ANNUAL REPORT 2014

Transcu Group Limited

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Dear Shareholders,

The past financial year has been eventful for the Group. The Group achieved significant progress during the 4th Quarter of FY2014 through various corporate restructuring programmes. We have succeeded in turning around from loss to profit. We are making progress towards achieving our greater goals of returning to profitability and removal from the SGX Watchlist. We have rationalised the Group's businesses and took firm steps to dispose of unprofitable subsidiary companies and businesses that are not aligned with our strategic goals. Essentially, the Group has completely exited the Pharmaceutical business and Japanese cosmetics market. As a result of these measures, the Group was able to record a net profit for the financial year 2014. In early FY 2015, we also exited the green technology business.

YEAR IN REVIEW-FY2014

A considerable part of the year was taken up by reducing costs, raising funds and disposing of unprofitable subsidiaries and businesses that are not aligned with the Group's business strategy. As part of the restructuring plan, the Group has also taken a strategic move in identifying a profitable business in advertising and promotions which is complementary to the cosmetics business.

FINANCIAL PERFORMANCE

Income Statement Review

The Group managed to turn around from a loss in the previous year to a profit for FY2014. The recorded total profit for FY2014 is US$4.3 million, while in FY2013, the total loss was US$64.4 million. The results of disposed subsidiaries outside Singapore for the financial years ended 31 March 2014 and 2013 are presented separately as "Discontinued Operations". In view of that, comparison of the performance between FY2014 and FY2013 may not be meaningful.

No revenue or cost of sales were recorded as the revenue and cost of sales of Japanese subsidiaries were now included in discontinued operations. Research and development (R&D) expenses were US$0.1 million and selling expenses were US$0.1 million since most of these expenses were incurred by the discontinued operations. The Administrative expenses were reduced from US$44.4 million to US$5 million mainly due to the lesser impairment costs and write-offs as compared to FY2013.

Balance sheet review

The financial position of the Group has improved in FY2014. The net liabilities of the Group has decreased from US$15.9 million to US$ 8.9 million. Non-current assets decreased from the prior fiscal year due to the deconsolidation of Biomass Energy Corporation ("BME"). Other than BME, most of the non-current assets were impaired or written off in the previous year (FY2013).

Current assets were reduced from US$4.6 million to US$2.5 million. The drop is mainly due to the disposal of overseas subsidiaries. However, the cash position has been strengthened from US$0.5 million to US$2.5 million due to the availability of funds from the Equity Linked Notes.

Current liabilities were reduced from US$21.3 million to US$9.1 million mainly due to the disposal of overseas subsidiaries.

As a result of the determined action taken to dispose of the unprofitable subsidiaries, the accumulated loss has been reduced from US$227 million FY2013 to US$180 million FY 2014.

The merger reserve was reduced from US$24.1 million to zero since it was no longer required following the sale of affected subsidiaries. The share plan reserve was also reduced to zero due to the expiration of share options.

Cash Flow Statement Review

Net cash used in operating activities was approximately US$5.9 million for the fiscal year and US$1.4 million more than the previous year. However, most of the increase in cash used for operations was due to payables as the Company had cash to pay past due amounts, compared to the prior fiscal year where payables increased as the Group continued to face a cash shortage.

There were almost no additions to fixed assets during the year as the Group focused on reducing cash outflow and restructuring the business.

Cash flow from financing activities was US$8.0 million compared to US$5.9 million in the previous fiscal year mainly due to financing from the issuance of 1% unsecured equity linked redeemable structured notes ("ELN").

MOVING FORWARD

The Company is truly committed to its goals. We have planned programmes and taken crucial steps to achieve these goals.

The Company has acquired Mojo Films Sdn Bhd ("Mojo"), which is a profitable Advertising and Promotions business by itself. The Company had entered into a conditional share purchase agreement with the shareholders of Straits Construction Group Pte Ltd ("SC Group") to acquire the entire issued and paid up share capital of SC Group. The acquisition of SC Group is a "very major transaction acquisition or reverse take-over" ("RTO") as defined by Chapter 1015 of the Singapore Exchange's Listing Manual. The acquisition of Mojo and the RTO would become two pillars supporting the Company's return to profitability.

The Company also took major steps in strengthening its current financial position, namely the issue of Equity-Linked Notes (ELN) and the proposed Share Consolidation and Rights cum Warrants Issue. The Company is in the process of completing the Proposed Share Consolidation and the Rights cum Warrants Issue. The ELN and the Rights cum Warrants Issue will enable the Company to have a stronger Balance Sheet.

Apart from that, the Company has demonstrated commitment to its creditors. The Company is undertaking a Scheme of Arrangement with its creditors to allow for its restructuring of debts. The Company is in the process of convening a Creditors' Scheme Meeting with its creditors.

We believe that with the ELN, the Proposed Rights cum Warrant Issue and the Scheme of Arrangement with its creditors, the Company would be able to move towards a positive net asset position.

The Company has recognised the need to undertake a capital reduction exercise for assets that have been lost or unrepresented by available assets. The credit arising from the capital reduction shall be effected by cancelling the paid-up share capital which is lost or unrepresented by available assets. This will allow the Company to declare future dividends once the Company has returned to profitability.

To mark its new corporate identity and strategic direction, the Company has proposed to change its name from "Transcu Group Limited" to "OLS Enterprise Ltd."

The restructuring programmes as set out above, involved various corporate exercises and would not have been possible without the full support and endorsement of our valued shareholders.

I would like take this opportunity to thank our shareholders, business associates and customers for their unwavering support for the Group during the past year. And I wish to extend my gratitude to the Staff and Management for their hard work and dedication without which we could not have succeeded.

Mr. Koo Ah Seang
Executive Chairman
1 July 2014
(Mr. Koo Ah Seang was appointed Executive Director and Executive Chairman on 28 January 2014)

KOO AH SEANG

Executive Chairman

(Re-elected on 3 April 2014)

Mr. Koo was appointed as a Non-Executive Director on 10 December 2013 and re-designated as Executive Chairman on 28 January 2014. Mr. Koo has more than 20 years of experience, qualifications and knowledge in financial and general management, particularly in the area of corporate reorganization. Prior to joining the Group, Mr. Koo has served as Executive Director of several listed companies. Mr. Koo graduated from the University of Auckland (New Zealand) with a Bachelor of Commerce degree. He is a Fellow member of the Institute of Singapore Chartered Accountants.

GEOFFREY NG CHING FUNG

Lead Independent Director

(Re-elected on 3 April 2014)

Mr. Ng was appointed as Lead-Independent Director on 22 January 2014. Mr. Ng has 17 years of experience in financial and investment management across a broad range of industries and countries. He has served as CEO and Executive Director with Hong Leong Asset Management and he previously also worked with Dubai Investment Group as Senior Vice President covering global emerging markets and as Chief Investment Officer with Pacific Mutual Fund, a member of the OCBC Group. Mr. Ng holds a Bachelor of Commerce (High Honours) in Accounting and Finance from Carleton University, Canada. He is a Chartered Financial Analyst and Certified Financial Planner.

CHONG CHEE HOONG

Independent Director

(Appointed on 15 May 2014)

Mr Chong has more than 17 years of extensive experience in assurance practice and corporate management. Mr Chong previously worked with SGX Main-board listed company, Debao Property Development Ltd as Chief Financial Officer and subsequently redesignated to drive the overseas business ventures. Mr. Chong is a fellow member of the Association of Chartered Certified Accountants, UK, since 2005.

LAWRENCE RIKIO KOMO

Non-Executive and Non Independent Director

(Retiring on 31 July 2014)

Mr. Komo was appointed as an Independent Director on 9 November 2011. He was appointed as the Group's Chief Executive Officer from 8 October 2012 until 31 March 2014. Mr. Komo joined the Group from Citibank Singapore, where he was Managing Director within the Securities and Funds Division. Besides Citibank Singapore, Mr. Komo has held senior leadership positions in global financial institutions in Japan, London and Hong Kong. Mr. Komo holds a Bachelor of Arts degree in Economics from Yale University (1980) and a Masters in Business Administration from Emory University (1984).

FURTHER INFORMATION ON BOARD OF DIRECTORS

Koo Ah Seang

Executive Chairman

Date of first appointment as a Director
10 December 2013

Date of first appointment as a Chairman
28 January 2014

Date of last re-election as a Director
3 April 2014

Length of services as a Director
(as at 31 March 2014)
3 months

Board committee(s) served on
Nominating Committee (Member)

Present directorship in other listed companies
Nil

Present principal commitments
(other than directorships in other listed companies)
Nil

Past principle directorships/chairmanship held over the preceding 3 years in other listed companies
(from to 1 April 2011 to 31 March 2014)
Hongwei Technologies Limited (in Provisional Liquidation)
(CEO and Executive Director)

Geoffrey Ng Ching Fung

Lead Independent Director

Date of first appointment as a Director
22 January 2014

Date of last re-election as a Director
3 April 2014

Length of services as a Director
(as at 31 March 2014)
2 months

Board committee(s) served on
Audit Committee (Chairman)
Nominating Committee (Chairman)
Remuneration Committee (Member)

Present directorship in other listed companies
Nil

Present principal commitments
(other than directorships in other listed companies)
Optimum Bay Sdn Bhd
(Managing Director)

Past principle directorships/chairmanship held over the preceding 3 years in other listed companies
(from to 1 April 2011 to 31 March 2014)
Nil

Chong Chee Hoong

Independent Director

Date of first appointment as a Director
15 May 2014

Date of last re-election as a Director
Nil

Lenght of Services as a Director
(as at 31 March 2014)
Not Applicable

Board committee(s) served on
Remuneration Committee (Chairman)
Audit Committee (Member)
Nominating Committee (Member)

Present directorship in other listed companies
W Corporation Limited
(Independent Director and Chairman of Remuneration Committee and Nominating Committee)

Present principal commitments
(other than directorships in other listed companies)
Debao Property Development Ltd
(Overseas Ventures in Charge)

Past principle directorships/chairmanship held over the preceding 3 years in other listed companies
(from to 1 April 2011 to 31 March 2014)
Nil

Lawrence Rikio Komo

Non-Executive Director

Date of first appointment as a Director
9 November 2011

Date of last re-election as a Director
Nil

Length of services as a Director
(as at 31 March 2014)
2 years and 4 months

Board committee(s) served on
Audit Committee (Chairman)
Remuneration Committee (Member)

Present directorship in other listed companies
Nil

Present principal commitments
(other than directorships in other listed companies)
Komo Pte. Ltd.
(Director)
Shoutin Brothers Pte. Ltd.
(Director)

Past principle directorships/chairmanship held over the preceding 3 years in other listed companies
(from to 1 April 2011 to 31 March 2014)
Nil

CORPORATE INFORMATION

BOARD OF DIRECTORS
Koo Ah Seang
(Executive Chairman)

Geoffrey Ng Ching Fung
(Lead Independent Director)

Chong Chee Hoong
(Independent Director)

Lawrence Rikio Komo
(Non-Executive and Non-Independent Director)

AUDIT COMMITTEE
Geoffrey Ng Ching Fung *(Chairman)*
Chong Chee Hoong
Lawrence Rikio Komo

REMUNERATION COMMITTEE
Chong Chee Hoong *(Chairman)*
Geoffrey Ng Ching Fung
Lawrence Rikio Komo

NOMINATING COMMITTEE
Geoffrey Ng Ching Fung *(Chairman)*
Koo Ah Seang
Chong Chee Hoong

CORPORATE OFFICE
105 Cecil Street #22-26/27,
The Octagon
Singapore 069534.
Telephone: (65) 6225 0515
Fax: (65) 6225 0508
Company Registration Number: 196800320E

REGISTERED OFFICE
80 Robinson Road, #02-00
Singapore 068898

COMPANY SECRETARY
Teo Meng Keong
(appointed on 6 March 2014)

SHARE REGISTRAR
B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758

AUDITORS
Nexia TS Public Accounting Corporation
100 Beach Road
#30-00 Shaw Tower
Singapore 189702

Director-In-Charge: Loh Ji Kin
Year Appointed: Since financial year ended 31 March 2013

PRINCIPAL BANKERS
Oversea-Chinese Banking Corporation Limited

Transcu Group Limited (the "Company") is committed to maintaining a high standard of corporate governance and has put in place self-regulatory corporate practices to protect the interests of its shareholders and enhance long- term shareholders value.

The Company is already in compliance with most of the guidelines in the Singapore Code of Corporate Governance 2012 ("the 2012 Code") and any deviations from the 2012 Code are disclosed and explained. The Board will continue to enhance its corporate governance practices appropriate to the conduct of its business and to review such practices from time to time to ensure compliance with the Listing Manual.

