Company Registration No. 200901920D

Infraco Asia Development Pte. Ltd. and its subsidiaries

Annual Financial Statements
31 December 2015

Infraco Asia Development Pte. Ltd. and its subsidiaries

General information

Directors

Kenneth Peter Baxter
Robert Michael Edgell
Tantra Narayan Thakur
Clive Watkin Turton
Peter John William Neville Bird (Resigned on 31 December 2015)
John William Walker (Appointed on 1 January 2016)
Amy Lee Yuen Ying (Appointed on 1 January 2016)

Company Secretary

Madelyn Kwang Yeit Lam

Registered Office

10 Collyer Quay
#10-01 Ocean Financial Centre
Singapore 049315

Bankers

Hongkong and Shanghai Banking Corporation
Malayan Banking Berhad

Auditor

Ernst & Young LLP

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The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Infraco Asia Development Pte. Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2015.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity 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 and changes in equity of the Company for the year ended on that date; and

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

Directors

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

Kenneth Peter Baxter
Robert Michael Edgell
Tantra Narayan Thakur
Clive Watkin Turton
John William Walker
Amy Lee Yuen Ying

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

None of the directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations, either at the beginning of the financial year, or date of appointment, if later, or at the end of the financial year.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Share options

(a) ***Options to take up unissued shares***

During the financial year, no option to take up unissued shares of the Company was granted.

(b) ***Options exercised***

During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares.

(c) ***Unissued shares under options exercised***

At the end of the financial year, there were no unissued shares of the Company under options.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors:

John William Walker
Director

Clive Watkin Turton
Director

Singapore

2 9 MAR 2016

Independent auditor's report to the members of Infraco Asia Development Pte. Ltd.

Report on the financial statements

We have audited the accompanying financial statements of Infraco Asia Development Pte. Ltd. (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 5 to 61, which comprise the balance sheets of the Group and the Company as at 31 December 2015, the statements of changes in equity of the Group and the Company, the consolidated statement of comprehensive income and the consolidated cash flow statement 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.

Auditor's responsibility

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

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

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

Independent auditor's report to the members of Infraco Asia Development Pte. Ltd.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the 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 subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

29 March 2016

Infraco Asia Development Pte. Ltd. and its subsidiaries

Consolidated statement of comprehensive income
For the financial year ended 31 December 2015

	Note	2015	2014
		US$	US$
Other income	4	3,688,095	713,171
Finance income	5	93,607	134,349
Project related operating expenses		(9,279,195)	(8,862,840)
Administrative expenses		(1,708,438)	(1,980,332)
Finance costs	5	(1,940,840)	(320,156)
Share of results of joint ventures		(83,292)	(194,449)
Loss before tax	6	(9,230,063)	(10,510,257)
Income tax expense	8	(2,766)	–
Loss for the year		(9,232,829)	(10,510,257)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(558,312)	135,423
Share of other reserves of joint ventures		99,854	–
Total comprehensive income, net of tax		(458,458)	135,423
Total comprehensive income for the year		(9,691,287)	(10,374,834)
Attributable to:			
Owners of the Company		(10,172,359)	(10,315,171)
Non-controlling interests		481,072	(59,663)
Total comprehensive income for the year		(9,691,287)	(10,374,834)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance sheets
As at 31 December 2015

	Note	Group 2015 US$	Group 2014 US$	Company 2015 US$	Company 2014 US$
ASSETS					
Non-current assets					
Plant and equipment	9	28,810,214	10,828,935	9,416	6,538
Goodwill		95,300	95,300	–	–
Investment in subsidiaries	10	–	–	6,143,643	14,837,381
Investments in joint ventures	11	1,643,665	9,867,238	–	–
Advances to subcontractors	13	2,875,273	4,661,731	–	–
Advance to developer	14	539,000	–	539,000	–
Advances to joint ventures	14	1,775,907	9,112,005	–	–
		35,739,359	34,565,209	6,692,059	14,843,919
Current assets					
Advances to a related company	14	–	1,501,000	–	–
Amounts due from subsidiaries	14	–	–	5,735,388	6,247,784
Amounts due from related parties	14	6,048,433	7,245,774	6,048,432	7,110,927
Other receivables	14	1,045,082	486,673	41,120	250,384
Prepayments		34,675	170,629	19,853	12,445
Deposits	14	34,642	7,547	34,642	7,547
Cash and cash equivalents	15	21,256,635	29,636,002	10,126,648	14,777,955
		28,419,467	39,047,625	22,006,083	28,407,042
Assets of disposal group classified as held for sale	16	31,535,765	–	13,590,000	–
Total assets		95,694,591	73,612,834	42,288,142	43,250,961
EQUITY AND LIABILITIES					
Non-current liability					
Provision for severance allowance	18	8,145	7,604	–	–
Loans from a related company	18	9,044,135	18,659,633	–	–
Loans and borrowings	19	13,861,082	2,972,235	–	–
		22,913,362	21,639,472	–	–

