held by the Company</b>				
MediaRing.com, Inc <sup>(b)</sup>	To market and sell telecommunication services	USA	100	100
Mellon Technology Pte Ltd <sup>(c)</sup>	To market and sell telecommunication services	Singapore	100	100
MediaRing (Europe) Limited <sup>(e)</sup>	Dormant	United Kingdom	100	100
Alpha One Limited <sup>(g)</sup>	To market and sell telecommunication services	Hong Kong	100	100
MediaRing Communications Pte Ltd <sup>(c) (i)</sup>	To market and sell telecommunication and ISP services	Singapore	-	100
MediaRing Network Services Pte Ltd <sup>(c) (i)</sup>	To market and sell ISP services	Singapore	-	100
Cavu Corp Pte Ltd <sup>(c)</sup>	To supply, rent, maintain and service computer hardware and peripheral equipment	Singapore	100	100
Bharat IT Services Limited <sup>(a)</sup>	To supply, rent, maintain and service computer hardware	India	100	100
Spice-CSL Pte Ltd <sup>(c)</sup>	Procurement, OEM, manufacturing, distribution and sale of mobile handsets and accessories	Singapore	100	100
Newtel Corporation Company Limited <sup>(a)</sup>	Procurement, OEM, manufacturing, distribution and sale of mobile handsets and accessories	Thailand	100	100



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 19 Subsidiaries (cont'd)

### Held by the Company (cont'd)

Name	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group	
			2015 %	2014 %
Maxworld Asia Limited <sup>(b)</sup>	Investment holding	British Virgin Islands	100	100
Bigstar Development Limited <sup>(b)</sup>	Investment holding	British Virgin Islands	100	100
Affinity Capital Pte. Ltd <sup>(c)</sup>	Investment holding and distributor of handphone	Singapore	100	100
I-Gate Holdings Sdn. Bhd <sup>(a)</sup>	Investment holding and provision of management services	Malaysia	-	100
CSL Multimedia Sdn. Bhd <sup>(a)</sup>	Trading of portable computers and computer accessories	Malaysia	100	100
CSL Mobile Care Sdn Bhd <sup>(a)</sup>	Repairing and maintenance of mobile phones	Malaysia	100	100
Mobile Service International Co. Ltd (China) <sup>(f)</sup>	Technical advice and services and supply chain management services	People's Republic of China	51	51
CSL Communication (Shenzhen) Co. Ltd (China) <sup>(f)</sup>	Trading of mobile handsets	People's Republic of China	51	51
<b>Held by subsidiaries</b>				
<b>Held by Alpha One Limited</b>				
MediaRing.com (Shanghai) Limited <sup>(d)</sup>	To market and sell telecommunication services	People's Republic of China	100	100
<b>Held by Cavu Corp Pte Ltd</b>				
Peremex Pte Ltd <sup>(c)</sup>	To supply, rent, maintain and service computer hardware and peripheral equipment	Singapore	100	100
Centia Pte Ltd <sup>(c)</sup>	To supply, rent, maintain and service computer hardware and peripheral equipment	Singapore	100	100
Peremex Sdn Bhd <sup>(a)</sup>	To supply, rent, maintain and service computer hardware and peripheral equipment	Malaysia	100	100

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 19 Subsidiaries (cont'd)

### Held by subsidiaries (cont'd)

Name	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group	
			2015	2014
			%	%
<b>Held by Cavu Corp Pte Ltd (cont'd)</b>				
Delteq Pte Ltd <sup>(c)</sup>	To provide systems integration service related to computer equipment and peripherals, storage systems and networking products	Singapore	100	100
<b>Held by Peremex Pte Ltd</b>				
Peremex Computer Systems Private Limited <sup>(h)</sup>	To supply, rent, maintain and service computer hardware and peripheral equipment	India	100	100
<b>Held by Centia Pte Ltd</b>				
Centia Technologies Sdn Bhd <sup>(a)</sup>	To supply, rent, maintain and service computer hardware and peripheral equipment	Malaysia	100	100
<b>Held by Delteq Pte Ltd</b>				
Delteq Systems Pte Ltd <sup>(c)</sup>	To provide internet infrastructure, e-business applications consulting, project management and systems support services	Singapore	100	100
Delteq Systems (M) Sdn Bhd <sup>(a)</sup>	To market computer software and render computer related services	Malaysia	100	100
<b>Held by Delteq Systems (M) Sdn Bhd</b>				
Delteq (M) Sdn Bhd <sup>(a)</sup>	To market computer hardware and software and render computer related services	Malaysia	100	100
<b>Held by Spice-CSL Pte Ltd</b>				
Spice International Sdn. Bhd. <sup>(a)</sup>	In the business of procurement, OEM, manufacturing, distribution and sale of mobile handsets and accessories	Malaysia	100	100

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 19 Subsidiaries (cont'd)

### Held by subsidiaries (cont'd)

Name	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group	
			2015	2014
			%	%
<b>Held by Newtel Corporation Company Limited</b>				
T.H.C. International Co., Ltd <sup>(a)</sup>	In the business of procurement, OEM, manufacturing, distribution and sale of mobile handsets and accessories	Thailand	100	100
<b>Held by Affinity Capital Pte Ltd</b>				
PT. Selular Global Net <sup>(a)</sup>	Distributor of prepaid phone cards and top up vouchers	Indonesia	99.99	99.99
<b>Held by PT. Selular Global Net</b>				
PT. Selular Media Infotama <sup>(a)</sup>	Retail and distributor of telecommunication equipment and prepaid phone cards and top up vouchers	Indonesia	99.98	99.98
<b>Held by PT. Selular Media Infotama</b>				
PT. Metrotech Jaya Komunika Indonesia <sup>(a)</sup>	Distributor of telecommunication equipment	Indonesia	99.78	99.78
PT Technomas Internusa <sup>(a) (i)</sup>	Distributor of prepaid phone cards and top up vouchers	Indonesia	-	-
<b>Held by PT. Metrotech Jaya Komunika</b>				
PT. Metrotech Makmur Sejahtera <sup>(a)</sup>	Distributor of telecommunication equipment	Indonesia	49	49
<b>Held by I-Gate Holdings Sdn. Bhd.</b>				
RVT Event & Retail Management Sdn. Bhd. <sup>(a)</sup>	Conceptual design work, event and complex management	Malaysia	-	100
Real & Virtual Technologies Sdn. Bhd. <sup>(a)</sup>	Developing innovative service delivery platforms and solutions	Malaysia	-	100
Dot Mobile Sdn. Bhd. <sup>(a)</sup>	Dealer in mobile telecommunication equipment and its related products	Malaysia	-	100
Homestead Shop (M) Sdn. Bhd. <sup>(a)</sup>	Dealer in mobile telecommunication equipment and its related products	Malaysia	-	100
BTC Academy Sdn. Bhd. <sup>(a)</sup>	Providing education services	Malaysia	-	70

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 19 Subsidiaries (cont'd)

- (a) Audited by a member firm of Moore Stephens International Limited of which Moore Stephens LLP, Singapore is a member.
- (b) Not required to be audited by the laws of its country of incorporation
- (c) Audited by Moore Stephens LLP, Singapore
- (d) Audited by Shanghai Ambition CPA, Co. Ltd
- (e) Audited by Blick Rothenberg Chartered Accountants, United Kingdom
- (f) Audited by Shenzhen Long De CPA
- (g) Audited by F.L. Chim & Co. Hong Kong
- (h) The Group deferred the liquidation of Peremex Computer Systems Private Limited during the financial year
- (i) Refer to Note 3(b) for the assessment of control over PT Technomas Internusa, Mediating Communications Pte Ltd and Mediating Network Services Pte Ltd.

### Impairment testing of investment in subsidiaries

During the financial year, management performed an impairment test for Affinity Capital Pte Limited, Cavu Corp Pte Limited, CSL Communication (Shenzhen) Co. Limited and Mobile Services International Co. Limited (2014: Affinity Capital Pte Limited, Cavu Corp Pte Limited, CSL Communication (Shenzhen) Co. Limited, Mediating Network Services Pte Ltd and Mobile Services International Co. Limited). In light of losses incurred and to the extent, the carrying amount of the investment exceeded the recoverable amount, an impairment loss of S\$2,217,000 (2014: S\$41,798,000) was recognised for the financial year ended 31 December 2015. Consequent to the disposal of subsidiaries, the Company has written back impairment of investment in subsidiaries amounting to S\$14,285,000 (2014: S\$Nil). The recoverable amounts of investments in these subsidiaries have been determined based on fair value.

### Disposal of subsidiaries

On 30 December 2015, the Group disposed its investment in Mediating Communications Pte Ltd ("MRC"), Mediating Network Services Pte Ltd ("MRNS") and I-Gate Holdings Sdn Bhd ("IGH").

The major classes of assets and liabilities disposed of, the gain on disposal and the net cash flows are as follows:

	MRC and MRNS S\$'000	IGH S\$'000	Total S\$'000
Present value of the consideration	2,905	25	2,930
Inventories	-	68	68
Trade receivables, current	764	38	802
Other receivables and deposits, current	140	188	328
Cash and cash equivalents	399	71	470
Property, plant and equipment	479	9	488
Intangible assets	103	2	105
Trade creditors	(352)	(20)	(372)
Other creditors and accruals, current	(427)	(333)	(760)
Net assets disposed of	1,106	23	1,129
	1,799	2	1,801
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of the subsidiary	-	1,677	1,677
Gain on disposal	1,799	1,679	3,478

The consideration of S\$3,000,000 for the disposal of MRC and MRNS has been discounted at 5.35% as this amount is payable in 4 instalments over 1.5 years.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 19 Subsidiaries (cont'd)

### Disposal of subsidiaries (cont'd)

	MRC and MRNS S\$'000	IGH S\$'000	Total S\$'000
Total consideration	3,000	25	3,025
Deferred sales proceed receivable after the year end	(2,100)	-	(2,100)
Consideration received in cash and cash equivalent	900	25	925
Less: cash and cash equivalents balances disposed of	(399)	(71)	(470)
Aggregate cash inflow/(outflow) arising from disposal of subsidiaries	501	(46)	455

## 20 Investment in Associates

	Group		Company	
	2015 S\$'000	2014 (Restated) S\$'000	2015 S\$'000	2014 (Restated) S\$'000
Unquoted shares, at cost	67	96	67	62
Share of post-acquisition reserves	(67)	(62)	(67)	(62)
Less: Impairment losses	-	(34)	-	-
Carrying amount of investments	-	-	-	-

In the last financial year, the Group has written off the cost of investment and related allowance for impairment loss in relation to its investment in an associate that had been liquidated.