BOARD MATTERS

Principle 1 – The Board's Conduct of Affairs

Board of Directors

The Company is effectively headed by the Board to lead and control it. Apart from its statutory duties and responsibilities, the Board is collectively responsible for the success of the Company and its subsidiaries (the "Group") and it works with management to achieve this. The management remains accountable to the Board. The Board oversees the affairs of the Group and focuses on strategies and policies, with particular attention paid to financial performance. It delegates the formulation of business policies and day-to-day management to the Executive Directors and key management personnel. In addition, the Board is directly responsible for decision making in respect of the following matters:

1. providing entrepreneurial leadership, setting strategic aims, and ensuring appropriate financial and human resources are in place for the Group to meet its objectives;

2. establishing a framework of prudent and effective controls which enables risks to be assessed and managed;

3. reviewing management performance and approving the recommendation for the nomination and appointment of key executives, as may be recommended by the Nominating Committee;

4. reviewing and endorsing the framework of remuneration for the Board and key management personnel, as may be recommended by the Remuneration Committee;

5. setting the Group's values and standards, and ensuring that obligations to shareholders and others are understood and met;

6. ensuring the Group's compliance with laws, regulations, policies, directives, guidelines and internal code of conduct;

7. assuming responsibilities for good corporate governance and business practices; and

8. approving quarterly and full-year result announcements and interested person transactions.

The Company has adopted internal guidelines setting forth matters that require Board approval, examples of which include corporate plans and budgets, material acquisitions and disposals of assets, share issuances, dividends and other returns to shareholders. All Directors objectively make decisions in the interests of the Company. The Board also delegates certain of its functions to the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC") and these functions are described separately under the various sections of each Committee below. Each Committee has its own defined terms of reference and operating procedures which are reviewed on a regular basis. The effectiveness of each Committee is also reviewed by the Board.

Directors' attendance at Board and Board Committee Meetings

The Board is scheduled to meet at least four (4) times a year and as and when warranted by circumstances. In order to assist the Directors in planning their attendance at Board and Committee Meetings, meeting dates are scheduled in advance in consultation with the Directors. Telephonic attendance, audio-video conferencing or by means of similar communication equipment whereby all persons participating in the meeting are able to hear each other at meetings are allowed under Article 107 of the Company's Articles of Association.

The number of meetings held in respect of the financial year ended 31 March 2014 and the attendance of the Directors and Committee members are set out in the table below:

Name	Board	Audit Committee	Nominating Committee	Remuneration Committee
Mr Koo Ah Seang Note 1	3	3*	n/a	1*
Mr Lawrence Rikio Komo	9	4	n/a	2*
Mr Geoffrey Ng Ching Fung Note 2	1	1	n/a	n/a
Mr Chong Chee Hoong Note 3	n/a	n/a	n/a	n/a
Mr Wang Nan Chee Note 4	8	5	n/a	2
Dr James Morley Anderson M.D., Ph.D. Note 4	4	1	n/a	0
Mr Akihiko Matsumura Note 5	6	4*	n/a	2
Mr Richard Lee Armitage Note 6	0	0	n/a	0
Number of meetings held	9	5	0	2

* attendance by invitation

n/a: Not applicable

Notes:

1. Mr Koo Ah Seang was appointed as the Non-Executive Director with effect from 10 December 2013 and thereafter re-designated as Executive Chairman and appointed as the NC member with effect from 28 January 2014.

2. Mr Geoffrey Ng Ching Fung was appointed as the Lead Independent Director of the Company, the Chairman of AC and NC and member of RC with effect from 22 January 2014.

3. Mr Chong Chee Hoong was appointed as the Independent Director, Chairman of RC and Member of AC and NC on 15 May 2014.

4. Mr Wang Nan Chee and Dr James Morley Anderson retired on 3 April 2014.

5. Mr Akihiko Matsumura resigned as Non-Executive Chairman with effect from 10 January 2014.

6. Mr Richard Lee Armitage resigned as the Independent Director with effect from 8 January 2014.

Training

Most of the Directors have many years of corporate experience and are familiar with their duties and responsibilities as Directors. Upon appointment, each Director are provided information from the Company explaining his statutory duties and obligations as a member of the Board. In addition, the new Directors will undergo an orientation program where the Executive Director will brief them on the Group's business, policies and governance practices to ensure that they are familiar with them. The Directors are also briefed by professionals either during Board meetings or at separate meetings on regulatory changes which have an important bearing on the Company and the Directors' obligations to the Company. Directors and key management personnel are encouraged to undergo relevant training to enhance their skills and knowledge, particularly on new laws, regulations and changing risks affecting the Group's operations, from time to time. Other forms of training may include governance practices and training in accounting, legal and industry-specific knowledge.

The Company welcomes Directors to seek explanations or clarifications from and/or convene informal discussions with the management on any aspect of the Group's operations or business. Necessary arrangements will be made for the informal discussions or explanations as and when required.

Principle 2 – Board Composition and Guidance

The Board, as at the date of this report, comprises:

Mr Koo Ah Seang	(Executive Chairman)
Mr Geoffrey Ng Ching Fung	(Lead Independent Director)
Mr Chong Chee Hoong	(Independent Director)
Mr Lawrence Rikio Komo	(Non–Independent Non-Executive Director)

Currently, the Board comprises 4 Directors, two of whom are independent Directors. The requirement of the 2012 Code that the independent directors must make up at least 1/3 of the Board is satisfied. There is therefore a good balance between the Executive and Non-Executive Directors and a strong and independent element on the Board. The Chairman is not an independent director, and the Company has complied with Guideline 2.2 of the 2012 Code on the requirement that at least half of the Board is made up by independent directors.

Mr Geoffrey Ng Ching Fung is the Lead Independent Director and he will be available to shareholders where they have concerns and for which contact through normal channels of the Chairman, the CEO or the CFO has failed to resolve or is inappropriate.

The Independent Directors consist of respected individuals from different backgrounds whose core competencies, qualifications, skills and experience are extensive and complementary and these competencies include accounting, finance and business management.

None of the Independent Directors have served on the Board beyond nine years from the date of his appointment. Both Mr Geoffrey Ng and Mr Chong have confirmed that they do not have any relationship with the Company, its related corporations or its 10% shareholders or its officers that could interfere, or be perceived to interfere, with the exercise of their independent business judgment in the best interests of the Company.

The independence of each Director is reviewed annually by the NC. The NC has adopted the 2012 Code's definitions of an independent director in its review, and has reviewed and determined that the said Directors are independent. Taking into account the views of the NC, the Board determined that the said Directors are independent in character and judgment and no relationships or circumstances which are likely to affect, or could appear to affect, the said Directors' judgment.

The NC and the Board, taking into account the current nature and scope of the Group's operations and the impact of the number of Directors upon effectiveness in decision making, is of the view that the current board size is appropriate and effective and no individual or small group of individuals dominates the Board's decision making process. The NC and the Board is also of the view that the present Board has the appropriate mix of expertise, experience and competencies such as accounting or finance, business or management experience and industry knowledge for the effective functioning of the Board.

The Non-Executive Directors constructively challenge and help developing proposals on strategy and also review the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance. The Directors' objective judgment on corporate affairs and collective experience and knowledge are invaluable to the Group and allows for the useful exchange of ideas and views.

Principle 3 – Chairman and Chief Executive Officer

Mr Koo Ah Seang is the Executive Chairman of the Company and no CEO was appointed subsequent to the resignation of Mr Lawrence Rikio Komo as Group CEO with effect from 31 March 2014. During the absence of CEO of the Group, Mr Koo assumes the CEO responsibilities, such as, day to day operation of the Group and leads the management in setting the strategies, missions and translates the Board's decision and plans into execution action.

As being the Chairman, he is responsible in:

1. leading the Board to ensure its effectiveness on all aspects of its role and setting its agenda;

2. ensuring that the Directors receive accurate, timely and clear information;

3. ensuring effective communication with shareholders;

4. encouraging constructive relations between the Board and management;

5. facilitating the effective contribution of Non-Executive Directors in particular;

6. encouraging constructive relations between Executive Directors and Non-Executive Directors; and

7. promoting high standards of corporate governance.

The Company has not adopted the recommendation of the 2012 Code to have different individuals appointed as the Chairman and the CEO. The Board is of the view that there is already an appropriate balance of power and sufficient strong independent element in the Board which could enable the independent exercise of objective judgement on corporate affairs of the Group, taking into account factors such as accountability and capacity of the Board and numbers of independent directors on the Board, as well as the size and scope of the affairs and operations of the Group.

Principle 4 – Board Membership

The NC comprises 3 members, a majority of whom, including the Chairman are Independent and Non-Executive Directors. The members of the NC are as follows:

Mr Geoffrey Ng Ching Fung *(Chairman)*	Lead Independent Director
Mr Koo Ah Seang	Executive Chairman
Mr Chong Chee Hoong	Independent Director

The NC is scheduled to meet at least once a year. The principle functions of NC include, but are not limited to, the following:

1. making recommendations to the Board on all Board and key management personnel appointments;

2. the re-nomination of the Directors having regard to each Director's contribution and performance, including, if applicable, as an Independent Director;

3. determining annually whether or not a Director is independent;

4. deciding whether or not a Director is able to and has adequately carried out his duties as a director;

5. reviewing and recommending the training and professional development programmes for the Board;

6. recommending to the Board the review of board succession plans for Directors, in particular, the Chairman and the CEO.

From time to time, new directors may be identified for appointment to the Board whereupon the NC after taking into consideration the existing composition of the Board and strives to ensure that the Board has an appropriate balance of independent directors, will evaluate and assess their suitability, based on their qualifications, working experiences and expertise, to determine if they are able to fit into the overall competency matrix of the Board before recommending them to the Board for its approval.

All newly appointed Directors during the year will hold office only until the next AGM following his appointment and will be eligible for re-election but shall not be taken into account in determining the number of directors who are retiring by rotation at each financial year.

Pursuant to the Company's Articles of Association, at each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) are required to retire by rotation. All Directors are required to submit themselves for re-election at least once every three (3) years.

The Directors who are retiring and who, being eligible, have offered themselves for re-election at the forthcoming AGM are named below:

Name	Date of First Appointment	Date of Last Re-election	Due for Re-election
Mr Chong Chee Hoong	15 May 2014	–	Article 98 of the Company's Articles of Association

Note:

The retiring Director has confirmed that he does not have any relationships including family relationships between him and the other directors, the Company or its 10% shareholders.

Mr Lawrence Rikio Komo, the Non-Independent Non-Executive Director who is retiring, will not seek re-election at the forthcoming AGM.

The NC has recommended to the Board that Mr Chong Chee Hoong be nominated for re-election at the forthcoming AGM of the Company. In making the recommendation, the NC has considered his independence, overall contributions and performance. The Board recommends the shareholders to approve the re-appointment of the said director. The detail of the proposed resolution is stipulated in the Notice of AGM.

The NC Chairman is not, and is not directly associated with, a substantial shareholder with an interest of 5% or more in the voting shares of the Company.

Each member of the NC shall abstain from voting on any resolutions and making any recommendation and/or participating in any deliberations in respect of matters in which he has an interest in.

The NC reviews and determines annually whether directors who have multiple board representations and other principal commitments, give sufficient time and attention to the affairs of the Company and adequately carry out his duties as a director of the Company. The NC takes into account the results of the assessment of the effectiveness of the individual Director and his actual conduct on the Board, in making this determination.

For FY2014, despite some of the directors hold other listed company board representations and other principal commitments, the NC and the Board are of the view that such multiple board representations do not hinder them from carrying out their duties as Directors. These Directors would widen the experience of the Board and give it a broader perspective. As such, the NC has decided not to fix a maximum limit on the number of directorship a director can hold.

Key information regarding the Directors such as academic, professional qualifications, shareholding in the Company and its related corporations, board committees served on (as a member or Chairman), date of first appointment as a director, date of last re-appointment as a director, directorships or chairmanships both present and those held over the preceding 3 years in other listed companies, and other principal commitments is disclosed in the "Board of Directors" section of the annual report.

Principle 5 – Board Performance

The NC assesses the performance and effectiveness of the Board as a whole. The appraisal process focuses on a set of performance criteria which includes the evaluation of the Board composition and size, the Board process, the Board effectiveness and training, provision of information to the Board and the Board standards of conduct. Such performance criteria are approved by the Board and they address how the Board will enhance long term shareholders' value. The performance criteria do not change unless circumstances deem it necessary and a decision to change them would be justified by the Board.

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

However, there was no formal assessment on the Board and Board Committee conducted during the financial year under review due to limited availability of the previous Chairman of Nominating Committee.