Balance sheets
As at 31 December 2015

	Note	Group 2015	Group 2014	Company 2015	Company 2014
		US$	US$	US$	US$
EQUITY AND LIABILITIES					
Current liabilities					
Deferred capital grant	17	30,000	1,219,904	–	50,939
Amounts due to related parties	18	1,611,923	1,293,998	569,736	–
Trade and other payables	18	3,771,087	1,352,610	2,189,293	1,694,784
Provision for tax		2,766	–	–	–
		5,415,776	3,866,512	2,759,029	1,745,723
Liabilities of disposal group classified as held for sale	16	14,084,316	–	–	–
Total liabilities		42,413,454	25,505,984	2,759,029	1,745,723
Equity attributable to owners of the Company					
Share capital	20	82,036,080	67,566,835	82,036,080	67,566,835
Share application monies	21	–	7,213,620	–	7,213,620
Translation reserve		(614,952)	(390,705)	–	–
Share-based payment reserve		1,383,700	1,393,737	–	–
Reserve on changes in non-controlling interest		1,197,452	428,183	–	–
Other reserve		99,854	–	–	–
Accumulated losses		(45,414,286)	(35,527,923)	(42,506,967)	(33,275,217)
Reserve of disposal group classified as held for sale	16	(161,603)	–	–	–
		38,526,245	40,683,747	39,529,113	41,505,238
Non-controlling interests		14,754,892	7,423,103	–	–
Total equity		53,281,137	48,106,850	39,529,113	41,505,238
Total equity and liabilities		95,694,591	73,612,834	42,288,142	43,250,961

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of changes in equity
For the financial year ended 31 December 2015

Group	Share capital (Note 20)	Share application monies	Translation reserve	Share-based payment reserve	Reserve on changes in non-controlling interest	Other reserves	Accumulated losses	Reserve of disposal group classified as held for sale	Non-controlling interests	Total
	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$
2015										
At 1 January 2015	67,566,835	7,213,620	(390,705)	1,393,737	428,183	–	(35,527,923)	–	7,423,103	48,106,850
Loss for the year	–	–	–	–	–	–	(9,886,363)	–	653,534	(9,232,829)
Other comprehensive income	–	–	(385,850)	–	–	99,854	–	–	(172,462)	(458,458)
Total comprehensive income for the year	–	–	(385,850)	–	–	99,854	(9,886,363)	–	481,072	(9,691,287)
Contributions by and distributions to owners										
Issuance of shares	14,469,245	(14,469,245)	–	–	–	–	–	–	–	–
Share application monies	–	7,255,625	–	–	–	–	–	–	–	7,255,625
Total contributions by and distributions to owners	14,469,245	(7,213,620)	–	–	–	–	–	–	–	7,255,625
Changes in non-controlling interest without change in control	–	–	–	–	(46,980)	–	–	–	46,980	–
Cash contribution by non-controlling interest	–	–	–	–	–	–	–	–	4,000,000	4,000,000
Total changes in ownership interest in subsidiary	–	–	–	–	(46,980)	–	–	–	4,046,980	4,000,000
Total transactions with owners, recognised directly in equity	14,469,245	(7,213,620)	–	–	(46,980)	–	–	–	4,046,980	11,255,625