Name	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group	
			2015 %	2014 %
<u>Held by the Company</u>				
Vipafone (Proprietary) Limited <sup>(a)</sup>	To market and sell telecommunication services	South Africa	40.0	40.0
<u>Held by subsidiary</u>				
<b>Held by MediaRing Network Services Pte Ltd</b>				
NGV Pte Ltd <sup>(b)</sup>	To market and sell telecommunication services	Singapore	-	28.8

#### Held by the Company

Vipafone (Proprietary) Limited <sup>(a)</sup> To market and sell telecommunication services South Africa 40.0 40.0

#### Held by subsidiary

#### **Held by MediaRing Network Services Pte Ltd**

NGV Pte Ltd <sup>(b)</sup> To market and sell telecommunication services Singapore - 28.8

<sup>(a)</sup> Not required to be audited by the laws of its country of incorporation

<sup>(b)</sup> Audited by R Chan & Associates Public Accounting Corporation

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 20 Investment in Associates (cont'd)

### Unrecognised share of losses of associates

The Group has disposed Mediaring Network Services Pte Ltd in the current financial year. Accordingly, NGV Pte Ltd ceased to be an associated company.

The Group has not recognised losses relating to Vipafone (Proprietary) Limited where its share of losses exceed the Group's interest in these associates as the Group has no obligation in respect of these losses. The Group's cumulative unrecognised losses in Vipafone (Proprietary) Limited is not material.

## 21 Investment Securities

	Group and Company	
	2015	2014
		(Restated)
	S\$'000	S\$'000
<u>Non-current</u>		
Available-for-sale financial assets		
- Quoted equity investment	137	255
Designated at fair value through profit or loss		
- Hybrid instrument	-	1,637
	137	1,892
<u>Current</u>		
Designated at fair value through profit or loss		
- Hybrid instrument	1,687	1,200
Total investment in securities	1,824	3,092

The hybrid instrument relates to a 7 years term loan which was initially scheduled to be fully repaid on 30 April 2015. It is interest-free for the first 5 years, and bears interest at 5% per annum for the sixth and seventh year.

On 24 September 2014, the parties to the loan agreement had agreed to reschedule the loan such that S\$2,000,000 of the loan balance to be repaid in cash to the Company in three tranches and S\$3,500,000 and the accrued interest shall constitute a convertible loan facility, with a maturity date on 23 September 2016, granted by the Company to the borrower. Cash payment of S\$2,000,000 has been duly received as scheduled. The balance of the loan shall be converted into new ordinary shares in the capital of the borrower. The number of conversion shares that will be issued to the Company is dependent on the enterprise value of the borrower, the process thereof will be initiated no later than six months prior to the maturity date.

## 22 Long-term Loans and Advances to Subsidiaries

	Company	
	2015	2014
		(Restated)
	S\$'000	S\$'000
Long-term loans and advances treated as part of net investment in subsidiaries	51,350	48,145
Long-term loans to subsidiaries	96,701	104,816
Less: Allowance for doubtful loans and advances to subsidiaries	(131,600)	(136,991)
	16,451	15,970

Long-term loans and advances treated as part of the net investment in subsidiaries are quasi-equity in nature, unsecured, interest-free and have no fixed terms of repayment.

Long-term loans to subsidiaries are unsecured, interest-bearing at 0% to 6% p.a. and have fixed repayment terms of 7 years (2014: 7 years).



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 22 Long-term Loans and Advances to Subsidiaries (cont'd)

	Company	
	2015	2014
	S\$'000	(Restated) S\$'000
Movement in allowance account:		
At the beginning of the year	(136,991)	(114,545)
Charge for the year	(2,722)	(20,338)
Exchange differences	8,113	(2,108)
At the end of the year	<u>(131,600)</u>	<u>(136,991)</u>

## 23 Deferred Tax

	Group			
	Consolidated statements of financial position		Consolidated income statement	
	2015	2014	2015	2014
	S\$'000	(Restated) S\$'000	S\$'000	(Restated) S\$'000
<b>Deferred tax liabilities</b>				
Differences in depreciation for tax purposes	-	(4)	(4)	3
Fair value adjustments on acquisition of subsidiaries	-	-	-	7,377
	<u>-</u>	<u>(4)</u>		
<b>Deferred tax assets</b>				
Provisions	233	112	121	31
	<u>233</u>	<u>112</u>		
Deferred income tax credit (Note 8)			<u>117</u>	<u>7,411</u>

The impact to the consolidated income statement of fair value adjustments on acquisition of subsidiaries relates to the realisation of deferred tax on the recognition of amortisation and impairment during the previous financial year.

## 24 Trade Creditors

	Group		Company	
	2015	2014	2015	2014
	S\$'000	(Restated) S\$'000	S\$'000	(Restated) S\$'000
Trade creditors	8,112	16,036	1,201	3,083
Add:				
Other creditors and accruals (Note 25)	10,105	12,630	2,623	3,714
Lease obligations (Note 26)	481	869	196	202
Loans and bank borrowings (Note 27)	3,829	10,989	-	-
Due to subsidiaries (Note 15)	-	-	7,685	15,854
Provision for employee benefits (Note 32)	786	1,167	-	-
Total financial liabilities carried at amortised cost	<u>23,313</u>	<u>41,691</u>	<u>11,705</u>	<u>22,853</u>

Trade creditors are non-interest bearing and are normally settled on 30 to 120 days' terms.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 25 Other Creditors and Accruals

	Group		Company	
	2015	2014	2015	2014
	S\$'000	(Restated) S\$'000	S\$'000	(Restated) S\$'000
Amounts due to related parties	607	601	30	28
Other creditors	2,498	3,238	889	1,017
Accrued operating expenses	6,220	8,105	1,643	2,549
Deposits received	780	686	61	120
	10,105	12,630	2,623	3,714

Amounts due to related parties are non-trade in nature, repayable on demand, unsecured, interest-free and are to be settled in cash.

As at 31 December 2015, the Group and Company's total accrued operating expenses include an amount of S\$846,000 (2014: S\$1,333,000) and S\$439,000 (2014: S\$617,000) trade accruals as well as S\$5,374,000 (2014: S\$6,772,000) and S\$1,204,000 (2014: S\$1,932,000) of sundry accruals respectively. These accruals are non-interest bearing and are to be settled within the next twelve months.

Sundry accruals mainly relate to accruals for payroll expenses, professional fees and administrative expenses.

## 26 Lease Obligations

The Group has finance leases for computer equipment and motor vehicles. The leases have terms of renewal at the option of the Group. There are no escalation clauses and no restrictions placed upon the Group by entering into these leases. An obligation by a subsidiary is secured by a charge over the leased assets (Note 17). The average discount rate implicit to the leases is 7.43% (2014: 6.62%) per annum.

Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows:

	2015		2014	
	S\$'000	S\$'000	(Restated) S\$'000	(Restated) S\$'000
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
<b>Group</b>				
Not later than one year	304	289	255	223
Later than one year but not later than five years	189	176	674	622
Later than five years	17	16	23	24
Total minimum lease payments	510	481	952	869
Less: Amounts representing finance charges	(29)	-	(83)	-
Present value of minimum lease payments	481	481	869	869
<b>Company</b>				
Not later than one year	35	29	33	27
Later than one year but not later than five years	164	151	169	161
Later than five years	16	16	24	14
Total minimum lease payments	215	196	226	202
Less: Amounts representing finance charges	(19)	-	(24)	-
Present value of minimum lease payments	196	196	202	202

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 27 Loans and Bank Borrowings

	Group	
	2015	2014 (Restated)
	S\$'000	S\$'000
Current		
- Loans	3,829	10,739
Total short term loans and bank borrowings	3,829	10,739
Non-current		
- Loans	-	250
Total loans and bank borrowings	3,829	10,989

The loans of the Group bear interest at rates ranging from 3% to 11% (2014: 3% to 11%) per annum and are repayable within the next 12 months.

Loans amounting to S\$2,663,000 (2014: S\$7,080,000) are secured over a subsidiary's trade receivables (Note 12) and inventories (Note 11). Repayment of these loans is due on demand.

During the current financial year, two of the subsidiaries of the Group have breached some of the loan covenants for one (2014: one) bank. These subsidiaries did not fulfil the requirements to maintain a current ratio of 1.0 and interest coverage ratio of 2.0 for a credit line of S\$5,125,000 (2014: S\$23,862,000) required by the bank.

On 27 October 2015, the bank agreed to renew and extend the expiry date of the loan until 19 April 2016. At the time these financial statements are authorised for issue, the bank has not requested for immediate repayment of the outstanding loan amount.

## 28 Share Capital

	Group and Company	
	2015	2014 (Restated)
	S\$'000	S\$'000
Issued and fully paid up:		
At the beginning of the year - 5,484,980,836 ordinary shares (2014: 5,484,980,836 ordinary shares)	590,515	590,515
At the end of the year - 13,712,452 ordinary shares (2014: 5,484,980,836 ordinary shares)	590,515	590,515

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.

During the current financial year, the number of ordinary shares decreased as a result of a 400:1 share consolidation.