Principle 6 – Access to Information

In order to ensure that the Board is able to fulfill its responsibilities, management provides the Board members with a management report containing complete, adequate and timely information prior to the Board meetings. In addition, all relevant information on material events and transactions are circulated to Directors as and when they arise. Whenever necessary, senior management staff will be invited to attend the Board meetings to answer queries and provide detailed insights into their areas of operations. The Board, either individually or as a group, also has separate and independent access to the senior management staff.

The Board, and the Chairmen of the respective Committees, whether individually or as a group, are able to seek independent professional advice as and when necessary in furtherance of their duties at the Company's expense.

The Board members have separate and independent access to the Company Secretary who ensures good information flow within the Board and its Committees and between management and Non-Executive Directors, as well as facilitates orientation and assists with professional development as required. The Company Secretary or his representative(s) attends all Board and Committees' meetings and ensures that the Board procedures and relevant rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

REMUNERATION MATTERS

Principle 7 – Procedures for Developing Remuneration Policies

The RC comprises 3 members, a majority of whom, including the RC Chairman are Independent and Non-Executive Directors. The Members of the RC are as follows:

Mr Chong Chee Hoong ***(Chairman)***	Independent Director
Mr Geoffrey Ng Ching Fung	Lead Independent Director
Mr Lawrence Rikio Komo	Non-Executive Director

The RC is scheduled to meet at least once a year. The RC is regulated by a set of terms of reference and has access to independent professional advice inside and outside the Company, if necessary, in respect of the remuneration of all Directors and key management personnel.

The RC's main duties include, but not limited to, the following:

1. to review and recommend to the Board a framework of remuneration and to determine the specific remuneration packages and terms of employment for each of the Executive Directors and key management personnel, including those employees related to the Executive Directors and 10% shareholders of the Group, if any, bearing in mind the need for a cautious comparison (in order to prevent the risk of an upward ratchet of remuneration levels with no corresponding improvement in performance) of pay and employment conditions of comparable companies in the same or similar industries, and to submit such recommendations for endorsement by the entire Board; and

2. to carry out its duties in a manner that is deemed expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time.

Each RC member shall abstain from voting on any resolutions or making any recommendations and/or participating in the deliberations of the RC in respect of his remuneration package.

Principle 8 – Level and Mix of Remuneration

As part of its review, the RC shall ensure that:

1. all aspects of remuneration, including Directors' fees, salaries, allowances, bonuses, options and benefits-in- kinds are covered;

2. the remuneration packages of Directors and key management personnel are comparable to companies in same or similar industries;

3. the level of remuneration of Non-Executive Directors are appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors, but also bearing in mind that Non-Executive Directors are not over-compensated to the extent that their independence may be compromised;

4. the level of remuneration is appropriate to attract, retain and motivate the Directors needed to run the Group successfully without such levels being more than is necessary for this purpose; and

5. the remuneration package of employees related to Executive Directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities.

The Company adopts a formal and transparent procedure for developing its policy on key management personnel remuneration and for determining the remuneration packages of individual Directors. No Director is involved in making recommendation and/or deciding his own remuneration. In setting remuneration packages, the Company takes into account pay and employment conditions of comparable companies in the same or similar industries, as well as the Group's relative performance and the performance of the individual Director or key management personnel.

Executive Directors do not receive Directors' fees. The remuneration policy for Executive Directors and key management personnel consists of salary, pension fund contributions and other allowances. The Executive Directors are paid in accordance with their respective service agreements. These service agreements are not excessively long and they do not have onerous removal clauses. The Executive Directors or the Company may terminate the service agreement by giving to the other party not less than six months' notice in writing, or in lieu of notice, payment of an amount equivalent to six months' salary based on the Executive Director's last drawn salary.

Independent Directors are paid a basic fee and additional fees for serving on any of the Committees. In determining the quantum of such fees, factors such as frequency of meetings, time spent and responsibilities of Directors are taken into account.

Principle 9 – Disclosure on Remuneration

Directors' Remuneration

A breakdown, showing the level and mix of each individual Director's remuneration (in nearest thousand dollar) for the financial year ended 31 March 2014 is as follows:

Name of Directors	Remuneration US$	Salary and Benefit (inclusive of Employer's CPF) (%)	Director's Fee (%)	Total (%)
Mr. Koo Ah Seang [Note 1]	50,000	78.1%	21.9%	100%
Mr. Lawrence Rikio Komo [Note 2]	232,000	95.3%	4.7%	100%
Mr. Geoffrey Ng Ching Fung	16,000	NA	100%	100%
Mr. Wang Nan Chee	24,000	NA	100%	100%
Dr. James Morley Anderson	10,000	NA	100%	100%

Notes:

1. Mr Koo Ah Seang was appointed as the Non-Executive Director with effect from 10 December 2013 and thereafter re-designated as Executive Chairman with effect from 28 Jan 2014. The Director's Fee received was during his appointment as a Non-Executive Director.

2. Mr Lawrence Rikio Komo resigned as CEO with effect from 31 March 2014.

Key Management Personnel's remuneration

Disclosure of key management personnel's remuneration for the financial year ended 31 March 2014 is as follows:

Name	Salary and benefit (inclusive of employers' CPF) (US$)
Mr Alan David Gordon	257,000
Ms Vera Lim [Note 1]	43,000

Note:

1 Ms Vera Lim resigned as Chief Financial Officer with effect 14 Jun 2013.

The Company only has 2 key management personnel during the financial year ended 31 March 2014 and the total annual aggregate remuneration paid to the top 2 key management personnel of the Company (excluding CEO) for the FY2014 is US$299,074/-

There are no termination, retirement and post-employment benefits granted to the Directors, the CEO and the key management personnel.

For financial year ended 31 March 2014, none of the directors' immediate family members are employees of the Company or any of its principal subsidiaries.

ACCOUNTABILITY AND AUDIT

Principle 10 – Accountability

As stated above, the Board's primary role is to protect and enhance long-term value and returns for the shareholders. In the discharge of its duties to the shareholders, the Board presents a balanced and understandable assessment of the Group's performance, position and prospects and such responsibility extends to price sensitive announcements, including quarterly, half-year and full-year results and reports to regulators, if any, all of which are released through the SGXNET.

The management also provides the Board with management accounts which present a balanced and understandable assessment of the Group's performance, position and prospects. In respect of the annual budgets, any material variances between the projections and actual results are disclosed and explained to the Board by the management during the Board meetings.

Principle 11 – Risk Management and Internal Controls

The Board ensures that the management maintains a sound system of internal controls and effective risk management policies to safeguard shareholders' investments and the Group's assets.

For the period under review, based on the internal controls established and maintained by the Group, work performed by the external auditors, and regular reviews performed by the management, the various board committees and the Board, the AC and the Board are of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology controls, and risk management were adequate to provide reasonable assurance of the integrity and effectiveness of the Company in safeguarding its assets and shareholders' value.

The system of internal controls provides reasonable, but not absolute assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

However, the Board notes that no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

The Board had received assurance from the Executive Chairman and CFO that the financial records as at 31 March 2014 have been properly maintained and the financial statements for the financial year ended 31 March 2014 give a true and fair view of the Company's operations and finances and regarding the effectiveness of the Company's risk management and internal control systems.

Principle 12 – Audit Committee

The Audit Committee ("AC") comprises three (3) members, majority of whom, including the AC Chairman, are independent directors. The members of the AC are as follows:

Mr Geoffrey Ng Ching Fung ***(Chairman)***	Lead Independent Director
Mr Chong Chee Hoong	Independent Director
Mr Lawrence Rikio Komo	Non-Executive Director

The Board considers that the members of the AC are appropriately qualified to discharge their responsibilities. Majority of the AC members have accounting or related financial management expertise and experience. The AC takes measures to keep abreast of the changes to accounting standards and issues which have impact on financial statements, with training conducted by professionals or external consultants. No former partner or director of the Company's existing auditing firm is a member of the AC.

The AC, which has written terms of reference, meets periodically to perform the following functions:

(a) review with the external auditors, the audit plans, their evaluation of the system of internal controls, their audit report, their management letter and the management's response;

(b) review the internal controls and internal procedures and ensure coordination between the external auditors and the management, and review the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management where necessary);

(c) review the internal and external auditors' reports;

(d) review the co-operation given by the Company's officers to the internal and external auditors;

(e) review the annual and quarterly financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments arising from the audit, going concern basis of the Company, compliance with accounting standards as well as compliance with the Listing Rules and other relevant statutory/regulatory requirements;

(f) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;

(g) consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors;

(h) review transactions falling within the scope of Chapter 9 and Chapter 10 of the Listing Rules (if any);

(i) review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;

(j) review the effectiveness and adequacy of the administrative, operating, internal accounting and financial control procedures;

(k) review the key financial risk areas, with a view to providing independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, immediately announced via SGXNET;

(l) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(m) review arrangements by which the staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and

(n) review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Rules, including such amendments made thereto from time to time.

The AC is scheduled to meet at least four (4) times a year. For the financial year ended 31 March 2014, the AC carried out the following activities in the discharge of its functions and duties including the deliberation and review of:

1. significant financial reporting issues and judgments so as to ensure the integrity of the financial statements and any formal announcements relating to the Group's financial performance before their submission to the Board;

2. the audit plans of the Company's external and the results of their examination and their cost effectiveness;

3. co-operation given by the management to the external auditors;

4. adequacy and effectiveness of the Group's internal audit function and material internal controls, including financial, operational and compliance and information technology controls and risk management policies and systems established by the management (collectively "internal controls");

5. nomination or recommendation of the external auditors for appointment, re-appointment or removal;

6. approval for the remuneration and terms of engagement of the external auditors;

7. independence and objectivity of the external auditors at least annually;

8. performance of Chief Financial Officer; and

9. interested person transactions.

In addition to the above, the AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The external and internal auditors have unrestricted access to the AC.

For the financial year ended 31 March 2014, the AC had met the external auditors without the presence of the management, however, there was no major issues raised. The AC has undertaken a review of all non-audit services, including the nature and extent of such services provided by the external auditors for the financial year ended 31 March 2014 and has balanced the maintenance of objectivity with value for money and is satisfied that the provision of such services has not, in the AC's opinion, affected the independence of the external auditors. The aggregate amount of audit fees paid to the external auditors for audit services amounted to approximately US$150,000 for the financial year ended 31 March 2014. There was no non-audit services fees paid to the external auditors for the financial year ended 31 March 2014

Whistle-blowing policy

The Company will consider the adoption and implementation of a whistle blowing policy to provide arrangements for staff members to raise their concerns on possible financial and other improprieties and for appropriate follow up action to be taken.

Principle 13 – Internal Audit

The Company has not engaged external professional firm to discharge the internal audit function. Accordingly, the review of the adequacy of internal controls is currently conducted by the Audit Committee in conjunction with the assistance of the external auditors, who have the job scope to deal with certain prescribed internal control issues.

SHAREHOLDER RIGHTS AND RESPOSIBILITIES

Principle 14 – Shareholder Rights

Shareholders are encouraged to participate and vote at all general meetings. The Directors ensure that the shareholders are well informed of the rules, including voting procedures that govern general meetings.

Any notice of general meeting is issued at least 14 clear days before the scheduled date of such meeting. The Articles of Association of the Company does not have the provision allowing a corporation which provides nominee or custodial services to appoint more than two proxies.

Principle 15 – Communication with Shareholders

The Company recognises the need to communicate regularly, effectively and fairly with shareholders on all material matters affecting the Group and does not practice selective disclosure. In this respect, the Board presents a balanced and understandable assessment of the Group's performance, position and prospects and such responsibility extends to price sensitive announcements, including quarterly, half-year and full-year results and reports to regulators, if any, all of which are released through SGXNET. All press/media releases are announced through SGXNET before they are published. Where there is inadvertent disclosure made to a selected group, the Company ensures that the same is disclosed publicly to all others as soon as practicable. To date, there have been no such inadvertent disclosures.

The Company had also engaged an external investor relation firm to ensure its communication with shareholders is in an effective manner.

The Directors had not recommended payment of final dividend for the financial year ended 31 March 2014 as the Group did not have profits available for distribution for FY2014.

Principle 16 – Conduct of Shareholder Meetings

All shareholders of the Company will receive the Annual Report and notice of the upcoming AGM. The notice of the upcoming AGM will also be advertised in the newspaper and announced on SGXNet. At the AGM, shareholders are encouraged to participate and are given the opportunity to air their views and ask questions regarding the Group and its businesses. Separate resolutions on each substantially separate issue are proposed at general meetings for approval. "Bundling" of resolutions are kept to a minimum and are done only where the resolutions are interdependent so as to form one significant proposal and only where there are reasons and material implications involved. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution.

The external auditors and legal advisors (if necessary) are present to assist the Directors in addressing any queries by shareholders. In addition, the Chairmen of the AC, NC and RC may be present to address questions at the AGM.