Statements of changes in equity
For the financial year ended 31 December 2015

Group	Share capital (Note 20)	Share application monies	Translation reserve	Share-based payment reserve	Reserve on changes in non-controlling interest	Other reserves	Accumulated losses	Reserve of disposal group classified as held for sale	Non-controlling interests	Total
	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$
Others										
Settlement of share-based payment	–	–	–	(3,619,986)	816,249	–	–	–	2,803,737	–
Share-based payment	–	–	–	3,609,949	–	–	–	–	–	3,609,949
Reserves attributable to disposal group classified as held for sale	–	–	161,603	–	–	–	–	(161,603)	–	–
Total others	–	–	161,603	(10,037)	816,249	–	–	(161,603)	2,803,737	3,609,949
At 31 December 2015	82,036,080	–	(614,952)	1,383,700	1,197,452	99,854	(45,414,286)	(161,603)	14,754,892	53,281,137

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of changes in equity
For the financial year ended 31 December 2015

	Share capital (Note 20)	Share application monies	Translation reserve	Share-based payment reserve	Reserve on changes in non-controlling interest	Accumulated losses	Non-controlling interests	Total
	US$	US$	US$	US$	US$	US$	US$	US$
Group								
2014								
At 1 January 2014	42,689,021	10,760,600	(550,473)	–	–	(25,052,984)	3,128,516	30,974,680
Loss for the year	–	–	–	–	–	(10,474,939)	(35,318)	(10,510,257)
Other comprehensive income	–	–	159,768	–	–	–	(24,345)	135,423
Total comprehensive income for the year	–	–	159,768	–	–	(10,474,939)	(59,663)	(10,374,834)
Contributions by and distributions to owners								
Issuance of shares	24,877,814	(10,760,600)	–	–	–	–	–	14,117,214
Share application monies	–	7,213,620	–	–	–	–	–	7,213,620
Total contributions by and distributions to owners	24,877,814	(3,546,980)	–	–	–	–	–	21,330,834
Changes in non-controlling interest without change in control	–	–	–	–	428,183	–	(428,183)	–
Goodwill reallocation	–	–	–	–	–	–	(27,000)	(27,000)
Cash contribution by non-controlling interest	–	–	–	–	–	–	4,809,433	4,809,433
Total changes in ownership interest in subsidiary	–	–	–	–	428,183	–	4,354,250	4,782,433
Total transactions with owners, recognised directly in equity	24,877,814	(3,546,980)	–	–	428,183	–	4,354,250	26,113,267
Share-based payment	–	–	–	1,393,737	–	–	–	1,393,737
At 31 December 2014	67,566,835	7,213,620	(390,705)	1,393,737	428,183	(35,527,923)	7,423,103	48,106,850

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of changes in equity
For the financial year ended 31 December 2015

	Share capital (Note 20)	Share application monies	Accumulated losses	Total
	US$	US$	US$	US$
Company				
2015				
At 1 January 2015	67,566,835	7,213,620	(33,275,217)	41,505,238
Issuance of shares	14,469,245	(14,469,245)	–	–
Share application monies	–	7,255,625	–	7,255,625
Loss representing total comprehensive income for the year	–	–	(9,231,750)	(9,231,750)
At 31 December 2015	82,036,080	–	(42,506,967)	39,529,113
2014				
At 1 January 2014	42,689,021	10,760,600	(23,011,459)	30,438,162
Issuance of shares	24,877,814	(10,760,600)	–	14,117,214
Share application monies	–	7,213,620	–	7,213,620
Loss representing total comprehensive income for the year	–	–	(10,263,758)	(10,263,758)
At 31 December 2014	67,566,835	7,213,620	(33,275,217)	41,505,238

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated cash flow statement
For the financial year ended 31 December 2015