The Company has two employee share option plans and two performance share plans (Note 32) under which, options to subscribe for the Company's ordinary shares and performance shares respectively, have been granted to Directors and employees of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 29 Accumulated Losses

	Group		Company	
	2015	2014	2015	2014
	S\$'000	(Restated) S\$'000	S\$'000	(Restated) S\$'000
At the beginning of the year	(459,350)	(403,568)	(486,761)	(424,819)
Profit/(loss) for the year	960	(55,846)	4,732	(61,942)
Partial disposal of interest in a subsidiary	-	64	-	-
At the end of the year	(458,390)	(459,350)	(482,029)	(486,761)

## 30 Other Reserves

	Group		Company	
	2015	2014	2015	2014
	S\$'000	(Restated) S\$'000	S\$'000	(Restated) S\$'000
Reserve on acquisition of non-controlling interest	3,389	3,389	-	-
Fair value adjustment reserve	35	119	35	119
Employee share-based payment reserve	253	253	253	253
Share issue costs	(9,038)	(9,038)	(9,038)	(9,038)
Total other reserves	(5,361)	(5,277)	(8,750)	(8,666)

### (a) Reserve on acquisition of non-controlling interest

The reserve on acquisition of non-controlling interest relates to the excess of the net recognised amount of the identifiable assets acquired and liabilities assumed over the fair value of the consideration on the acquisition of a non-controlling interest.

	Group	
	2015	2014
	S\$'000	(Restated) S\$'000
At the beginning of the year	3,389	3,325
Partial disposal of interest in a subsidiary	-	64
At the end of the year	3,389	3,389

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 30 Other Reserves (cont'd)

### (b) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes of available-for-sale financial assets until they are de-recognised or impaired.

	Group and Company	
	2015	2014 (Restated)
	S\$'000	S\$'000
At the beginning of the year	119	56
Net change in the reserve	(84)	63
At the end of the year	35	119
Net change in the reserve arises from:		
- fair value (loss)/gain on quoted equity investment	(84)	63
	(84)	63

### (c) Employee share-based payment reserve

Employee share-based payment reserve represents the equity-settled share options and performance shares granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the period in which the performance and/or service conditions are fulfilled.

	Group and Company	
	2015	2014 (Restated)
	S\$'000	S\$'000
At the beginning and end of the year	253	253

### (d) Share issue cost

Share issue cost represents cumulate expenses incurred for the issuance of shares being capitalised.

	Group and Company	
	2015	2014 (Restated)
	S\$'000	S\$'000
At the beginning and end of the year	(9,038)	(9,038)

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 31 Translation Reserve

	Group		Company	
	2015	2014	2015	2014
	S\$'000	(Restated) S\$'000	S\$'000	(Restated) S\$'000
At the beginning of the year	(67,521)	(67,520)	(56,504)	(54,905)
Exchange differences arising on translating the net assets of foreign operations	334	(1)	2,015	(1,599)
Gain reclassified to profit or loss on disposal of foreign operations	(1,677)	-	-	-
At the end of the year	(68,864)	(67,521)	(54,489)	(56,504)

## 32 Employee Benefits

### (a) Employee share incentive plan

The Company has employee share incentive plans for the granting of non-transferable options to employees. The particulars of share options of the Company are as follows:

#### (i) 1999 S i2i Employees' Share Option Scheme

This scheme had lapsed in year 2009 and had since been discontinued. There are no outstanding options under this scheme.

#### (ii) 1999 S i2i Employees' Share Option Scheme II

As a result of the rights issue completed in August 2010 and the share consolidation in the current financial year, the exercise price per share and number of option shares outstanding for options granted under 1999 S i2i Employees' Share Option Scheme II had been adjusted accordingly.

As a result of the market price of shares at the book closure date approximating the exercise price of the 2011 Rights Issue, no further adjustment was made for options granted under the 1999 S i2i Employees' Share Option Scheme II.

The adjusted exercise prices per share are as follows:

Expiry date	Adjusted exercise price (S\$)	Adjusted number of options	Adjusted number of options outstanding as at 31 December 2015	Adjusted number of options outstanding as at 31 December 2014
27 April 2015	0.1294	233,359	-	233,359
27 April 2016	120.75	785	785	314,286
			785	547,645



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 32 Employee Benefits (cont'd)

### (a) Employee share incentive plan (cont'd)

#### (ii) 1999 S i2i Employees' Share Option Scheme II (cont'd)

Information with respect to the number of options granted under the Company's Employees' Share Option Scheme II is as follows:

	Number of Options	Weighted Average Exercise Price (S\$)	Number of Options	Weighted Average Exercise Price (S\$)
	2015	2015	2014	2014
Outstanding at beginning of year <sup>(1)</sup>	547,645	0.2282	781,004	0.2102
Lapsed	(233,359)	0.168	(233,359)	0.168
Adjustment <sup>(3)</sup>	(313,501)		-	
Outstanding at end of year <sup>(1) (2) (3)</sup>	<u>785</u>	<u>120.75</u>	<u>547,645</u>	<u>0.2282</u>
Exercisable at end year	<u>785</u>	<u>120.75</u>	<u>547,645</u>	<u>0.2282</u>

<sup>(1)</sup> Included within these balances are equity-settled options that have not been recognised in accordance with FRS 102 as these equity-settled options were granted on or before 22 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with FRS 102.

<sup>(2)</sup> The exercise prices for options outstanding at the end of the period was S\$120.75 (2014: S\$0.1294 to S\$0.3016). The weighted average remaining contractual life for these options is 0.32 years (2014: 0.9 years).

<sup>(3)</sup> The number of outstanding options and the exercise price have been adjusted in the current financial year pursuant to the share consolidation.

#### (iii) S i2i Restricted Share Plan and S i2i Performance Share Plan

On 26 April 2006, the Company obtained the approval of its shareholders to establish and administer two new performance share plans, namely the "S i2i Restricted Share Plan" ("RSP") and "S i2i Performance Share Plan" ("PSP"), as part of an incentive plan for independent directors and key employees.

During the period, there was no new performance share plan granted under the above scheme.

All RSP and PSP Scheme were fully exercised or lapsed in FY 2009.

#### (iv) S i2i Employee Stock Option Plan 2014 ("ESOP 2014")

The ESOP 2014 was approved by the shareholders in their meeting held on 15 April 2014 with an objective to gradually phase out the S i2i 1999 Employee' Share Option Scheme and the 1999 S i2i Employees' Share Option Scheme II as no new options can be granted under these Schemes. Pursuant to ESOP 2014, the Remuneration Committee ("RC") has the authority to grant options to present and future employees of the Group as well as to other persons who are eligible under ESOP 2014 at the average of the closing prices for the 5 trading days prior to the issuance of the grant, less a discount, if any, to be determined by the RC, which shall not exceed 20% of the then prevailing market price.

ESOP 2014 will be administered by the RC who will then determine the terms and conditions of the grant of the options, including the exercise price, the vesting periods which may be over and above the minimum vesting periods prescribed by the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the imposition of retention periods following the exercise of these options by the employees, if any.

On 27 March 2015, a total of 274,200,000 stock options were granted to the Directors under the ESOP 2014. The options granted at an exercise price of S\$0.0024 will be vested after 2 years from the date of the grant. The options can be exercised up to 10 years from the date of the grant.

As a result of the share consolidation in the current financial year, the exercise price per share and number of option shares outstanding for options granted under ESOP 2014 had been adjusted accordingly.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 32 Employee Benefits (cont'd)

### (a) Employee share incentive plan (cont'd)

#### (iv) S i2i Employee Stock Option Plan 2014 ("ESOP 2014") (cont'd)

Details of all the options to subscribe for ordinary shares of the Company pursuant to the S i2i Employee Share Option Plan 2014 outstanding as at 31 December 2015 are as follows:

Expiry date	Exercise price (S\$)	Number of options
26 March 2025	0.96	685,500

### (b) Post-Employment Defined Benefit Plans

The Group has several defined benefit plans covering eligible employees of the subsidiaries.

The estimated employee benefits liability recognised in the statements of financial position are as follows:

	Group	
	2015	2014 (Restated)
	S\$'000	S\$'000
Present value of employee benefits obligation (non-current)	786	1,167
Present value of employee benefits obligation (current) (presented as "other creditors and accruals")	62	50
Liability for employee benefits	848	1,217

The employee benefits expenses recognised in the profit or loss are as follows:

	Group	
	2015	2014 (Restated)
	S\$'000	S\$'000
Current service costs	(242)	207
Interest costs	76	56
Gains on curtailments and settlements	(12)	(25)
Employee benefit expense for leave encashment	52	31
Net employee benefits (credit)/expense	(126)	269

Changes in the present value of the defined benefit obligation are as follows:

	Group	
	2015	2014 (Restated)
	S\$'000	S\$'000
Benefit obligation at the beginning of the year	1,217	903
(Reversal)/provision arising from subsidiaries	(369)	314
Benefit obligation at the end of the year	848	1,217

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 32 Employee Benefits (cont'd)

### (b) Post-Employment Defined Benefit Plans (cont'd)

The principal assumptions used by independent actuaries in determining the post-employment obligations for certain subsidiaries' plans are as follows:

Annual discount rate	:	8 – 8.75%
Annual salary increment rate	:	5 – 5.5%
Annual employee turnover rate	:	0 – 2%
Mortality rate reference	:	IALM <sup>1</sup> 2004-2008 Ultimate and 100% TMI <sup>3</sup> <sup>2</sup>
Disability rate	:	0 – 5% TMI <sup>3</sup> <sup>2</sup>
Retirement age	:	55 – 58 years

1) Indian Assured Lives Mortality

2) Tabel Mortalita Indonesia 3

## 33 Related Party Transactions

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

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place during the year at terms agreed between the parties:

	Group	
	2015	2014
	S\$'000	(Restated) S\$'000
Management income from an entity owned by a significant shareholder	693	454
Rendering of services from companies related to a director	-	(8)
Sale of goods to entities owned by a significant shareholder	39	26
Sale of goods to companies related to a director	1	2
Rental of office space from a company owned by a significant shareholder	(696)	(20)
Purchase of professional services from a company related to a director	-	(88)
Interest paid to companies owned by a significant shareholder	-	(1)

The Group rendered support services for procurement of mobility products of S\$693,000 (31 December 2014: S\$454,000) to Spice Retail Limited, a company owned by a significant shareholder.