The Company had not amended its Articles of Association to provide for absentia voting methods. Voting in absentia and by electronic mail may only be possible following careful study to ensure that the integrity of the information and authentication of the identity of the shareholders through the web is not compromised.

The Company records proceedings of all AGMs and substantial and relevant comments and queries from shareholders together with the respective responses from the Board and the management. These are available to shareholders upon request.

DEALINGS IN SECURITIES

In compliance with the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), the Company has adopted and implemented a code of conduct governing securities transactions by its Directors and key officers.

Under the code of conduct, the Directors and key officers are prohibited from dealing in the Company's securities at least two (2) weeks before the announcement of the Company's quarterly financial results and one month before the announcement of the Company's full-year financial results until the day of the release of the announcement. The Directors and key officers are also advised not to deal in the Company's securities on short- term consideration. Internal memoranda are regularly circulated to remind the Directors and key officers of these requirements.

The Directors are required to notify the Company of any dealings in the Company's securities (during the open window period) and within two (2) days of the transaction(s). At all times, the Directors and key officers are aware that it is an offence to deal with securities in the Company and those of other companies when they are in possession of unpublished price-sensitive information in relation to those securities and that the law on insider trading applies to them at all times. As such, the Directors and key officers ensure that their dealings in securities, if any, do not contravene the law.

In the above circumstances, in the opinion of the Directors, the Company has complied with the Listing Manual of the SGX-ST and with the Company's code of conduct on Dealing in Securities.

MATERIAL CONTRACTS

Save for the agreements which have been published in the SGX-ST, there were no other material contracts of the Company or its subsidiaries involving the interests of the CEO, Directors or controlling shareholders, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

RISK MANAGEMENT

The Group regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as to take appropriate measures to control and mitigate these risks. The Group reviews all significant control policies and procedure and highlights all significant matters to the AC and the Board.

CORPORATE SOCIAL RESPONSIBILITY

The Company recognises the need to foster a positive socially responsible corporate culture. However, in view of the prevailing financial predicament, the Management and the Directors have devoted their efforts focusing on turning around the Company. Once successful, the Management and Directors will look into developing good corporate citizenship policy.

INTERESTED PERSON TRANSACTIONS

As a listed company on the SGX-ST, the Company is required to comply with Chapter 9 of the Listing Manual of the SGX-ST on interested person transactions ("IPTs"). To ensure compliance with Chapter 9, the Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

There were no IPTs required for disclosure according to Rule 907 of the SGX-ST Listing Manual in respect of IPT for the financial year ended 31 March 2014.

Share issues and Use of Proceeds

During the Financial year ending 31 March 2014, the company issued 6,440,273,900 shares. During the period between the end of the financial year ended 31 March 2014 and the date of this repot, the Company allotted and issued additional 687,500,000 shares for a total of 7,127,773,900 shares between 1 April 2013 and the date of this report.

	At 31 March 2014	At the date of this report
Shares Outstanding at 31 March 2013	3,588,367,848	3,588,367,848
Conversion of Convertible Bonds	1,437,915,410	1,437,915,410
Conversion of Equity Linked Notes	5,002,358,490	5,689,858,490
Total Shares issued	6,440,273,900	7,127,773,900
Shares Outstanding at end of period	10,028,641,748	10,716,141,748

AGT Convertible bond issue and use of proceeds

As announced on 5 July 2012, the Company has entered into a convertible Bond Issue arrangement which consisted of the issue of up to S$13,600,000 (divided over a maximum of 13 tranches, with the Initial Tranche of Bonds having a principal amount of S$4,000,000) in aggregate principal amount of redeemable 3 per cent convertible bonds to Asia Green Technology, Inc. ("the Subscriber") on the terms and subject to the conditions of the Bond Subscription Agreement. The shareholders voted in favour of the convertible Bonds issue at the extraordinary general meeting held on 7 November 2012. As at the date of this report, Bonds with an aggregate principal amount of S$9,252,000 have been issued by the Company.

As announced on 30 April 2014, the Company had on 30 January 2014 served a written notice to the Subscriber to terminate the Bond Subscription Agreement. Accordingly, the company will not issue any further AGT Bonds under the Bond Subscription Agreement. Unconverted Bonds of S$3,000,000 were redeemed and there are no AGT Bonds currently outstanding. The actual utilization of the proceeds is listed below:

USE OF PROCEEDS-BOND ISSUE	S$ '000
Proceeds from Initial Bond	**9,252**
Use of Proceeds	
Audit and tax fees	(45)
Rental instalments - in arrears	(1,459)
Salaries and related costs in arrears (Singapore Office) -September - October 2012	(433)
Overdue Trade and Other Payables	(880)
Professional and Legal Fees	(140)
Operational Expense: Salaries and related cost, Overdue Trade and Other Payables- partial	(1,614)
payment for TTIe	
Operational Expense: Salaries and related cost, Overdue Trade and Other Payables - partial	(86)
payment for Dharma	
Operational Expense: Salaries and related cost, Overdue Trade and Other Payables - partial	(748)
Operational Expense: Salaries and related costs - up to July 2013 (Singapore Office)	(785)
Repayment of advance from a shareholder	(490)
Refinancing of short term debt	(2,572)
Total Payments	(9,252)
Net Balance	**–**

Equity Linked Notes issue and use of proceeds

The Company had on 20 August 2013 announced the proposed issue of 1% unsecured equity linked redeemable structured notes due on 2016 ("ELN") by the Company to Advance Opportunities Fund ("AOF"). The ELN was approved by shareholders and an extraordinary general meeting on 20 November 2013. The ELN will be issued in 3 separate tranches totaling $50 million. As of the date of this report, five sub-tranches totaling S$5 million has been issued.

USE OF PROCEEDS-EQUITY LINKED NOTE ISSUES	S$ '000
Proceeds from Equity Linked Notes	**5,000**
Use of Proceeds	
Listed Company operating expenses	(1,177)
RTO transaction expenses	(400)
Payment of overdue invoices	(897)
TTIe operating costs and past due payments	(243)
Fees related to ELN financing	(400)
Total Payments	(3,117)
Net Balance to be disbursed	**1,883**

APPOINTMENT OF AUDITORS

The Group has complied with Rules 712 and 715 of the Listing Manual issued by SGX-ST in relation to its auditors.

The Directors present their report to the members together with the audited financial statements of Transcu Group Limited (the "Company") and its subsidiaries (collectively known as the "Group") and the balance sheet of the Company for the financial year ended 31 March 2014.

Directors

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

Mr Koo Ah Seang	(appointed on 10 December 2013)
Mr Geoffrey Ng Ching Fung	(appointed on 22 January 2014)
Mr Chong Chee Hoong	(appointed on 15 May 2014)
Mr Lawrence Rikio Komo	

Arrangements to enable directors to acquire shares and debentures

Except as described below, neither at the end of or 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, other than as disclosed under "share options and warrants" in this report.

Directors' interests in shares or debentures

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares and options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct Interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Company				
(No. of ordinary shares)				
Lawrence Rikio Komo	1,500,000	1,500,000	4,110,000	4,110,000
Wang Nan Chee[(1)]	1,028,000	1,028,000	–	–

(1) Retired on 3 April 2014

There was no change in any of the above-mentioned interests between the end of the financial year and 21 April 2014.

Share Options

Employee share option scheme

Under Transcutaneous Technologies Inc.'s (TTI) Stock Incentive Plan which was approved by TTI's shareholders on 26 May 2004 and 30 May 2005, share acquisition rights ("SAR") were granted to the directors, officers and other key employees. These SAR were replaced with options issued by Transcu Ltd. (Transcu Options) on completion of the restructuring exercise in the financial year ended 31 March 2008.

Pursuant to a Supplemental Agreement signed between the Company and Transcu Ltd. on 24 April 2008, all outstanding Transcu Options were cancelled and all rights, entitlements and claims attaching thereto terminated upon completion of the share exchange with the Company on 14 November 2008. In consideration for such cancellation, the Company allotted and issued to the Transcu Option holders or their respective nominee(s) new options of the Company calculated on the basis of such multiple that the aggregate options and new shares of the Company to be issued shall not exceed 1,614,705,882 shares.

The following options expired during the financial year:

Expiry date	Exercise price (S$)	Number of options
14 November 2013	0.1677	108,349,302

Since the commencement of the Company's share option plan till the end of the financial year:

- no options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted;
- no options have been granted at a discount;
- no options have been granted to the controlling shareholders of the Company and their associates; and
- no participant has received 5% or more of the total options.

As the Company does not have any holding company, there are therefore no participants of the share option plans who are directors or employees of the holding company and its subsidiaries. All options have expired on 14 November 2013. As such, there are no options outstanding as of the date of this report.

Audit Committee

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

Mr Geoffrey Ng Ching Fung (Chairman)
Dr James Morley Anderson M.D.
Mr Wang Nan Chee

The Audit Committee performed the functions specified in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50. In performing those functions, the Audit Committee reviewed:

- the audit plan of the Company's independent auditor and any recommendations on internalaccounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2014 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the balance sheet of the Company and the consolidated financial statements of the Group.

The Audit Committee has recommended to the Board that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Auditors

The independent auditor, Nexia TS Public Accounting Corporation has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors,

Koo Ah Seang
Executive Chairman

Geoffrey Ng Ching Fung
Director

1 July 2014

STATEMENT BY DIRECTORS

In the opinion of the Directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 26 to 71 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2014 and of the results of the businesses, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, with the favourable outcome of (i) the issuance of 1.0% equity linked redeemable structured notes due in 2016 as a result of the Company entering into a subscription agreement on 20 August 2013; (ii) the disposal of Japan subsidiaries to improve the liquidity position of the Group; (iii) the proposed Reverse Take-over (“RTO”) of the Company and/or (iv) the proceeds from the proposed Right Issue, there are reasonable grounds to believe that the Company will able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

Koo Ah Seang
Executive Chairman

Geoffrey Ng Ching Fung
Director

1 July 2014

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Transcu Group Limited (the "Company") and its subsidiaries (collectively the "Group") set out on pages 26 to 71, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 March 2014, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with Singapore Standards on Auditing. Because of the matter described in the Basis for Disclaimer of Opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As stated in Note 10 to the financial statements, the Group's shareholding in an indirectly owned subsidiary, Biomass Energy Corporation ("BME") had decreased from 66.6% to 45.4% through the issuance of shares of BME to a third party investor on 5 September 2013 and the exercise of options over the shares of BME by a director of BME on 30 September 2013. The Group's shareholding in BME was further reduced to less than 10% pursuant to the share transfer agreement below and transferred to available-for-sale financial asset.

On 1 February 2014, the Company entered into a share transfer agreement with Ease Asset Management Ltd, Ambitious Inc and Marduk Solution Co. Ltd to dispose its entire equity interests in TTI Ellebeau Inc , Ellebeau Inc and Dharma Therapeutics Inc respectively for a nominal sum of JPY1.00 each. Management is of the view that the disposal has been completed as the Company has effectively transferred its risks and rewards relating to the disposal group to the third parties on 1 February 2014 pursuant to the above agreement.

Consequently, management has derecognised the assets and liabilities associated with the disposal groups and recognised a gain on disposal of discontinued operations of US$15,928,000 for the financial year ended 31 March 2014.

In carrying out our audit of the disposal groups and discontinued operations, we were unable to obtain sufficient appropriate audit evidence to determine the carrying values of the assets and liabilities associated with the disposal groups, the net results of the discontinued operations and the gain on disposal of the discontinued operations for the current financial year because the accounting and other records supporting the transactions during the financial year, and the resultant balances, were not available. We were unable to perform other alternative audit procedures to satisfy ourselves with respect to these said transactions and balances. As a result of the above, we were unable to determine the adjustments, if any, to be made to these financial statements.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Emphasis of Matter

We draw attention to Note 2 to the financial statements. For the financial year ended 31 March 2014, the Group incurred total comprehensive losses at US$274,000 (2013: US$41,351,000) and net cash outflows from its operating activities of US$5,916,000 (2013: US$4,546,000), and the Group's and the Company's current liabilities exceeded its current assets by US$6,543,000 (2013: US$16,647,000) and US$5,978,000 (2013: US$8,794,000) respectively for the financial year then ended.

Report on the Financial Statements (cont'd)

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concerns. Nevertheless, the Directors prepared the financial statements based on the going concern assumption, and had undertaken the following measures to continue funding the operations:

(i) On 20 August 2013, the Company entered into a conditional subscription agreement with Advance Opportunities Fund (the "ELN Subscriber") and/or Approved Persons as may be notified by the ELN Subscriber pursuant to which the Company propose to issue to the Subscriber 1% equity linked redeemable structured notes ("ELN"), with an aggregate principal amount of up to S$50,000,000 (approximately US$ 39,695,000). As at 31 March 2014, the ELN Subscriber has subscribed S$5,000,000 of the ELN (approximately US$ 3,970,000).