	2015	2014
	US$	US$
Operating activities		
Loss before tax	(9,230,063)	(10,510,257)
Adjustments for:		
Depreciation of plant and equipment	7,924	15,750
Provision for severance allowance	–	(7,501)
(Reversal of)/provision for impairment loss on:		
- investment in joint ventures	165,000	88,576
- loan to a joint venture	(34,536)	1,566,781
- amounts due from joint ventures	179,668	58,083
Share of results of joint ventures	83,292	194,449
Success fee	3,609,949	1,393,737
Finance costs	1,940,840	320,156
Finance income	(93,607)	(134,349)
Operating cash flows before changes in working capital	(3,371,533)	(7,014,575)
Changes in working capital:		
(Increase)/decrease in amounts due from joint ventures	(2,503,934)	65,949
Decrease in amounts due from related parties	–	(3,516,778)
Increase in advance to developer	(539,000)	–
Increase in other receivables	(558,266)	(273,023)
Decrease/(increase) in prepayments	135,955	(153,181)
(Increase)/decrease in deposits	(27,094)	7,012
Increase in advances to joint ventures	–	(9,073,507)
Decrease/(increase) in advances to related party	1,501,000	(1,501,000)
Decrease/(increase) in advances to subcontractors	1,786,458	(3,339)
(Decrease)/increase in deferred capital grants	(1,189,904)	1,000,675
Increase in amount due to related parties	1,510,830	1,293,998
Increase/(decrease) in trade and other payables	2,435,126	(5,833,334)
Decrease in amounts due to directors	–	(24,741)
Net cash flows used in operating activities	(820,362)	(25,025,844)
Investing activities		
Purchase of plant and equipment	(18,846,396)	(5,141,237)
Investments in joint ventures	(11,404,167)	(4,647,815)
Net cash flows used in investing activities	(30,250,563)	(9,789,052)

Consolidated cash flow statement
For the financial year ended 31 December 2015

	2015 US$	2014 US$
Financing activities		
Issuance of share capital	7,255,625	14,117,214
Proceeds from loans from a related company	3,000,000	18,389,517
Proceeds from bank loan	10,747,387	2,972,235
Share application monies	–	7,213,620
Ordinary share capital contributed by non-controlling interests	4,000,000	4,809,433
Cash pledged for banking facilities	(554,875)	(2,125,000)
Net cash flows generated from financing activities	24,448,137	45,377,019
Net (decrease)/increase in cash and cash equivalents	(6,622,788)	10,562,123
Foreign exchange	689,167	(4,889)
Cash and cash equivalents at beginning of the year	27,511,002	16,953,768
Cash and cash equivalents at end of the year	21,577,381	27,511,002
Cash and cash equivalents (Note 15)	21,256,635	27,511,002
Cash and cash equivalents classified as disposal group held for sale (Note 16)	320,746	–
Cash and cash equivalents as per cash flow statement	21,577,381	27,511,002

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

Infraco Asia Development Pte. Ltd. (the "Company") is a private limited company incorporated in Singapore. The Company's immediate shareholders are SG Hambros Trust Company Ltd, Multiconsult Trustees Ltd and Minimax Ltd as trustees of the Private Infrastructure Development Group Trust, a trust established under the laws of Mauritius.

The registered office and principal place of business of the Company are located at 10 Collyer Quay, #10-01 Ocean Financial Centre, Singapore 049315 and Level 18 Republic Plaza II, 9 Raffles Place, Singapore 048619, respectively.

The principal activity of the Company is that of developing infrastructure projects and investment holding. The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars ("USD" or "US$").

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 16 and FRS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Improvements to FRSs (November 2014)	
Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
Amendments to FRS 19 *Employee Benefits*	1 January 2016

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

2.3 *Standards issued but not yet effective (cont'd)*

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
Amendments to FRS 7 *Disclosure Initiative*	1 January 2017
Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*	To be determined

Except for FRS 115 and FRS 109, the directors expect that 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 changes in accounting policy on adoption of FRS 115 and FRS 109 are described below.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a new 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 to 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. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. 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.

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

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.

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

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary company are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary company, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

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

2.4 *Basis of consolidation and business combinations (cont'd)*

(b) *Business combinations*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

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

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.8. In instances where the latter amount exceeds the former, the excess is recognized as gain on bargain purchase in profit or loss on the acquisition date.

2.5 *Transaction with non-controlling interests*

Non-controlling interest represented the equity in subsidiaries not attributable, directly or indirectly, 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.

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

2.6 *Foreign currency*

The financial statements are presented in United States Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

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

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

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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

2.7 *Plant and equipment*

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of 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 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.

All items of plant and equipment, except for construction in progress, are depreciated on a straight-line basis over the estimated useful life of the assets as follows:

Computer and software	-	3 years
Motor vehicles	-	8 years
Office equipment, furniture and fittings	-	3 - 5 years

Asset under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

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

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

An item of 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 year the asset is derecognised.

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

2.8 *Goodwill*

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to 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 units to which goodwill have 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.

2.9 *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 group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.