During the financial year, the Group had a security deposit of S\$Nil (2014: S\$8,000) with S Global Holdings Pte Ltd, a company which is wholly owned by a director of the Company.

The Group sold goods of S\$39,000 (2014: S\$ 26,000) to Spice Retail Limited.

During the financial year, the Company entered into a contract with Armorcoat Technologies Pte Ltd, a firm owned by a director, for the rental of an office space for an amount of S\$696,000. In Q1 of 2014, the company made payment of rental and utilities of S\$20,000 to S Global Holdings Pte Ltd, a company owned by a significant shareholder.

Also during the previous financial year, the group received consultancy Services on E-Commerce of S\$88,000 from Mobile Future Works Inc, a company owned by a director.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 33 Related Party Transactions (cont'd)

### (b) Compensation of key management personnel

	Group	
	2015	2014
	S\$'000	(Restated) S\$'000
Short-term employee benefits	534	485
Central Provident Funds contributions	98	12
Total compensation paid to key management personnel	<u>632</u>	<u>497</u>
Comprise amounts paid to:		
Directors of the Company	16	216
Other key management personnel	616	281
	<u>632</u>	<u>497</u>

## 34 Contingent Liabilities and Commitments

### (a) Contingent liabilities

#### *Continuing financial support*

The Company has undertaken to provide continuing financial support to its subsidiaries by not demanding payment for loans and receivables owing by them until they have the financial capability to repay the Company. The Company will also, when required, provide sufficient working capital to enable them to operate as going concern for a period of at least twelve months from the respective dates of the Directors' reports of the subsidiaries relating to the audited financial statements for the financial year ended 31 December 2015.

#### *Corporate guarantees*

Corporate guarantees of S\$9,300,000 (2014: S\$8,000,000) were given by the Company to enable a subsidiary to obtain a credit facility from a supplier.

Corporate guarantees of S\$5,677,000 (2014: S\$5,590,000) were given by a subsidiary to enable its subsidiaries to obtain a credit facility from various suppliers.

Corporate guarantee of S\$3,000,000 (2014: S\$3,000,000) was given by a subsidiary to enable its subsidiary to obtain banking facilities.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 34 Contingent Liabilities and Commitments (cont'd)

### (b) Operating lease commitments- as lessee

The Group leases certain properties under lease agreements that are non-cancellable within a year. It has various operating lease agreements for offices, office equipment and leased equipment. There are no escalation clauses included in the contracts and no restrictions placed upon the Group and the Company by entering into these leases.

Future minimum lease payments for all leases with initial terms of one year or more are as follows:

	Group		Company	
	2015	2014	2015	2014
	S\$'000	(Restated) S\$'000	S\$'000	(Restated) S\$'000
Within 1 year	1,121	1,466	93	-
Within 2 to 5 years	661	848	-	-
	<u>1,782</u>	<u>2,314</u>	<u>93</u>	<u>-</u>

Minimum lease payments recognised as an expense in profit and loss for the financial year ended 31 December 2015 amounted to S\$1,688,000 (2014: S\$2,242,000) and S\$179,000 (2014: S\$Nil) for the Group and Company respectively.

### (c) Operating lease commitments- as lessor

The Group has entered into various non-cancellable lease commitments in respect of lease equipment and properties for a period of 1 to 5 years.

Future minimum lease receivables under non-cancellable operating leases at the year of the financial year are as follows:

	Group		Company	
	2015	2014	2015	2014
	S\$'000	(Restated) S\$'000	S\$'000	(Restated) S\$'000
Within 1 year	867	479	-	-
Within 2 to 5 years	635	480	-	-
	<u>1,502</u>	<u>959</u>	<u>-</u>	<u>-</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 35 Segment Information

### (a) Operating segments

	Distribution of operator products and services S\$'000	ICT distribution and managed services S\$'000	Mobile devices distribution and retail S\$'000	Operation related to disposed companies S\$000	Group S\$'000
<u>2015</u>					
Turnover - external sales	349,259	45,196	17,469	5,226	417,150
Purchases and changes in inventories and direct service fees incurred	(333,585)	(33,768)	(16,287)	(3,997)	(387,637)
Commissions and other selling expenses	(22)	(241)	(14)	(6)	(283)
Other income - operating	228	524	1,840	196	2,788
Personnel costs	(7,102)	(10,783)	(2,196)	(454)	(20,535)
Infrastructure costs	(1,059)	(1,405)	(1,611)	(412)	(4,487)
Marketing expenses	(1,146)	(12)	(27)	(2)	(1,187)
Foreign exchange (loss)/gain	(45)	716	266	(46)	891
Other expenses - operating	(2,420)	(3,465)	(1,230)	(559)	(7,674)
Interest income from deposits and investment securities	64	489	38	-	591
Finance costs	(407)	(262)	(43)	1	(711)
Depreciation of property, plant and equipment	(407)	(314)	(431)	(157)	(1,309)
Amortisation of intangible assets	(30)	(154)	-	-	(184)
Fair value gain on investment securities	-	131	-	-	131
Reversal of impairment of intangible assets	-	78	-	-	78
Gain on disposal of investment	-	3,478	-	-	3,478
Professional fees (special projects)	-	(782)	-	-	(782)
Gain/(loss) on disposal of property, plant and equipment	145	(16)	3	-	132
Others	(234)	(727)	1,171	-	210
<b>Profit/(loss) before taxation</b>	<b>3,239</b>	<b>(1,317)</b>	<b>(1,052)</b>	<b>(210)</b>	<b>660</b>
Taxation	(56)	365	99	(2)	406
<b>Profit/(loss) after taxation</b>	<b>3,183</b>	<b>(952)</b>	<b>(953)</b>	<b>(212)</b>	<b>1,066</b>
Segment assets	20,269	57,180	6,618	-	84,067
Segment liabilities	4,993	18,553	2,690	-	26,236
Capital expenditure	-	184	399	39	622

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 35 Segment Information (cont'd)

### (a) Operating segments (cont'd)

	Distribution of operator products and services (Restated) S\$'000	ICT distribution and managed services (Restated) S\$'000	Mobile devices distribution and retail (Restated) S\$'000	Operation related to disposed companies (Restated) S\$000	Group (Restated) S\$'000
<u>2014</u>					
Turnover - external sales	365,147	45,951	38,229	8,221	457,548
Purchases and changes in inventories and direct service fees incurred	(348,863)	(33,707)	(35,597)	(6,400)	(424,567)
Commissions and other selling expenses	(9)	(1,130)	(341)	(33)	(1,513)
Other income - operating	126	514	1,778	354	2,772
Personnel costs	(6,579)	(10,751)	(4,907)	(630)	(22,867)
Infrastructure costs	(1,210)	(1,212)	(2,357)	(367)	(5,146)
Marketing expenses	(860)	(29)	(137)	(11)	(1,037)
Foreign exchange gain/(loss)	(10)	964	86	(8)	1,032
Other expenses - operating	(1,365)	(6,388)	(4,998)	(1,047)	(13,798)
Interest income from deposits and investment securities	16	777	32	-	825
Finance costs	(625)	(409)	(333)	(12)	(1,379)
Depreciation of property, plant and equipment	(570)	(355)	(1,031)	(194)	(2,150)
Amortisation of intangible assets	(474)	(496)	(4,467)	-	(5,437)
Impairment of intangible assets	-	(8,417)	(37,321)	-	(45,738)
Impairment of property, plant and equipment	-	-	(414)	(85)	(499)
Gain/(loss) on disposal of property, plant and equipment	271	-	181	(13)	439
Others	(273)	2,613	(3,288)	-	(948)
<b>Profit/(loss) before taxation</b>	<b>4,722</b>	<b>(12,075)</b>	<b>(54,885)</b>	<b>(225)</b>	<b>(62,463)</b>
Taxation	(61)	(359)	6,921	(4)	6,497
<b>Profit/(loss) after taxation</b>	<b>4,661</b>	<b>(12,434)</b>	<b>(47,964)</b>	<b>(229)</b>	<b>(55,966)</b>
Segment assets	21,451	63,085	16,512	2,513	103,561
Segment liabilities	5,496	23,588	15,086	1,050	45,220
Capital expenditure	471	948	391	316	2,126



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 35 Segment Information (cont'd)

### (a) Operating segments (cont'd)

The following items are (added to)/deducted from segment other expenses to arrive at "other expenses" presented in the consolidated income statement:

	Group	
	2015	2014
	S\$'000	(Restated) S\$'000
Segment results of other expenses	(7,674)	(13,798)
Foreign exchange gain	937	1,040
Other operating expenses related to disposed companies	559	1,047
Reversal of impairment/(impairment) of intangible assets	78	(45,738)
Impairment of property, plant and equipment	-	(414)
Others	(572)	(3,564)
Total other expenses in consolidated profit and loss	<u>(6,672)</u>	<u>(61,427)</u>
Other expenses per profit and loss		
Other expenses - non-operating	(494)	(49,716)
Other expenses - operating	(6,178)	(11,711)
Total other expenses in consolidated profit and loss	<u>(6,672)</u>	<u>(61,427)</u>

### (b) Geographical information

	Turnover		Non-current Assets		Capital Expenditure	
	2015	2014	2015	2014	2015	2014
	S\$'000	(Restated) S\$'000	S\$'000	(Restated) S\$'000	S\$'000	(Restated) S\$'000
Southeast Asia	398,117	436,945	6,098	10,063	569	1,796
South Asia	13,656	12,087	332	254	14	13
Others	151	295	25	42	-	1
Operations related to disposed companies	5,226	8,221	-	-	39	316
	<u>417,150</u>	<u>457,548</u>	<u>6,455</u>	<u>10,359</u>	<u>622</u>	<u>2,126</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 36 Directors' Remuneration

	Number of directors in remuneration bands		
	Executive Directors	Non-Executive Directors	Total
31 December 2015			
S\$250,000 to S\$499,999	-	-	-
Below S\$250,000	1	4	5
	<hr/>	<hr/>	<hr/>
	1	4	5
	<hr/>	<hr/>	<hr/>
31 December 2014			
S\$250,000 to S\$499,999	-	-	-
Below S\$250,000	-	5	5
	<hr/>	<hr/>	<hr/>
	-	5	5
	<hr/>	<hr/>	<hr/>

## 37 Financial Risk Management Objectives and Policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments.

The Group's principal financial instruments comprise investment securities, fixed deposits, cash and bank balances, lease obligations and bank borrowings. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade creditors, which arise directly from its day-to-day operations.