(ii) With effect from 1 February 2014, the Company disposed all of its interests in shares and/or assets/business in the transdermal pharmaceutical devices and Japanese cosmetics business which, together with the planned disposal of the green energy business, the Directors believe will reduce cash requirements and allow the Group to alleviate the cash flow situation of the Group.

(iii) On 26 February 2014, the Company announced the proposed share consolidation (the "Share Consolidation") of every sixty five (65) existing ordinary shares in capital of the Company held by shareholders as at the books closure date to be determined, into one (1) ordinary share in the capital of the Company, fractional entitlements to be disregarded; and immediately following the completion of the share consolidation, a renounceable non-underwritten rights issue of up to such number of shares at an issue price of S$0.008 for each share (the "Rights Shares") and up to an equal number of free detachable warrants (the "Warrants"), on the basis of five (5) Rights Shares for every one (1) ordinary share held by Shareholders as at the books closure date to be determined immediately after the preliminary Share Consolidation, and one (1) Warrant for every one (1) Rights share subscribed, fractional entitlements to be disregarded (the "Right Cum Warrants Issue").

(iv) On 16 April 2014, the Company entered in a conditional share purchase agreement with Wong Swee Chun Contractor Pte Ltd, Wong Swee Chun, Tang Loi Hup , Wong Sjew Hung, Wong Chee Herng, Kenneth Loo and Chuah Hwa Lim (collectively, the "Vendors", and together with the Company, the "Parties" and each a "Party") in relation to the proposed acquisition of the entire issued and paid up share capital of Straits Construction Group Pte Ltd, ("SC Group") (the "Sale and Purchase Agreement"). Pursuant to the Sale and Purchase Agreement, the Vendors shall sell to the Company, and the Company shall acquire from the Vendors, the entire issued and paid up share capital of SC Group of S$2,000 comprising 1,000,000 ordinary shares (the "Sale Shares"), free and clear of all encumbrances and together with all the rights, benefits, entitlement, title and interest attaching thereon as at completion including the right to receive all dividends and other distributions declared, paid or made thereon thereafter.

    The Proposed Acquisition will result in a "Very Substantial Acquisition" or "Reverse Takeover" of the Company as defined in Chapter 1015 of the Listing Manual of Singapore Exchange Securities Trading Limited (the "SGX-ST") and is subject to, inter alia, the approval of the SGX-ST and the approval of the shareholders of the Company at an extraordinary general meeting to be convened.

(v) In conjunction with the Proposed Acquisition, the Company intends to enter into a scheme of arrangement with its creditors who are proven to have a claim(s) against the Company (the "Scheme Creditors") under section 210 of the Act (the "Creditors Scheme"). The Creditors Scheme envisages a partial payment in cash and partial conversion of all debts due and owing to the Scheme Creditors into such number of new ordinary shares in the capital of the Company at an issue price of S$0.008 for each share (the "Scheme Shares"), being the same issue price as applicable to the Rights Shares under the Rights cum Warrants Issue.

Report on the Financial Statements (cont'd)

Emphasis of Matter (cont'd)

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities respectively. The financial statements do not include any adjustment which may arise from these uncertainties. In forming our opinion, we have considered the adequacy of the disclosure of these matters in the financial statements. Our opinion is not qualified with respect to this matter.

Report on Other Legal and Regulatory Requirements

In our opinion, except for those matters referred to in the Basis for Disclaimer of Opinion paragraphs, 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.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Director-in-charge: Loh Ji Kin
Appointed from financial year ended 31 March 2013

Singapore
1 July 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

	Note	2014 US$'000	2013 US$'000
Continuing operations			
Revenue	5	–	–
Cost of sales		–	–
Gross profit		–	–
Other income - net	6	1,226	39
Gain on disposal of discontinued operations	10	15,928	–
Expenses			
- Research and development		(93)	–
- Selling		(110)	(214)
- Administrative		(4,997)	(44,396)
- Finance	7	(102)	(110)
Profit/(loss) before taxation	8	11,852	(44,681)
Taxation	9	–	–
Profit/(loss) from continuing operations		11,852	(44,681)
Discontinued operations			
Loss from discontinued operations, net of tax	10	(7,527)	(19,703)
Total profit/(loss)		4,325	(64,384)
Other comprehensive income/(loss), net of tax:			
Items that may be reclassified subsequently to profit or loss:			
- Currency translation differences arising from consolidation (losses)/gains		(4,599)	23,033
Total comprehensive losses		(274)	(41,351)
Profit/(loss) attributable to:			
Equity holders of the Company		4,534	(64,007)
Non-controlling interests		(209)	(377)
		4,325	(64,384)
Total comprehensive losses attributable to:			
Equity holders of the Company		(65)	(40,974)
Non-controlling interests		(209)	(377)
		(274)	(41,351)
Earnings/ (loss) per share			
From continuing operations attributable to equity holders of the Company (cents per share)			
- Basic	11(a)	0.24	(1.36)
- Diluted	11(b)	0.21	(1.36)
From discontinued operations attributable to equity holders of the Company (cents per share)			
- Basic	11(a)	(0.15)	(0.59)
- Diluted	11(b)	(0.15)	(0.59)

The accompanying notes form an integral part of these financial statements

	Note	Group 2014 US$'000	Group 2013 US$'000	Company 2014 US$'000	Company 2013 US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	**3**	1,309	**–**	–
Intangible assets	13	**–**	18	**–**	–
Investments in subsidiaries	14	**–**	–	**–**	–
Deposits	15	**–**	3	**–**	–
Available-for-sale financial asset	16	**–**	–	**–**	–
		3	1,330	**–**	–
Current assets					
Inventories	17	**–**	763	**–**	–
Trade receivables	18	**–**	747	**–**	–
Other receivables and deposits	15	**10**	680	**8**	11
Prepayments		**28**	250	**26**	32
Amount due from related parties (non-trade)	19	**–**	1,693	**–**	86
Loans to subsidiaries	20	**–**	–	**–**	–
Cash and cash equivalents	21	**2,511**	499	**2,510**	166
		2,549	4,632	**2,544**	295
LIABILITIES					
Current liabilities					
Trade payables	22	**–**	698	**–**	–
Accruals and other payables	23	**5,044**	13,199	**4,474**	3,028
Convertible bonds	24	**477**	563	**477**	563
Deferred income	25	**–**	1,149	**–**	–
Amount due to related parties (non-trade)	19	**–**	621	**–**	449
Amount due to shareholder	32(c)	**3,571**	5,049	**3,571**	5,049
		9,092	21,279	**8,522**	9,089
Net current liabilities		**(6,543)**	(16,647)	**(5,978)**	(8,794)
Non-current liabilities					
Provision for reinstatement costs		**–**	481	**–**	–
Deferred tax liabilities	9	**–**	109	**–**	–
Amount due to shareholder	32(c)	**2,383**	–	**2,383**	–
		2,383	590	**2,383**	–
NET LIABILITIES		**(8,923)**	(15,907)	**(8,361)**	(8,794)
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	26	**149,194**	141,936	**492,800**	485,542
Merger reserve	27	**–**	24,102	**–**	–
Capital reserve	28	**–**	127	**–**	–
Share plan reserve	29	**–**	18,519	**–**	9,264
Accumulated losses		**(179,815)**	(227,097)	**(523,917)**	(526,243)
Currency translation reserve		**22,633**	27,232	**22,756**	22,643
		(7,988)	(15,181)	**(8,361)**	(8,794)
Non-controlling interests		**(935)**	(726)	**–**	–
		(8,923)	(15,907)	**(8,361)**	(8,794)

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

		← Attributable to equity holders of the Company						→		
	Note	Share capital US$'000	Merger reserve* US$'000	Capital reserve* US$'000	Share plan reserve* US$'000	Accumulated losses US$'000	Currency translation reserve* US$'000	Total US$'000	Non-controlling interests US$'000	Total Equity US$'000
At 1 April 2013		141,936	24,102	127	18,519	(227,097)	27,232	(15,181)	(726)	(15,907)
Profit/(loss) for the financial year										
- Continuing operations		–	–	–	–	4,944	–	4,944	(209)	4,735
- Discontinued operations		–	–	–	–	(7,527)	–	(7,527)	–	(7,527)
Currency translation differences										
- Continuing operations		–	–	–	–	–	2,518	2,518	–	2,518
- Discontinued operations		–	–	–	–	7,117	(7,117)	–	–	–
Total comprehensive income/(losses) for the financial year		–	–	–	–	4,534	(4,599)	(65)	(209)	(274)
Disposal of discontinued operations		–	(24,102)	(127)	–	24,229	–	–	–	–
Expiration of share options		–	–	–	(18,519)	18,519	–	–	–	–
Issuance of ordinary shares	26	7,258	–	–	–	–	–	7,258	–	7,258
At 31 March 2014		**149,194**	**–**	**–**	**–**	**(179,815)**	**22,633**	**(7,988)**	**(935)**	**(8,923)**

* Not available for distribution.

The accompanying notes form an integral part of these financial statements

		Attributable to equity holders of the Company								
	Note	Share capital US$'000	Merger reserve* US$'000	Capital reserve* US$'000	Share plan reserve* US$'000	Accumulated losses US$'000	Currency translation reserve* US$'000	Total US$'000	Non-controlling interests US$'000	Total Equity US$'000
At 1 April 2012		120,294	24,102	127	18,519	(163,090)	4,199	4,151	(349)	3,802
Net loss for the financial year		–	–	–	–	(64,007)	–	(64,007)	(377)	(64,384)
Currency translation differences		–	–	–	–	–	23,033	23,033	–	23,033
Total comprehensive (loss)/income for the financial year		–	–	–	–	(64,007)	23,033	(40,974)	(377)	(41,351)
Conversion of convertible bonds	26	1,228	–	–	–	–	–	1,228	–	1,228
Issuance of ordinary shares	26	20,408	–	–	–	–	–	20,408	–	20,408
Issuance of ordinary shares pursuant to warrants exercised	26	6	–	–	–	–	–	6	–	6
At 31 March 2013		**141,936**	**24,102**	**127**	**18,519**	**(227,097)**	**27,232**	**(15,181)**	**(726)**	**(15,907)**

* Not available for distribution.

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

	Note	2014 US$'000	2013 US$'000
Cash flow from operating activities:			
Total profit/(loss)		**4,325**	(64,384)
Adjustments for:			
- Taxation	9	**–**	(75)
- Depreciation of property, plant and equipment		**1**	1,181
- Amortisation of intangible assets		**–**	508
- Impairment loss of intangible assets		**–**	11,317
- Intangible assets written off		**–**	1
- Impairment loss of property, plant and equipment		**–**	763
- Property, plant and equipment written off		**–**	55
- Impairment loss on available-for-sale financial asset	8	**276**	15,085
- Inventory written off	8	**–**	279
- Project costs forgiven		**–**	(17)
- Interest expense	7	**102**	110
- Employee performance shares	8	**–**	1,129
- Gain on sale of discontinued operations	10	**(15,928)**	–
- Reversal of provision for reinstatement costs	6	**(481)**	
- Unrealised currency translation loss		**2,536**	24,081
Operating cash flow before working capital changes:		**(9,169)**	(9,967)
Inventories		**–**	315
Trade and other receivables		**1,090**	(696)
Trade and other payables		**2,163**	5,816
Cash used in operations		**(5,916)**	(4,532)
Income tax paid		**–**	(14)
Net cash used in operating activities		**(5,916)**	(4,546)
Cash flows from investing activities			
Additions to property, plant and equipment	12	**(4)**	(1,163)
Net cash outflow from discontinued operations	10 (b)	**(44)**	–
Net cash used in investing activities		**(48)**	(1,163)
Cash flows from financing activities			
Proceeds from issuance of convertible bonds		**7,172**	1,791
Proceeds from issuance of ordinary shares		**–**	3,921
Proceeds from exercise of warrants		**–**	6
Proceeds from loan from shareholder		**803**	147
Net cash generated from financing activities		**7,975**	5,865
Net increase in cash and cash equivalents		**2,011**	156
Beginning of year		**499**	378
Foreign exchange translation		**1**	(35)
End of financial year	21	**2,511**	499

The accompanying notes form an integral part of these financial statements

1. CORPORATE INFORMATION

Transcu Group Limited (the "Company") is a public limited liability company incorporated and domiciled in the Republic of Singapore.

The registered office of the Company is 80 Robinson Road, #02-00, Singapore 068898. The current principal place of business of the Company is 105 Cecil Street, #22-26/27, The Octagon, Singapore 069534.