It is the Group's policy not to engage in foreign exchange and/or derivatives speculation or trading for profit purpose. It is not in the interest of the Group to engage in trading for profit or to speculate or trade in treasury instruments.

The key financial risks include credit risk, liquidity risk, interest rate risk, foreign exchange risk and market price risk. The Board reviews and agrees policies for managing these risks which are executed by the Chief Financial Officer. The audit committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

There has been no change to the group's exposure to these financial risks or the manner in which it manages and measures the risks.

### (a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should there be a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subjected to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

The carrying amounts of investment securities, trade and other receivables, fixed deposits and cash and bank balances represent the Group's maximum exposure to credit risk. Cash and bank balances are placed with banks of good standing. The Group performs ongoing credit evaluation of its customers' financial conditions and maintains an allowance for doubtful trade debts based upon expected collectability of all trade debts.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 37 Financial Risk Management Objectives and Policies (cont'd)

### (a) Credit risk (cont'd)

At the financial year end, the Group's and the Company's maximum exposure to credit risk is represented by:

- a. The carrying amount of each class of financial assets recognised in the statements of financial position;
- b. A nominal amount of S\$9,300,000 (2014: S\$8,000,000) relating to corporate guarantees provided by a Company to enable a subsidiary to obtain a credit facility from a supplier;
- c. A nominal amount of S\$5,677,000 (2014: S\$5,590,000) relating to corporate guarantees provided by a subsidiary to enable its subsidiaries to obtain credit facilities from various suppliers; and
- d. A nominal amount of S\$3,000,000 (2014: S\$3,000,000) relating to corporate guarantee provided by the subsidiary to enable its subsidiary to obtain banking facilities.

The Group has no significant concentration of credit risk. Information regarding trade receivables that are either past due or impaired is disclosed in Note 12.

#### *Financial assets that are neither past due nor impaired*

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

### (b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

To manage liquidity risk, the Group and the Company monitors its net operating cash flow and maintains an adequate level of cash and cash equivalents and secured committed funding facilities from financial institutions. In assessing the adequacy of these funding facilities, management reviews its working capital requirements regularly.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 37 Financial Risk Management Objectives and Policies (cont'd)

### (b) Liquidity risk (cont'd)

#### *Analysis of financial instruments by remaining contractual maturities*

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the financial year end based on the contractual undiscounted repayment obligations.

	Within 1 year S\$'000	1 to 5 years S\$'000	After 5 years S\$'000	Total S\$'000
<b>Group</b>				
<b>2015</b>				
<b>Financial assets:</b>				
Investment securities	1,687	137	-	1,824
Trade and other receivables	16,689	844	-	17,533
Fixed deposits	35,760	-	-	35,760
Cash and bank balances	8,581	-	-	8,581
Total undiscounted financial assets	62,717	981	-	63,698
<b>Financial liabilities:</b>				
Trade and other creditors and accruals	16,827	-	-	16,827
Due to related parties	607	-	-	607
Lease obligations	304	189	17	510
Loans and bank borrowings	3,829	-	-	3,829
Total undiscounted financial liabilities	21,567	189	17	21,773
Total net undiscounted financial assets/ (liabilities)	41,150	792	(17)	41,925
<b>2014 (Restated)</b>				
<b>Financial assets:</b>				
Investment securities	1,200	1,892	-	3,092
Trade and other receivables	20,613	394	-	21,007
Fixed deposits	32,155	-	-	32,155
Cash and bank balances	12,572	-	-	12,572
Total undiscounted financial assets	66,540	2,286	-	68,826
<b>Financial liabilities:</b>				
Trade and other creditors and accruals	27,376	-	-	27,376
Due to related parties	601	-	-	601
Lease obligations	255	674	23	952
Loans and bank borrowings	10,739	250	-	10,989
Total undiscounted financial liabilities	38,971	924	23	39,918
Total net undiscounted financial assets/ (liabilities)	27,569	1,362	(23)	28,908

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 37 Financial Risk Management Objectives and Policies (cont'd)

### (b) Liquidity risk (cont'd)

	Within 1 year S\$'000	1 to 5 years S\$'000	After 5 years S\$'000	Total S\$'000
<b>Company</b>				
<b>2015</b>				
<b>Financial assets:</b>				
Investment securities	1,687	137	-	1,824
Trade and other receivables	3,093	744	-	3,837
Due from subsidiaries	158	14,073	2,378	16,609
Fixed deposits	27,362	-	-	27,362
Cash and bank balances	1,336	-	-	1,336
Total undiscounted financial assets	33,636	14,954	2,378	50,968
<b>Financial liabilities:</b>				
Trade and other creditors and accruals	3,733	-	-	3,733
Amounts due to related parties	30	-	-	30
Due to subsidiaries	7,685	-	-	7,685
Lease obligations	35	164	16	215
Total undiscounted financial liabilities	11,483	164	16	11,663
Total net undiscounted financial assets	22,153	14,790	2,362	39,305
<b>2014 (Restated)</b>				
<b>Financial assets:</b>				
Investment securities	1,200	1,892	-	3,092
Trade and other receivables	1,876	-	-	1,876
Due from subsidiaries	837	-	15,970	16,807
Fixed deposits	28,030	-	-	28,030
Cash and bank balances	2,490	-	-	2,490
Total undiscounted financial assets	34,433	1,892	15,970	52,295
<b>Financial liabilities:</b>				
Trade and other creditors and accruals	6,649	-	-	6,649
Amounts due to related parties	28	-	-	28
Due to subsidiaries	15,854	-	-	15,854
Lease obligations	33	169	24	226
Total undiscounted financial liabilities	22,564	169	24	22,757
Total net undiscounted financial assets	11,869	1,723	15,946	29,538

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 37 Financial Risk Management Objectives and Policies (cont'd)

### (b) Liquidity risk (cont'd)

The table below shows the contractual expiry by maturity of the company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	Within 1 year S\$'000	1 to 5 years S\$'000	After 5 years S\$'000	Total S\$'000
<b>Company</b>				
31 December 2015				
Corporate guarantees	17,977	-	-	17,977
31 December 2014 (Restated)				
Corporate guarantees	16,590	-	-	16,590

### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their investment securities, loans and bank borrowings, fixed deposits and cash and bank balances.

To manage interest rate risk, surplus funds are placed with reputable banks and invested in bonds and investment securities.

The following tables set out the carrying amount, by maturity, of the Group's and the Company's financial instruments that are exposed to interest rate risk.

	Within 1 year S\$'000	1-5 years S\$'000	After 5 years S\$'000	Total S\$'000
<b>Group</b>				
31 December 2015				
<u>Fixed rate</u>				
Loans and bank borrowings	(1,166)	-	-	(1,166)
<u>Floating rate</u>				
Cash and bank balances and fixed deposits	44,341	-	-	44,341
Loan and bank borrowings	(2,663)	-	-	(2,663)
31 December 2014 (Restated)				
<u>Fixed rate</u>				
Loans and bank borrowings	(3,659)	(250)	-	(3,909)
<u>Floating rate</u>				
Cash and bank balances and fixed deposits	44,727	-	-	44,727
Loan and bank borrowings	(7,080)	-	-	(7,080)

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 37 Financial Risk Management Objectives and Policies (cont'd)

### (c) Interest rate risk (cont'd)

	Within 1 year S\$'000	1-5 years S\$'000	After 5 years S\$'000	Total S\$'000
<b>Company</b>				
31 December 2015				
<u>Fixed rate</u>				
Due from subsidiaries	-	14,073	2,378	16,451
<u>Floating rate</u>				
Cash and bank balances and fixed deposits	28,698	-	-	28,698
31 December 2014 (Restated)				
<u>Fixed rate</u>				
Due from subsidiaries	-	-	15,970	15,970
<u>Floating rate</u>				
Cash and bank balances and fixed deposits	30,520	-	-	30,520

The other financial instruments of the Group and the Company that are not included in the above tables are not subject to interest rate risks.

#### **Sensitivity analysis for interest rate risk**

At the financial year end, if USD interest rates had been 100 (31 December 2014: 100) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been S\$280,000 (31 December 2014: S\$342,000) lower/higher, arising mainly as a result of lower/higher interest income from cash and fixed deposits and lower/higher interest expense from loan and bank borrowings.

At the financial year end, if SGD interest rates had been 100 (31 December 2014: 100) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been S\$41,000 (31 December 2014: S\$49,000) lower/higher, arising mainly as a result of lower/higher interest income from cash and fixed deposits.

At the financial year end, if MYR interest rates had been 100 (31 December 2014: 100) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been S\$7,000 (31 December 2014: S\$9,000) lower/higher, arising mainly as a result of lower/higher interest income from cash and fixed deposits and lower/higher interest expense from loan and bank borrowings.

At the financial year end, if IDR interest rates had been 100 (31 December 2014: 100) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been S\$23,000 (31 December 2014: S\$21,000) lower/higher, arising mainly as a result of lower/higher interest income from cash and fixed deposits and lower/higher interest expense from loan and bank borrowings.

At the financial year end, if INR interest rates had been 100 (31 December 2014: 100) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been S\$51,000 (31 December 2014: S\$22,000) lower/higher, arising mainly as a result of lower/higher interest income from cash and bank balances.

At the financial year end, if THB interest rates had been 100 (31 December 2014: 100) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been S\$3,000 (31 December 2014: S\$3,000) lower/higher, arising mainly as a result of lower/higher interest income from cash and fixed deposits and lower/higher interest expense from loan and bank borrowings.

### (d) Foreign exchange risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily United States Dollar ("USD"), Thai Baht ("THB"), Indian Rupee ("INR"), Indonesian Rupiah ("IDR") and Malaysian Ringgit ("MYR"). The foreign currencies in which these transactions are denominated are mainly USD and SGD.

The Group does not enter into foreign exchange contracts to hedge its foreign exchange risk resulting from cash flows from transactions denominated in foreign currencies. However, the Group reviews periodically that its net exposure is kept at an acceptable level. Approximately 98% (31 December 2014: 97%) of the Group's sales are denominated in the functional currency of the operating unit making the sale, while almost 96% (31 December 2014: 96%) of costs are denominated in the respective functional currencies of the Group's entities. The Group's trade and other receivables and trade and other payables balances at the financial year end have similar exposures.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 37 Financial Risk Management Objectives and Policies (cont'd)

### (d) Foreign exchange risk (cont'd)

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including United States – United States Dollar (“USD”), Hong Kong - Hong Kong Dollar (“HKD”), People’s Republic of China – Chinese Renminbi (“RMB”), India - Indian Rupee (“INR”), Indonesia - Indonesian Rupiah (“IDR”), Malaysia - Malaysian Ringgit (“MYR”) and Thailand – Thai Baht (“THB”).

The Group’s foreign currency exposure based on the information provided to key management at the end of the financial year end are as follows:

	USD S\$'000	SGD S\$'000	INR S\$'000	THB S\$'000	MYR S\$'000	IDR S\$'000	Others S\$'000	Total S\$'000
<b>Group</b>								
<b>2015</b>								
Trade receivables	1,671	4,421	3,330	-	510	156	198	10,286
Other receivables and deposits	251	3,112	687	938	96	1,581	487	7,152
Cash and cash equivalents	28,999	4,218	5,058	343	719	4,935	69	44,341
Trade creditors	(3,413)	(2,850)	(297)	(15)	(309)	(966)	(262)	(8,112)
Other creditors and accruals	(1,450)	(3,767)	(1,724)	(80)	(399)	(2,534)	(151)	(10,105)
Lease obligations	-	(431)	-	(2)	-	(48)	-	(481)
Loans and bank borrowings	(999)	(167)	-	-	-	(2,663)	-	(3,829)
Net financial assets	25,059	4,536	7,054	1,184	617	461	341	39,252
Net assets denominated in functional currencies	(27,169)	(2,846)	(7,042)	(1,184)	(1)	-	(328)	(38,570)
Net currency exposure	(2,110)	1,690	12	-	616	461	13	682
<b>2014 (Restated)</b>								
Trade receivables	2,740	6,121	2,402	159	486	3,055	17	14,980
Other receivables and deposits	588	792	373	1,164	273	2,096	439	5,725
Cash and cash equivalents	34,185	4,919	2,199	300	928	2,128	68	44,727
Trade creditors	(5,182)	(4,985)	(151)	(15)	(396)	(5,107)	(200)	(16,036)
Other creditors and accruals	(1,937)	(4,060)	(1,763)	(333)	(876)	(3,506)	(155)	(12,630)
Lease obligations	-	(786)	-	(3)	-	(80)	-	(869)
Loan and bank borrowings	-	(3,909)	-	-	-	(7,080)	-	(10,989)
Net financial assets/(liabilities)	30,394	(1,908)	3,060	1,272	415	(8,494)	169	24,908
Net (assets)/liabilities denominated in functional currencies	(27,721)	1,982	(3,133)	(1,272)	74	-	(172)	(30,242)
Net currency exposure	2,673	74	(73)	-	489	(8,494)	(3)	(5,334)
<b>Company</b>								
<b>2015</b>								
Trade receivables	298	76	-	-	-	-	31	405
Other receivables and deposits	265	3,070	-	-	-	-	1	3,336
Due from/(to) subsidiaries	13,604	(2,533)	-	1,282	651	-	(4,080)	8,924
Cash and cash equivalents	27,590	1,108	-	-	-	-	-	28,698
Trade creditors	(1,199)	-	-	-	-	-	(2)	(1,201)
Other creditors and accruals	(903)	(1,680)	(10)	-	(7)	-	(23)	(2,623)
Lease obligations	-	196	-	-	-	-	-	196
Net financial assets/(liabilities)	39,655	237	(10)	1,282	644	-	(4,073)	37,735
Net assets denominated in functional currencies	(39,655)	-	-	-	-	-	-	(39,655)
Net currency exposure	-	237	(10)	1,282	644	-	(4,073)	(1,920)

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 37 Financial Risk Management Objectives and Policies (cont'd)

### (d) Foreign exchange risk (cont'd)

	USD S\$'000	SGD S\$'000	INR S\$'000	THB S\$'000	MYR S\$'000	IDR S\$'000	Others S\$'000	Total S\$'000
<b>2014 (Restated)</b>								
Trade receivables	736	66	-	-	-	-	17	819
Other receivables and deposits	395	662	-	-	-	-	-	1,057
Due from/(to) subsidiaries	14,847	(11,254)	-	1,366	-	-	(4,006)	953
Cash and cash equivalents	29,479	1,041	-	-	-	-	-	30,520
Trade creditors	(3,081)	-	-	-	-	-	(2)	(3,083)
Other creditors and accruals	(1,794)	(1,890)	(8)	-	-	-	(22)	(3,714)
Lease obligations	-	(202)	-	-	-	-	-	(202)
Net financial assets/(liabilities)	40,582	(11,577)	(8)	1,366	-	-	(4,013)	26,350
Net assets denominated in functional currencies	(40,582)	-	-	-	-	-	-	(40,582)
Net currency exposure	-	(11,577)	(8)	1,366	-	-	(4,013)	(14,232)

### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the following exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Group Increase/(decrease) in profit before tax	
	2015 S\$'000	2014 (Restated) S\$'000
USD/SGD - strengthened 8% (31 December 2014: 5%)	(34)	151
- weakened 8% (31 December 2014: 5%)	34	(151)
MYR/SGD - strengthened 13% (31 December 2014: 5%)	80	24
- weakened 13% (31 December 2014: 5%)	(80)	(24)
INR/SGD - strengthened 5% (31 December 2014: 5%)	1	(4)
- weakened 5% (31 December 2014: 5%)	(1)	4
IDR/SGD - strengthened 5% (31 December 2014: 5%)	23	(425)
- weakened 5% (31 December 2014: 5%)	(23)	425

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 37 Financial Risk Management Objectives and Policies (cont'd)

### (e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity instruments. These instruments are quoted on the SGX-ST in Singapore and are classified as held for trading or available-for-sale financial assets. The Group does not have exposure to commodity price risk.

It is the Group's policy not to engage in shares speculation or trading for profit purpose. The Group's objective is to invest in shares of companies with growth potential.

#### **Sensitivity analysis for equity price risk**

At the financial year end, if the STI had been 14% (31 December 2014: 6%) lower/higher with all other variables held constant, the Group's fair value adjustment reserve would have been S\$19,000 (31 December 2014: S\$15,000) lower/higher, arising as a result of a decrease/increase in the fair value of equity instruments classified as available-for-sale.

## 38 Fair Values of Financial Instruments

Fair value is defined as the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale.

### A. Fair value of financial instruments that are carried at fair value

	Level 1	Level 2	Level 3	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Group</b>				
<b>31 December 2015</b>				
Designated at fair value through profit or loss (Note 21)				
- Hybrid instrument	-	-	1,687	1,687
Available-for-sale (Note 21)				
- Equity investment (quoted)	137	-	-	137
	<u>137</u>	<u>-</u>	<u>1,687</u>	<u>1,824</u>
<b>31 December 2014 (Restated)</b>				
Designated at fair value through profit or loss (Note 21)				
- Hybrid instrument	-	-	2,837	2,837
Available-for-sale (Note 21)				
- Equity investment (quoted)	255	-	-	255
	<u>255</u>	<u>-</u>	<u>2,837</u>	<u>3,092</u>

#### **Fair value hierarchy**

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have 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 asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

There has been no transfer of financial instruments between Level 1 and Level 2 during the financial period ended 31 December 2015 and 31 December 2014.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 38 Fair Values of Financial Instruments (cont'd)

### A. Fair value of financial instruments that are carried at fair value (cont'd)

#### **Determination of fair value**

Hybrid instrument (Note 21): The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques.

The fair value of hybrid instrument had been determined using the discounted cash flow. The valuation requires management to make estimates about expected future cash flows of the convertible loan which are discounted at current market rates. The Group applied a sensitivity analysis of 3.5% to its key assumptions, which are considered by the Group to be within range of reasonably possible alternatives based on dividend yield and/or discount rate of companies with similar risk profiles.

Quoted equity investment (Note 21): Fair value is determined directly by reference to their published market bid price at the financial year end.