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

2. FUNDAMENTAL ACCOUNTING CONCEPT

In preparing the financial statements, the directors considered the operations of the Group as a going concern notwithstanding that for the financial year ended 31 March 2014, the Group incurred total comprehensive losses of US$274,000 (2013: US$41,351,000) and net cash outflows from its operating activities of US$5,916,000 (2013: US$4,546,000), and the Group's and the Company's current liabilities exceeded its current assets by US$6,543,000 (2013: US$16,647,000) and US$5,978,000 (2013: US$8,794,000) respectively for the financial year then ended.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as going concerns. Nevertheless, the Directors prepared the financial statements based on the going concern assumption, and had undertaken the following measures to continue funding the operations:

(i) On 20 August 2013, the Company entered into a conditional subscription agreement with Advance Opportunities Fund (the "ELN Subscriber") and/or Approved Persons as may be notified by the ELN Subscriber pursuant to which the Company propose to issue to the Subscriber 1% equity linked redeemable structured notes ("ELN"), with an aggregate principal amount of up to S$50,000,000 (approximately US$39,695,000). As at 31 March 2014, the ELN Subscriber has subscribed S$5,000,000 of the ELN (approximately US$3,970,000).

(ii) With effect from 1 February 2014, the Company disposed all of its interests in shares and/or assets/ business in the transdermal pharmaceutical devices and Japanese cosmetics business which, together with the planned disposal of the green energy business, the Directors believe will reduce cash requirements and allow the Group to alleviate the cash flow situation of the Group

(iii) On 26 February 2014, the Company announced the proposed share consolidation (the "Share Consolidation") of every sixty five (65) existing ordinary shares in capital of the Company held by shareholders as at the books closure date to be determined, into one (1) ordinary share in the capital of the Company, fractional entitlements to be disregarded; and immediately following the completion of the share consolidation, a renounceable non-underwritten rights issue of up to such number of shares at an issue price of S$0.008 for each share (the "Rights Shares") and up to an equal number of free detachable warrants (the "Warrants"), on the basis of five (5) Rights Shares for every one (1) ordinary share held by Shareholders as at the books closure date to be determined immediately after the preliminary Share Consolidation, and one (1) Warrant for every one (1) Rights share subscribed, fractional entitlements to be disregarded (the "Right Cum Warrants Issue").

(iv) On 16 April 2014, the Company entered in a conditional share purchase agreement with Wong Swee Chun Contractor Pte Ltd, Wong Swee Chun, Tang Loi Hup , Wong Sjew Hung, Wong Chee Herng, Kenneth Loo and Chuah Hwa Lim (collectively, the "Vendors", and together with the Company, the "Parties" and each a "Party") in relation to the proposed acquisition of the entire issued and paid-up share capital of Straits Construction Group Pte Ltd, ("SC Group") (the "Sale and Purchase Agreement"). Pursuant to the Sale and Purchase Agreement, the Vendors shall sell to the Company, and the Company shall acquire from the Vendors, the entire issued and paid up share capital of SC Group of S$2,000 comprising 1,000,000 ordinary shares (the "Sale Shares"), free and clear of all encumbrances and together with all the rights, benefits, entitlement, title and interest attaching thereon as at completion including the right to receive all dividends and other distributions declared, paid or made thereon thereafter.

2. FUNDAMENTAL ACCOUNTING CONCEPT (CONT'D)

The Proposed Acquisition will result in a "Very Substantial Acquisition" or "Reverse Takeover" of the Company as defined in Chapter 1015 of the Listing Manual of Singapore Exchange Securities Trading Limited (the "SGX-ST") and is subject to, inter alia, the approval of the SGX-ST and the approval of the shareholders of the Company at an extraordinary general meeting to be convened.

The aggregate purchase consideration for the Sale Shares shall not be less than S$325 million but not exceeding S$338 million arrived at by the Parties on a "Willing Buyer Willing Seller" basis taking into account the consolidated net profit after tax SC Group in respect of its financial year ended 31 December 2013 being not less S$42 million. On completion of the Proposed Acquisition in accordance with the Sale and Purchase Agreement (the "Completion"), SC Group will become a wholly-owned subsidiary of the Company, and the Vendors will hold not less than 79.89% of the enlarged share capital.

(v) In conjunction with the Proposed Acquisition, the Company intends to enter into a scheme of arrangement with its creditors who are proven to have a claim(s) against the Company (the "Scheme Creditors") under section 210 of the Act (the "Creditors Scheme"). The Creditors Scheme envisages a partial payment in cash and partial conversion of all debts due and owing to the Scheme Creditors into such number of new ordinary shares in the capital of the Company at an issue price of S$0.008 for each share (the "Scheme Shares"), being the same issue price as applicable to the Rights Shares under the Rights cum Warrants Issue.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities respectively.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

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

The Company's functional currency is Singapore dollar ("SGD" or "S$"). The financial statements are presented in United States dollar ("USD" or "US$") and all values in the tables are rounded to the nearest thousand (US$'000) as indicated, unless otherwise stated. The financial statements of the Company are presented in USD as it is the currency that the Directors of the Group use when controlling and monitoring the performance and financial position of the Group.

Interpretations and amendments to publish standards effective in 2013

On 1 April 2013, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

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

Amendment to FRS 1 Presentation of Items of Other Comprehensive Income

The Group has adopted the amendment to FRS 1 Presentation of Items of Other Comprehensive Income on 1 April 2013. The amendment is applicable for annual periods beginning on or after 1 July 2012 (with early adoption permitted). It requires items presented in other comprehensive income to be separated into two groups, based on whether or not they may be recycled to profit or loss in the future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of preparation (cont'd)

FRS 113 Fair Value Measurement

FRS 113 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across FRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within FRSs.

The adoption of FRS 113 does not have any material impact on the accounting policies of the Group. The Group has incorporated the additional disclosures required by FRS 113 into the financial statements.

3.2 Basis of consolidation

(a) Subsidiaries

(i) Consolidation

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. 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 but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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 balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

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

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement.

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.

Acquisition-related costs are expensed as incurred.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of consolidation (Cont'd)

(a) Subsidiaries (Cont'd)

(ii) Acquisitions (Cont'd)

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously-held equity interest in the acquiree over the (b) fair values of the identifiable assets acquired net of the fair values of the liabilities and any contingent liabilities assumed, is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill on acquisition" for the accounting policy on goodwill subsequent to initial recognition.

(iii) Disposals

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

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

Please refer to the paragraph "Investments in subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

3.3 Foreign currency

The Group's consolidated financial statements are presented in United States dollar, which is the Company's presentation 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 determined.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Foreign currency (Cont'd)

(b) Group companies

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.

3.4 Property, plant and equipment

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

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Leasehold improvement	–	2 to 6 years
Machinery	–	4 to 5 years
Furniture and equipment	–	2 to 8 years

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

The residual value, useful life and depreciation method are reviewed at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

3.5 Intangible assets

(a) Goodwill on acquisition

Goodwill acquired in a business combination and of subsidiaries is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating-units that are expected to benefit from the synergies of the combination.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Intangible assets (Cont'd)

(a) Goodwill on acquisition (Cont'd)

The cash-generating-units 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, by comparing the carrying value of the unit, including the allocated goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating-units 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 units and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying value 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 values of the operation disposed of and the portion of the cash-generating units retained.

(b) Development costs

Research costs are expensed as incurred. Deferred development costs arising from development expenditure on an individual project is recognised 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 expenditure during the development.

The carrying value of deferred development costs is reviewed for impairment annually when the asset is not yet in use or more frequently when an indication of impairment arises during the reporting year. Upon completion, development costs are amortised over the estimated useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Product development costs are amortised on a straight line basis over 10 years.

(c) Other intangible assets

Intangible assets acquired separately are measured initially at cost. Intangible assets with finite useful lives are amortised over the estimated 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 are reviewed at least at each financial year-end.

Brand, customer relationship and technology were acquired through business combination. Amortisation is computed on a straight line basis over the estimated useful lives of the intangible assets as follows:

Technology	-	5 years
Software	-	5 years
Brand	-	5 years
Customer relationship	-	5 years

3.6 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment of non-financial assets (Cont'd)

An asset's recoverable amount is the higher of an asset's or cash-generating units fair value less costs to sell 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 to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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 increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

3.7 Investments in subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

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

3.8 Financial assets

Financial assets are recognised on the balance sheet 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.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the 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.

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.

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

(a) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Financial assets (Cont'd)

(b) Available-for-sale financial assets

Non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date. Subsequent to the initial recognition, available-for-sale financial assets are subsequently carried at fair value.

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

3.9 Impairment of financial assets

The Group assesses at each balance sheet 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 individually 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 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.

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

To determine whether there is objective evidence that an impairment loss on financial assets has 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 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 current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Impairment of financial assets (Cont'd)

(c) Financial assets carried at fair value

In addition to the objective evidence of impairment disclosed at Note 3.9(a), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

(d) Offsetting financial instruments

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

3.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, money market and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For purpose of the consolidated statement of cash flows, these also include bank overdrafts, if any, that form an integral part of the Group's cash management.

3.11 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of finished goods and work-in-progress comprises raw materials and other direct costs (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

3.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) where, 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 a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Provision for reinstatement costs is recognised for the expected costs for dismantling, removal and restoration for leasehold improvements of office real estate leases the Group entered into by that were made over the lease term in order to fulfil the lease agreement which require the property to be returned to the original condition upon termination of the lease. The difference between the actual cost of the reinstatement and the amount of the provision is recognised as an expense.

3.13 Financial liabilities

Financial liabilities are recognised on the balance sheet 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 and in the case of non-derivative financial liabilities, plus directly attributable transaction costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Financial liabilities (Cont'd)

Subsequent to initial recognition, non-derivative financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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 derecognition 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.

3.14 Trade and other payables

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

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

3.15 Convertible bonds

The total proceeds from convertible bonds issued are allocated to the liability component and the equity component, which are separately presented on the balance sheet.

The liability component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible bonds. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion redemption of the bonds.

The difference between the total proceeds and the liability component is allocated to the conversion option (equity component), which is presented in equity net of any deferred tax effect. The carrying amount of the conversion option is not adjusted in subsequent periods. When the conversion option is exercised, the carrying amounts of the liability and equity components are transferred to the share capital. When the conversion option lapses, its carrying amount is transferred to retained profits.

3.16 Borrowings

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

(a) Borrowings

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

(b) Borrowing costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying 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 being incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Employee benefits

(a) Defined contribution plan

The Group participates in the 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. Contributions to national pension schemes are recognised as an expense in the year in which the related service is performed.

(b) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for estimated liability for annual leave as a result of service rendered by employees up to the balance sheet date.

(c) Share options

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which the share options are granted. In valuing the options, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions'), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in the employee share plan 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 condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied. The share plan reserve is transferred to revenue reserve upon expiry of the options. When the options are exercised, the share plan reserve is transferred to share capital upon issuance of new shares.

Where the terms of the options are modified, as a minimum, an expense is recognised over the remaining vesting period as if the terms had not been modified. Additional expense is recognised for any increase in the total fair value of the options due to the modification, as measured at the date of the modification.

(d) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date in accordance with the provision of the employment contract and/or local labour laws.

(e) Performance shares

Benefits to employees including the directors are provided in the form of share-based payment transactions, whereby employees render services in exchange for the shares or right over shares ("equity-settled transactions"). The fair value of the employee services rendered is determined by reference to the fair value of the shares awarded or granted, excluding the impact of any non-market vesting conditions. The amount is determined by reference to the fair value of the performance shares on the grant date. This fair value is recognised in profit or loss over the remaining vesting period of the share-based payment scheme or immediately in profit or loss if the shares vest immediately, with the corresponding increase in equity. The value of charge is adjusted in profit or loss over the remaining vesting period to reflect expected and actual levels of shares vesting, with the adjustment made in equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 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.

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.

Operating lease payments are recognised as an expense in profit or 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.

3.19 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Service revenue

Revenue from services rendered for research and development and feasibility studies are recognised when these services have been performed and accepted by customers in accordance to the relevant terms and conditions of the contracts.

(b) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer.

(c) Interest income

Interest income is recognised using the effective interest method.

3.20 Income taxes

(a) Current income tax

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

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

(b) Deferred tax

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Deferred tax (Cont'd)

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

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

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

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

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

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 Segment reporting

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

3.22 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 deducted against share capital.