#### **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):

	Designated at fair value through profit and loss hybrid instrument (unquoted)	
	2015	2014
	S\$'000	(Restated) S\$'000
<b>Group</b>		
Opening balance	2,837	3,321
Repayment	(1,200)	(800)
Interest income	-	201
Interest income for financial period ended 31 December 2013, previously recognised in other receivables, now reclassified	-	186
Fair value gain recognised in profit or loss	131	-
Exchange loss recognised in profit or loss	(81)	(71)
Closing balance	1,687	2,837

#### **Impact of changes to key assumptions on fair value of level 3 financial instruments**

The following table shows the impact on fair value of level 3 financial instruments by using reasonably possible alternative assumptions:

	2015		2014	
	Carrying amount	Effect of reasonably possible alternative assumptions	Carrying amount	Effect of reasonably possible alternative assumptions
	S\$'000	S\$'000	(Restated) S\$'000	(Restated) S\$'000
<b>Group</b>				
Fair value through profit or loss				
- investment securities (unquoted)	1,687	59	2,837	99

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 38 Fair Values of Financial Instruments (cont'd)

### A. Fair value of financial instruments that are carried at fair value (cont'd)

The valuation of the hybrid instrument is highly sensitive to assumptions and selection of parameters, particularly to the selection of discount rate. Extrapolation of credit spread was constructed based on assumptions that there is an exponential trend in credit spread movement as companies move across the credit ratings and the exponential trend would apply for bonds rated Ca and below. The choice of credit spread, which ultimately affects the discount rate, is highly judgemental and dependent on the market conditions, as such, the reasonable range of credit spread could possibly be very wide.

### B. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Cash and cash equivalents, trade and other receivables, trade and other creditors, amounts due from/(to) subsidiaries and current loans and bank borrowings.

The carrying amounts approximate fair values due to the relatively short-term maturity of these financial instruments.

### C. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	Group		Company	
	Carrying amount S\$'000	Fair value S\$'000	Carrying amount S\$'000	Fair value S\$'000
<b>31 December 2015</b>				
<b>Financial assets</b>				
Lease receivables	53	53	-	-
Other receivables	787	787	687	687
<b>Financial liabilities</b>				
Lease obligations	481	456	196	163
<b>31 December 2014 (Restated)</b>				
<b>Financial assets</b>				
Lease receivables	493	493	-	-
<b>Financial liabilities</b>				
Lease obligations	869	835	202	198

#### Determination of fair value

The fair values of lease and other receivables and lease obligations are estimated by discounting expected future cash flows at current market incremental lending rates for similar types of lending and leasing arrangements at the financial year end and are included in level 2 of the fair value hierarchy.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 39 Capital Management (cont'd)

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios and a positive cash position in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

To maintain a positive cash position, the Group ensures that it has sufficient cash balances and enters into loans when necessary. In order to achieve positive cash position, the Group focuses on deriving positive cash profits as well as through better working capital management.

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2015 and 31 December 2014.

The Group is currently in a net cash position. The Group will continue to be guided by prudent financial policies of which gearing is an important aspect.

	Group	
	2015	2014
		(Restated)
	S\$'000	S\$'000
Total gross debt		
- Loans and bank borrowings	3,829	10,989
Shareholders' equity		
- Share capital	590,515	590,515
- Accumulated losses	(458,390)	(459,350)
- Other reserves	(5,361)	(5,277)
- Translation reserve	(68,864)	(67,521)
	57,900	58,367
Gross debt equity ratio	6.61%	18.83%
Cash and bank balances and fixed deposits	44,341	44,727
Less: Total gross debt	(3,829)	(10,989)
Net cash position	40,512	33,738

## 40 Events Occurring after the Financial Year End

- The Remuneration of the Executive Director & Group CEO was reinstated on 29 February 2016 with effect from 1st January 2016. 137,125 stock options granted to Mr. Maneesh Tripathi pursuant to the 2014 Employee Stock Option Plan were voluntarily forfeited.
- Reduction of Capital Exercise of the Company was announced on 29 February 2016.
- The second closing for the acquisition of Mediating Network Services Pte Ltd and Mediating Communications Pte Ltd by Netpluz Asia Pte Ltd was completed on 3 March 2016.

## 41 Prior Year Comparative

With effect from 1 January 2015, the Group and the Company changed its presentation currency from United States Dollar to Singapore Dollar. This change has been applied retrospectively to the extent that it is practicable. Accordingly, the comparative financial statements of the preceding year have been restated.

A summary of the significant accounts of the comparative financial statements of the relevant preceding year before and after restatement is as follows:

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 41 Prior Year Comparative (cont'd)

### (a) Consolidated Income Statement

	Group	
	As restated	As previously reported
	S\$'000	US\$'000
Turnover	449,327	361,755
Total loss before taxation	(62,463)	(49,386)
Total taxation	6,497	5,137
Total net loss after tax for the year	(55,966)	(44,249)

The restated turnover excludes the turnover generated from discontinued operations.

### (b) Statements of Financial Position

	Group		Company	
	As restated	As previously reported	As restated	As previously reported
	S\$'000	US\$'000	S\$'000	US\$'000
<u>2014</u>				
Total non-current assets	10,359	7,811	26,837	19,725
Total current assets	93,202	70,407	35,065	26,482
Total non-current liabilities	(2,067)	(1,561)	(175)	(132)
Total current liabilities	(43,153)	(32,593)	(23,143)	(17,479)
Share capital	(590,515)	(410,663)	(590,515)	(410,663)
Translation reserves <sup>#</sup>	67,521	2,208	56,504	1,223
Other reserves	464,627	364,375	495,427	383,290
<u>2013</u>				
Total non-current assets	67,801	53,598	84,834	62,715
Total current assets	107,702	85,140	37,395	29,561
Total non-current liabilities	(8,854)	(6,999)	(194)	(153)
Total current liabilities	(52,521)	(41,520)	(19,973)	(15,789)
Share capital	(590,515)	(410,663)	(590,515)	(410,663)
Translation reserves <sup>#</sup>	67,520	209	54,905	33
Other reserves	408,972	320,318	433,548	334,362

<sup>#</sup>Reinstatement of translation reserves was also due to the change in presentation currency from United States Dollar to Singapore Dollar.

### (c) Consolidated Statement of Cash Flows

	Group	
	As restated	As previously reported
	S\$'000	US\$'000
<u>2014</u>		
Net cash flows generated from operating activities	17,440	11,734
Net cash flows generated from investing activities	578	529
Net cash flows used in financing activities	(9,596)	(7,266)
Net increase in cash and cash equivalents	8,422	4,997
Cash and cash equivalents at the end of the year	37,053	27,986



# STATISTICS OF SHAREHOLDINGS

AS AT 18 MARCH 2016

Class of equity securities : Ordinary shares  
 Number of equity securities : 13,712,452  
 Voting rights : One vote per share

Shareholdings of Substantial Shareholders as at 18 March 2016

Name	Note	No. of Shares		Total Interest	%
		Direct Interest	Deemed Interest		
Dr Bhupendra Kumar Modi ("BKM")	2	-	4,304,651	4,304,651	31.39
Dilip Modi ("DLM")	3	-	3,638,921	3,638,921	26.54
Divya Tongya ("DYT")	4	-	3,638,921	3,638,921	26.54
S Global Innovation Centre Pte Ltd	2a,3,4,5a	3,638,921	-	3,638,921	26.54
Smart Co Holding Pte Ltd	2b,2c,5	410,660	3,850,991	4,261,651	31.08
Paramount Assets Investments Pte. Ltd	6,7,8	1,775,550	-	1,775,550	12.95
Lee Foundation, States Of Malaya	6	-	1,775,550	1,775,550	12.95
Lee Foundation	7	-	1,775,550	1,775,550	12.95
Lee Pineapple Company (Pte) Limited	8	-	1,775,550	1,775,550	12.95

## Notes:

- (1) The above percentages are calculated based on the Company's share capital comprising of 13,712,452 issued and paid-up Shares as at 18 March 2016.
- (2) BKM is deemed to be interested in 4,304,651 Shares comprising the following:
  - (a) 3,638,921 Shares held directly by S Global Innovation Centre Pte Ltd as S Global Innovation Centre Pte Ltd is controlled by BKM, DLM and DYT. By virtue of Section 7 of the Companies Act, Spice Global Investments Pvt Ltd, Orion Telecoms Ltd, Dai (Mauritius) Company Ltd, Falcon Securities Ltd, Guiding Star Ltd, Christchurch Investments Ltd, S Global Holdings Ltd, Prospective Infrastructure Pvt Ltd and Smart Ventures Private Ltd (previously "Si2i Mobility Private Ltd") are deemed to be interested in the 3,638,921 shares held through S Global Innovation Centre Pte Ltd;
  - (b) 410,660 Shares held directly by Smart Co Holding Pte Ltd (previously S Global Holdings Pte Ltd) as Smart Co Holding Pte Ltd is wholly-owned by BKM;
  - (c) 212,070 Shares held directly by Spice Bulls Pte Ltd as Spice Bulls Pte Ltd is wholly-owned by Smart Co Holding Pte Ltd, which is in turn wholly-owned by BKM; and
  - (d) 43,000 Shares held directly by Innovative Management Pte Ltd as Innovative Management Pte Ltd is wholly-owned by BKM.
- (3) DLM is deemed to be interested in 3,638,921 Shares through S Global Innovation Centre Pte. Ltd. as S Global Innovation Centre Pte. Ltd. is controlled by BKM, DLM and DYT.
- (4) DYT is deemed to be interested in 3,638,921 Shares through by S Global Innovation Centre Pte. Ltd. as S Global Innovation Centre Pte. Ltd. is controlled by BKM, DLM and DYT.
- (5) Smart Co Holding Pte Ltd is deemed to be interested in 3,850,991 Shares comprising the following:
  - (a) 3,638,921 Shares indirectly held through S Global Innovation Centre Pte. Ltd.; and
  - (b) 212,070 Shares held directly by Spice Bulls Pte Ltd as Spice Bulls Pte Ltd is wholly-owned by Smart Co Holding Pte Ltd.
- (6) Lee Foundation, States of Malaya, by virtue of its interest in not less than 20% of the total issued share capital of Lee Pineapple Company (Pte) Ltd, is deemed to be interested in 1,775,550 Shares held directly by Paramount Assets Investments Pte Ltd, a wholly-owned subsidiary of Lee Pineapple Company (Pte) Ltd.
- (7) Lee Foundation, by virtue of its interest in not less than 20% of the total issued share capital of Lee Pineapple Company (Pte) Ltd, is deemed to be interested in 1,775,550 Shares held directly by Paramount Assets Investments Pte Ltd, a wholly-owned subsidiary of Lee Pineapple Company (Pte) Ltd.
- (8) Lee Pineapple Company (Pte) Ltd is deemed to be interested in 1,775,550 Shares held directly by Paramount Assets Investments Pte Ltd, a wholly-owned subsidiary of Lee Pineapple Company (Pte) Ltd.

# STATISTICS OF SHAREHOLDINGS

AS AT 18 MARCH 2016

## PUBLIC FLOAT

As at 18 March 2016, 55.30% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholders	No. of Shareholders	%	No. of Shares	%
1 - 99	9,302	61.75	241,532	1.76
100 - 1,000	4,836	32.10	1,541,369	11.24
1,001 - 10,000	839	5.57	2,137,401	15.59
10,001 - 1,000,000	86	0.57	4,377,679	31.92
1,000,001 and above	2	0.01	5,414,471	39.49
<b>TOTAL</b>	<b>15,065</b>	<b>100.00</b>	<b>13,712,452</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	S GLOBAL INNOVATION CENTRE PTE LTD	3,638,921	26.54
2	PARAMOUNT ASSETS INVESTMENTS PTE LTD	1,775,550	12.95
3	PHILLIP SECURITIES PTE LTD*	989,913	7.22
4	UOB KAY HIAN PRIVATE LIMITED***	324,179	2.36
5	SMART CO HOLDING PTE LTD	260,286	1.90
6	CITIBANK NOMINEES SINGAPORE PTE LTD	221,635	1.62
7	DBS NOMINEES (PRIVATE) LIMITED	161,010	1.17
8	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	104,933	0.77
9	LIM TIAN SONG	104,600	0.76
10	OCBC SECURITIES PRIVATE LIMITED	99,986	0.73
11	TAI TAK SECURITIES PTE LTD	97,500	0.71
12	CHONG YEAN FONG	85,500	0.62
13	LIM & TAN SECURITIES PTE LTD	76,375	0.56
14	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	66,756	0.49
15	LEE SENG TEE	64,500	0.47
16	BANK OF SINGAPORE NOMINEES PTE. LTD.	64,189	0.47
17	HSBC (SINGAPORE) NOMINEES PTE LTD**	61,285	0.45
18	KOH CHIN HWA	60,000	0.44
19	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	59,122	0.43
20	LAI XI THEODORA	58,000	0.42
<b>TOTAL</b>		<b>8,374,240</b>	<b>61.08</b>

\* includes 1.5465% shareholdings of Spice Bulls Pte Ltd

\*\* includes 0.3136% shareholdings of Innovative Management Pte Ltd

\*\*\* includes 1.0966% shareholdings of Smart Co Holding Pte Ltd

# GROUP OFFICES

## HEAD OFFICE

### SINGAPORE

#### **Si2i Limited**

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## SUBSIDIARIES SINGAPORE

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#### **MediaRing Network Services Pte Ltd**

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#### **Mellon Technology Pte Ltd**

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#### **Spice-CSL Pte. Ltd.**

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#### **Affinity Capital Pte Limited**

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## BRITISH VIRGIN ISLANDS

### Bigstar Development Limited

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### Maxworld Asia Limited

Akara Bldg., 24 De Castro Street,  
Wickhams Cay 1, Road Town, Tortola,  
British Virgin Islands

## THAILAND

### Newtel Corporation Co., Ltd

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### T.H.C. International Co., Ltd

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### CSL Communication (Shenzhen) Co Ltd

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## ASSOCIATES SINGAPORE

### NGV Pte Ltd

Registered Address:  
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## SOUTH AFRICA

### Vipafone (Proprietary) Limited

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Fx: +27 21 762 9635

# NOTICE OF ANNUAL GENERAL MEETING

## S i2i LIMITED

(Company Registration No. 199304568R)  
(Incorporated in Singapore with limited liability)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of S i2i Limited (the "Company") will be held at 10, Eunos Road 8, 5<sup>th</sup> Floor Auditorium, Singapore Post Centre, Singapore 408600 on Friday, 29 April 2016 at 3:30 p.m. for the following purposes:

### AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 31 December 2015 together with the Auditors' Report thereon. **(Resolution 1)**
2. To re-elect the following Directors of the Company retiring pursuant to the Constitution of the Company:

Mr. Hanif M. Dahya	(Retiring under Article 104)	<b>(Resolution 2)</b>
Dr. Bhupendra Kumar Modi	(Retiring under Article 108)	<b>(Resolution 3)</b>
Ms. Chada Anitha Reddy	(Retiring under Article 108)	<b>(Resolution 4)</b>

[See Explanatory Note (i)]

Mr. Hanif M. Dahya will, upon re-election as Director of the Company, remain as Chairman of the Audit Committee and a member of the Remuneration Committee and Nominating Committee and will be considered independent.

Dr. Bhupendra Kumar Modi will, upon re-election as Director of the Company, remain as Chairman of the Board of Directors of the Company and will be considered non-independent.

Ms. Chada Anitha Reddy will, upon re-election as Director of the Company, remain as member of the Audit Committee, Remuneration Committee and Nominating Committee and will be considered non-independent.
3. To approve the payment of Directors' fees of S\$ 4 for the year ended 31 December 2015 (FY2014: S\$ 216,000). **(Resolution 5)**
4. To re-appoint Moore Stephens LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**
5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

### AS SPECIAL BUSINESS

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

6. Authority to issue shares  

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to:

  - (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or
  - (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

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

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

# NOTICE OF ANNUAL GENERAL MEETING

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
  - (a) new shares arising from the conversion or exercise of any convertible securities;
  - (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
  - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.  
[See Explanatory Note (ii)] **(Resolution 7)**

## 7. Authority to issue shares under the 2014 Employee Stock Option Plan

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to grant options under the prevailing 2014 Employee Stock Option Plan (the "2014 ESOP") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the terms and conditions under the 2014 ESOP, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of ordinary shares available under the 2014 ESOP, the 1999 Si2i Employees Share Scheme, the 1999 Si2i Employees' Share Option Scheme II, the Si2i Restricted Share Plan and the Si2i Performance Share Plan collectively shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury Shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.  
[See Explanatory Note (iii)] **(Resolution 8)**

By Order of the Board

Kim Yi Hwa  
Company Secretary  
Singapore, 6 April 2016



# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

- (i) The Ordinary Resolutions 2, 3 and 4 in item 2 above will be individually proposed at the Annual General Meeting. The Ordinary Resolution 2 is for the re-election of a Director of the Company who retires by rotation at the Annual General Meeting. The Ordinary Resolutions 3 and 4 are for the re-election of a Director of the Company who joined the Board of Directors of the Company on 1 September 2015 and 5 January 2016, after the last Annual General Meeting. For more information on the respective Directors, please refer to the "Board of Directors" and page 8 to 9 in the Annual Report 2015. There are no material relationships (including immediate family relationships) between Mr. Hanif M. Dahya and Ms. Chada Anitha Reddy and the other Directors of the Company. Dr. Bhupendra Kumar Modi ("BKM") is the substantial shareholder of the Company. For more information on shareholdings of BKM, please refer to page 108 in the Annual Report 2015.
- (ii) The Ordinary Resolution 7 in item 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

- (iii) The Ordinary Resolution 8 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the grant of options under the 2014 ESOP, provided always that the aggregate number of shares available under the 1999 Si2i Employees' Share Option Scheme II, the 2014 ESOP (for the entire duration of the 2014 ESOP), the 1999 Si2i Employees' Share Option Scheme, the Si2i Restricted Share Plan and the Si2i Performance Share Plan collectively shall not exceed fifteen per centum (15%) of the total number of issued shares, excluding treasury shares, in the capital of the Company from time to time.

## Notes:

1. (a) A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the Annual General Meeting (the "Meeting") in his/her stead.
- (b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

2. A proxy need not be a Member of the Company.
3. The instrument appointing a proxy must be deposited at the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

## Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting 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 Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the 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.



# S i2i Limited

(Company Registration No. 199304568R)  
(Incorporated in the Republic of Singapore)

## PROXY FORM

(Please see notes overleaf before completing this Form)

### IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
3. 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.

I/We, \_\_\_\_\_

of \_\_\_\_\_

being a member/members of S i2i Limited (the "Company"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Friday, 29 April 2016 at 3.30 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Statement and Audited Financial Statements for the year ended 31 December 2015		
2	Re-election of Mr. Hanif M. Dahya as a Director		
3	Re-election of Dr. Bhupendra Kumar Modi as a Director		
4	Re-election of Ms. Chada Anitha Reddy as a Director		
5	Approval of Directors' fees amounting to S\$ 4 for the year ended 31 December 2015		
6	Re-appointment of Moore Stephens LLP as Auditors		
7	Authority to issue shares		
8	Authority to issue shares under the 2014 Employee Stock Option Plan		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2016

\_\_\_\_\_  
Signature of Shareholder(s)  
or, Common Seal of Corporate Shareholder

\*Delete where inapplicable

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	



**Notes :**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, 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 a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, the shareholder may wish to specify in the appointments the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

“Relevant intermediary” means:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
  6. The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for the Meeting.
  7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
  8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

**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 Annual General Meeting dated 6 April 2016.

**General:**

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.





**Si2i Limited**  
**[www.spicei2i.com](http://www.spicei2i.com)**