3.23 Related parties

A party is considered to be related to the Group if:

(a) The party, directly or indirectly through one or more intermediaries,

  (i) controls, is controlled by, or is under common control with, the Group;

  (ii) has an interest in the Group that gives it significant influence over the Group; or

  (iii) has joint control over the Group;

(b) The party is an associate;

(c) The party is a jointly-controlled entity;

(d) The party is a member of the key management personnel of the Group or its parent;

(e) The party is a close member of the family of any individual referred to in (a) or (d); or

(f) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) The party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

3.24 Fair value estimation of financial assets and liabilities

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

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

The fair values of currency forwards are determined using actively quoted forward exchange rates. The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest rates. The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their fair values.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.25 Non-current assets (or disposal group) held-for-sale and discontinued operations

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

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

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

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

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

4.1 Judgments made in applying accounting policies

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

(a) Income taxes

The Group has exposure to income taxes in several jurisdictions. Significant judgment 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, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

In the financial year ended 31 March 2008, a subsidiary of the Company, Transcu Ltd. carried out a restructuring exercise which resulted in Transcu Ltd. becoming the holding corporation of TTI ellebeau, Inc ("TTIe") and Dharma Therapeutics Inc.

The restructuring exercise is subject to the agreement by the relevant tax authority on its effectiveness. The availability of tax losses of TTIe in the financial year ended 31 March 2008 to be carried forward of approximately US$52,585,000 (JPY 4,873,037,000) is subject to the effectiveness of the merger. If it is deemed to be tax ineffective, there will be additional taxation expense of approximately US$9,713,000 (JPY 900,072,000) for the year ended 31 March 2008. No provision for income tax has been made as at 31 March 2013. During the financial year ended 31 March 2014, the Company has disposed of TTIe.

The carrying amounts of the Group's current tax and deferred tax liabilities as at 31 March 2014 are US$Nil (2013: US$Nil).

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONT'D)

4.1 Judgments made in applying accounting policies (Cont'd)

(b) Revenue recognition

The Group has entered into licensing agreements which comprise different components of revenue for technology access, technical assistance and royalties. As these contracts involve multiple deliverables, the fair value of each component has been considered for the purpose of accounting for revenue. In addition, revenue for technology access is recognised upon rights to access technology been granted and when obligations are perfunctory and there are no right of refunds.

When there are uncertainties in meeting milestones or right of refunds exists, revenue is deferred. Management has identified and deferred recognising licensing revenue of approximately US$Nil as at 31 March 2014 (2013: US$1,149,000).

(c) Capitalisation of development costs

The Group has previously capitalised the development costs to develop a product based on transdermal technology owned by the Group. The capitalisation of these developments costs is based on the Group's ability to 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 expenditure during the development. In accordance with Note 3.5(b), the carrying value of deferred development costs is reviewed for impairment when an indication of impairment arises during the reporting year. Further details of the key assumptions applied in the impairment assessment of development costs are given in Note 12 to the financial statements.

The carrying amount of the Group's capitalised development costs as at 31 March 2014 is US$Nil (2013: US$Nil).

4.2 Key sources of estimation uncertainty

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

(a) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount of the Group's goodwill as at 31 March 2014 and 2013 is US$Nil.

The carrying amount of the Group's other intangible assets as at 31 March 2014 is US$Nil (2013: US$18,000).

(b) Impairment of financial assets

The determination of impairment of financial assets requires significant judgement. The Group evaluates, among other factors, the duration and extent to which the fair value of a financial asset is less than its cost; and the financial health of a business outlook for the financial asset, including factors such as industry and sector performance, operational and financing cash flow.

The carrying amounts of the Group's various financial assets are disclosed in Note 18 to these financial statements.

5. REVENUE

No revenue is generated from continuing operations.

6. OTHER INCOME - NET

	Group	
	2014	2013
	US$'000	US$'000
Currency translation gains - net	745	39
Reversal of provision for reinstatement costs	481	–
	1,226	39

7. FINANCE EXPENSES

	Group	
	2014	2013
	US$'000	US$'000
Interest expense	102	110

8. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation has been arrived after charging:

	Group	
	2014	2013
	US$'000	US$'000
Inventory written-off	–	279
Depreciation of property, plant and equipment (Note 12)	1	191
Operating lease expenses	47	927
Audit fees paid to auditors of the Company	150	225
Non-audit fees paid to previous auditors of the Company	–	1
Impairment loss of property, plant and equipment (Note 12)	–	372
Allowance for impairment of other receivables (Note 15)	2,579	–
Impairment loss on available-for-sale financial asset (Note 16)	276	15,085
Personnel expense:		
Wages and salaries	766	2,280
Post-employment benefits	–	32
Employee performance shares	–	1,129
Centre Provident Fund	28	18

9. TAXATION

	Group	
	2014	2013
	US$'000	US$'000
Tax (expense)/ credit attributable to loss is made up of:		
Loss for the financial year		
- Current taxation- continuing operations	–	–
- Current taxation- discontinued operations	–	(14)
Deferred taxation		
- Over provision in respect of prior years- continuing operations	–	–
- Over provision in respect of prior years- discontinued operations	–	89
	–	75

(a) Major components of income tax (expense)/credit

The reconciliation of the taxation of accounting loss multiplied by the applicable corporate tax rate for the financial years ended 31 March is as follows:

	Group	
	2014	2013
	US$'000	US$'000
Profit/ (loss) from continuing operations	11,852	(44,681)
Profit/ (loss) from discontinuing operations	(7,527)	(19,778)
Profit/ (loss) before taxation	4,325	(64,459)
Tax at the domestic rates applicable to losses in the countries where the Group operates (1)	(1,845)	15,179
Effect of expenses not deductible for tax purposes	(133)	(9,358)
Income not subject to tax	2,708	–
Tax benefits not recognised	(730)	(5,835)
Over provision in respect of prior years	–	89
	–	75

(1) The reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

Subject to agreement with the relevant tax authorities, the Group has unabsorbed losses of US$39,276,000 (2013: US$137,529,000) which is available for offset against future taxable profits provided that the provisions of relevant countries' tax legislations are complied with. These losses can be carried forward for a maximum period of 7 years from the year of assessment when the losses were incurred.

9. TAXATION (CONT'D)

(b) Deferred tax

Deferred tax as at 31 March relates to the following:

	Group	
	2014	2013
	US$'000	US$'000
Deferred tax liabilities – Intangible assets on acquisition		
- To be settled after one year	–	109

Movement in deferred income tax account is as follows:

	Group	
	2014	2013
	US$'000	US$'000
Beginning of financial year	109	198
Credited to profit or loss – Discontinued operations	–	(89)
Discontinued operations (Note 10)	(109)	–
End of financial year	–	109

10. DISCONTINUED OPERATIONS

In September 2013, the Group's shareholding in an indirectly owned subsidiary, Biomass Energy Corporation ("BME") had decreased from 66.6% to 45.4% through the issuance of shares of BME to a third party investor on 5 September 2013 and the exercise of options over the shares of BME by a director of BME on 30 September 2013. The Group's shareholding in BME was further reduced to less than 10% pursuant to the share transfer agreement below and transferred to available-for-sale financial asset (Note 16).

On 1 February 2014, the Company entered into a share transfer agreement with Ease Asset Management Ltd, Ambitious Inc and Marduk Solution Co. Ltd to dispose its entire equity interests in TTI Ellebeau Inc , Ellebeau Inc and Dharma Therapeutics Inc respectively for a nominal sum of JPY1.00 each. Management is of the view that the disposal has been completed as the Company has effectively transferred its risks and rewards relating to the disposal group to the third parties on 1 February 2014 pursuant to the above agreement.

Consequently, management has derecognised the assets and liabilities associated with the disposal groups and recognised a gain on disposal of discontinued operations of US$15,928,000 for the financial year ended 31 March 2014.

(a) <u>The results of the discontinued operations are as follows:</u>

	The Group	
	2014	2013
	US$'000	US$'000
Revenue	3,068	6,417
Expenses	(10,595)	(26,195)
Loss before income tax from discontinued operations	(7,527)	(19,778)
Income tax credit	–	75
Loss after tax from discontinued operations	(7,527)	(19,703)

10. DISCONTINUED OPERATIONS (CONT'D)

(a) The results of the discontinued operations are as follows: (Cont'd)

	The Group 2014 US$'000	The Group 2013 US$'000
Profit/(loss) attributable to equity holders of the Company relates to:		
Profit/(loss) from continuing operations	**11,852**	(44,681)
Loss from discontinued operations	**(7,527)**	(19,703)
Total	**4,325**	(64,384)

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

	The Group 2014 US$'000	The Group 2013 US$'000
Operating cash outflows	**(1,522)**	(951)
Investing cash outflows	**(47)**	(990)
Financing cash inflows	**804**	218
Total cash outflows	**(765)**	(1,723)

(c) The assets and liabilities of the discontinued operations at the point of disposal are as follows:

	The Group US$'000
Carrying amounts of assets and liabilities disposed of	
Cash and cash equivalents	(44)
Trade and other receivables	(2,245)
Inventories	(652)
Property, plant and equipment	(865)
Intangible assets	(15)
Total assets	(3,821)
Trade and other payables	11,469
Deferred tax liabilities (Note 9(b))	109
Deferred income	1,054
Total liabilities	12,632
Net liabilities derecognised from discontinued operations/disposed of	8,811

10. DISCONTINUED OPERATIONS (CONT'D)

(c) The assets and liabilities of the discontinued operations at the point of disposal are as follows: (Cont'd)

The aggregate cash outflows arising from the disposal of the discontinued operations were:

	The Group US$'000
Net liabilities disposed of (as above)	(8,811)
Add: Reclassification of currency translation reserve	(7,117)
	(15,928)
Gain on disposal	15,928
Less: Cash and cash equivalents in discontinued operations disposed of	(44)
Net cash outflow on disposal of discontinued operations	(44)

11. EARNINGS/(LOSS) PER SHARE

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

	The Group Total 2014	2013
Weighted average number of ordinary shares for the purpose of basic earnings/ (loss) per share ('000)	**4,828,108**	3,284,127
Effect of dilutive potential ordinary shares: convertible bonds ('000)	**718,750**	60,847
Weighted average number of ordinary shares for the purposes of diluted earnings/ (loss) per share ('000 shares)	**5,546,858**	3,344,974

The outstanding share options as disclosed in Note 29 and shares under warrants of Nil (2013: 624,063,179) as disclosed in Note 26(ii) have not been included in the calculation of diluted earnings per share because the options were anti-dilutive and the warrants expired on 10 January 2013.

11. EARNINGS/(LOSS) PER SHARE (CONT'D)

(a) Basic earnings/(loss) per share

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

	The Group					
	Continuing operations		Discontinued operations		Total	
	2014	2013	2014	2013	2014	2013
Net profit/(loss) attributable to equity holders of the Company (US$'000)	**11,643**	(44,614)	**(7,109)**	(19,393)	**4,534**	(64,007)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**4,828,108**	3,284,127	**4,828,108**	3,284,127	**4,828,108**	3,284,127
Basic earnings/ (loss) per share (US cents)	**0.24**	(1.36)	**(0.15)**	(0.59)	**0.09**	(1.95)

(b) Diluted earnings/(loss) per share

For the purpose of calculating diluted earnings/(loss) per share, net profit/(loss) attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

	The Group					
	Continuing operations		Discontinued operations		Total	
	2014	2013	2014	2013	2014	2013
Net loss attributable to equity holders of the Company (US$'000)	**11,643**	(44,614)	**(7,109)**	(19,393)	**4,534**	(64,007)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**5,546,858**	3,344,974	**5,546,858**	3,344,974	**5,546,858**	3,344,974
Diluted earnings/(loss) per share (US cents)	**0.21**	(1.36)*	**(0.15)***	(0.59)*	**0.06**	(1.95)

* As loss was recorded, the dilutive potential shares from convertible bonds are anti-dilutive and no change is made to the diluted loss per share.

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement US$'000	Machinery US$'000	Furniture and Equipment US$'000	Total US$'000
Group				
Cost				
At 1 April 2012	4,472	7,190	1,342	13,004
Additions	–	1,162	1	1,163
Written off – Discontinued operations	–	(292)	(67)	(359)
Currency translation differences	(390)	(809)	(98)	(1,297)
At 31 March 2013 and 1 April 2013	4,082	7,251	1,178	12,511
Additions- Continuing operations	–		4	4
Disposal- Discontinued operations	(4,082)	(7,251)	(1,178)	(12,511)
At 31 March 2014	**–**	**–**	**4**	**4**
Accumulated depreciation				
At 1 April 2012	4,354	4,965	1,187	10,506
Depreciation charge – Continuing operations (Note 8)	–	191	–	191
Depreciation charge – Discontinued operations	117	868	5	990
Written off – Discontinued operations	–	(280)	(24)	(304)
Impairment loss – Continuing operations (Note 8)	–	372	–	372
Impairment loss – Discontinued operations	–	301	90	391
Currency translation differences	(389)	(475)	(80)	(944)
At 31 March 2013 and 1 April 2013	4,082	5,942	1,178	11,202
Depreciation charge - Continuing operations (Note 8)	–	–	1	1
Depreciation charge - Discontinued operations	–	444	–	444
Disposal- Discontinued operations	(4,082)	(6,386)	(1,178)	(11,646)
At 31 March 2014	**–**	**–**	**1**	**1**
Net carrying amount				
At 31 March 2013	–	1,309	–	1,309
At 31 March 2014	–	–	3	3

The impairment loss represents the write-down of certain property, plant and equipment to recoverable amount. The Directors believe that the carrying amounts of these assets in the consolidated balance sheet exceeded their recoverable amount through its future use or sale, therefore, these assets are impaired as at 31 March 2014 and 2013. Certain property, plant and equipment that were fully impaired were owned by subsidiaries that have been disposed of or derecognised during the financial year.

13. INTANGIBLE ASSETS

	Goodwill US$'000	Development costs US$'000	Technology US$'000	Software US$'000	Brand US$'000	Customer relationship US$'000	Total US$'000
Group							
Cost							
At 1 April 2012	3,222	8,219	1,039	704	833	142	14,159
Written off – Discontinued operations	–	–	–	(14)	–	–	(14)
Currency translation differences	–	(469)	–	(81)	–	–	(550)
At 31 March 2013 and 1 April 2013	3,222	7,750	1,039	609	833	142	13,595
Disposal- Discontinued operations	(3,222)	(7,750)	(1,039)	(609)	(833)	(142)	(13,595)
At 31 March 2014	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Accumulated amortisation							
At 1 April 2012	–	–	578	455	765	130	1,928
Charge for the financial year – Discontinued operations	–	–	223	91	165	29	508
Written off – Discontinued operations	–	–	–	(13)	–	–	(13)
Impairment loss – Discontinued operations	3,222	7,750	238	107	–	–	11,317
Currency translation differences	–	–	–	(49)	(97)	(17)	(163)
At 31 March 2013 and 1 April 2013	3,222	7,750	1,039	591	833	142	13,577
Amortisation for the financial year - Discontinued operations	–	–	–	3	–	–	3
Disposal - Discontinued operations	(3,222)	(7,750)	(1,039)	(594)	(833)	(142)	(13,580)
At 31 March 2014	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Net carrying amount							
At 31 March 2013	–	–	–	18	–		18
At 31 March 2014	**–**	**–**	**–**	**–**	**–**		**–**

The carrying amounts of goodwill acquired through business combination allocated to each cash-generating-units ("CGU") is nil.

Amortisation expense

The following amortisation described below arose from subsidiaries which were disposed of or derecognised during the financial year.

Technology relates to Biomass-to-Liquid gasification technology that was acquired through business combinations and, had it not been fully impaired in the current financial year has an estimated remaining useful life of Nil (2013: 1 years) at the end of financial year.

Software has an estimated Nil years (2013: 1 to 2 years) of remaining useful life as at the end of the financial year.

Brand and customer relationship were acquired through business combinations. Brand and customer relationship have, had they not been fully impaired in the current financial year, an estimated remaining useful life of Nil years at the end of the financial year 2014 and 2013.

Development cost relates to capitalised costs to develop product based on transdermal technology. The transdermal technology was not ready for use and accordingly, no amortisation charge is provided in the financial statements.

13. INTANGIBLE ASSETS (CONT'D)

Impairment tests for intangible assets

The subsidiaries incurred net losses for the financial year ended 31 March 2013 and no profit were projected after the financial year ended 31 March 2013. The Directors are of the opinion that there are no future economic benefits that are attributable to these intangible assets due to an absence of any foreseeable market for the output of the respective intangible assets, including goodwill, as well as a lack of immediately available technical, financial and other resources to complete the development. Accordingly, the Directors believe the carrying amounts of intangible assets, including goodwill, and other than certain software in the consolidated balance sheet, exceeded their recoverable amounts through their future use or sale, therefore these assets were impaired as at 31 March 2013.

The intangible assets related to subsidiaries that have been disposed of or derecognised. Hence, impairment is not relevant for the financial year ended 31 March 2014.

14. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014	**2013**
	US$'000	**US$'000**
Unquoted equity investments, at cost	**258,644**	258,644
Impairment loss	**(258,644)**	(258,644)
	–	–

Impairment test

The subsidiaries incurred net losses for the financial years ended 31 March 2013 and 2014 and no profit is projected after the financial year ended 31 March 2014. Accordingly, the Directors believe the carrying amount of these assets in the Company's balance sheet exceeded its recoverable amount through its future use or sale, therefore, these assets are fully impaired as at 31 March 2013 and 2014.

	Company	
	2014	**2013**
	US$'000	**US$'000**
Allowance for impairment		
Beginning of financial year	**258,644**	192,144
Charge for the year	**–**	66,500
End of financial year	**258,644**	258,644

14. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Impairment test (Cont'd)

The Company has the following subsidiaries as at 31 March 2014:

Name	Principal activities	Country of incorporation and place of business	Effective equity held by the Group		Cost of unquoted investment held by the Company	
			2014	2013	2014	2013
			%	%	US'000	US'000
Held by the Company						
Transcu Ltd[1]	Research and development, manufacturing, and sales of pharmaceutical and cosmetics products.	Singapore	**100**	100	**257,944**	257,944
Transcu Green Tech Pte Ltd[1]	Investment holding, research and development, manufacturing, sales and marketing and intellectual property management	Singapore	**100**	100	**700**	700
Ellebeau Group Pte. Ltd.[1]	Investment holding, sales of marketing pharmaceutical and cosmetics products	Singapore	**100**	100	**–***	–*
					258,644	258,644

* Less than US$1,000

Name	Principal activities	Country of incorporation and place of business	Effective equity held by the Group	
			2014	2013
			%	%
Held by Transcu Ltd.				
Dharma Therapeutics Inc[2]	Research and development, business development, regulatory representation and manufacturing agent for the Group.	United States of America	**–**	100
Held by Transcu Green Tech Pte. Ltd.				
Transcu Green Fuel Pte. Ltd[1]	Investment holding, research and development, manufacturing sales and marketing and intellectual property management	Singapore	**60**	60
Held by Transcu Green Tech Pte. Ltd and TTI ellebeau, Inc.				
Biomass Energy Corporation[3,4]	Technological development of gasification of cellulose based biomass from plants	Japan	**–**	66.6

14. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Impairment test (Cont'd)

Name	Principal activities	Country of incorporation and place of business	Effective equity held by the Group 2014 %	2013 %
Held by Ellebeau Group Pte Ltd				
TTI Ellebeau, Inc[2,3]	Research and development and sale of marketing of pharmaceutical and cosmetic products	Japan	–	100
Ellebeau Inc[2,3]	Investment holding, research and development, manufacturing, sales and marketing and intellectual property management	Japan	–	100

1 Audited by Nexia TS Public Accounting Corporation, Singapore.

2 Disposed during the financial year.

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

4 Transferred from investment in subsidiaries to available-for-sale financial assets upon dilution of ownership and loss of control.

15. OTHER RECEIVABLES AND DEPOSITS

	Group 2014 US$'000	Group 2013 US$'000	Company 2014 US$'000	Company 2013 US$'000
Non-current				
Deposits	–	3	–	–
Current				
Deposits	8	277	8	–
Other receivables	2,581	403	–	11
	2,589	680	8	11
Allowance for impairment of other receivables				
Beginning of financial year	–	–	–	–
Allowance for the year (Note 8)	(2,579)	–	–	–
End of financial year	(2,579)	–	–	–
Total net current receivables and deposits	10	680	8	11
Total other receivables and deposits	10	683	8	11

Other receivables relates to amount due from a third party which was previously a related party.

15. OTHER RECEIVABLES AND DEPOSITS (CONT'D)

Other receivables and deposits denominated in foreign currencies are as follows:

	Group		Company	
	2014	2013	2014	2013
	US$'000	US$'000	US$'000	US$'000
Japanese yen	–	375	–	–
Singapore dollar	10	305	8	11

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group and Company	
	2014	2013
	US$'000	US$'000
Unquoted equity securities, measured at cost	15,085	15,085
Additions	276	–
	15,361	15,085
Allowance for impairment of available-for-sale financial assets		
Beginning of financial year	(15,085)	(15,085)
Allowance for the year (Note 8)	(276)	–
End of financial year	(15,361)	(15,085)
	–	–

Unquoted equity securities comprise 6% equity interest in an unquoted company, Forest Pine Group Pte Ltd and additionally in 2014, an equity interest less than 10% in BME previously an indirectly owned subsidiary. Both entities do not have a history of profit and cash flows and are not similar in size and activity to any quoted entities. As such, it is not practicable to determine with sufficient reliability the fair value of the unquoted equity securities. However, the Directors anticipate that the carrying amount of the unquoted equity securities will be significantly in excess of its recoverable amount which is determined to be nil as there are no foreseeable future economic benefits expected to be derived from these assets. Accordingly, the assets have been fully impaired as at 31 March 2013 and 2014.

17. INVENTORIES

	Group	
	2014	2013
	US$'000	US$'000
Raw materials	–	144
Work-in-progress	–	16
Finished goods	–	603
	–	763

The cost of inventories recognised as an expense and included in "cost of sales" amounts to US$Nil (2013: US$1,090,000 to related to discontinued operations).

18. LOANS AND RECEIVABLES

	Group		Company	
	2014	2013	2014	2013
	US$'000	US$'000	US$'000	US$'000
Trade receivables – non related parties	–	747	–	–
Other receivables and deposits (Note 15)	10	683	8	11
Amounts due from related parties (non-trade) (Note 19)	–	1,693	–	86
Cash and cash equivalents (Note 21)	2,511	499	2,510	166
Total loans and receivables	2,521	3,622	2,518	263

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.

19. AMOUNT DUE FROM/TO RELATED PARTIES (NON-TRADE)

Amount due from/to related parties are interest free, unsecured and repayable on demand.

Amount due from /to related parties are denominated in Singapore dollar.

20. LOANS TO SUBSIDIARIES

Loans to subsidiaries amounting to US$61,417,000 (2013: US$58,789,000) are interest free, unsecured and repayable on demand. Accordingly, the fair value of the loans is not determinable as the timing of the future cash flows arising from the loans cannot be estimated reliably.

At the balance sheet date, based on assessment of the subsidiaries' historical and current performance where the subsidiaries incurred net losses for the financial year ended 31 March 2014, and no profit is projected after financial year ended 31 March 2014, the Company had provided a cumulative allowance of US$61,417,000 (2013: US$58,789,000) for impairment of the loans to subsidiaries.

21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following amounts:

	Group		Company	
	2014	2013	2014	2013
	US$'000	US$'000	US$'000	US$'000
Cash and bank balances	2,511	499	2,510	166

Cash and bank balances earn interest at floating rates based on daily bank deposit rates.

Cash and bank balances denominated in foreign currencies are as follows:

	Group		Company	
	2014	2013	2014	2013
	US$'000	US$'000	US$'000	US$'000
Japanese yen	–	328	–	
Singapore dollar	2,511	170	2,510	166

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
	US$'000	US$'000	US$'000	US$'000
Trade payables – non-related parties	–	698	–	–
Accruals and other payables (Note 23)	5,044	13,199	4,474	3,028
Amounts due to related parties (non- trade) (Note 19)	–	621	–	449
Amount due to a shareholder (Note 32c)	3,571	5,049	3,571	5,049
Financial liabilities at amortisation cost	8,615	19,567	8,045	8,526

Trade payables are non-interest bearing and are normally settled on 30 to 90 days term.

Trade payables denominated in foreign currencies are as follows:

	Group		Company	
	2014	2013	2014	2013
	US$'000	US$'000	US$'000	US$'000
Japanese yen	–	391	–	–

23. ACCRUALS AND OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
	US$'000	US$'000	US$'000	US$'000
Accrued expenses	3,618	4,479	3,292	2,419
Other payables	1,426	8,720	1,182	609
	5,044	13,199	4,474	3,028

Accruals and other payables denominated in foreign currencies are as follows:

	Group		Company	
	2013	2013	2013	2013
	US$'000	US$'000	US$'000	US$'000
Japanese yen	–	7,838	–	–
Singapore dollar	5,044	3,028	4,474	3,028

24. CONVERTIBLE BONDS

	Group		Company	
	2014	2013	2014	2013
	US$'000	US$'000	US$'000	US$'000
Convertible bonds	477	563	477	563

24. CONVERTIBLE BONDS (CONT'D)

Convertible bonds for the financial year ended 31 March 2014 related to the following:

On 20 August 2013, the Company entered into a conditional subscription agreement with Advance Opportunities Fund (the "Subscriber") and/or Approved Persons as may be notified by the Subscriber pursuant to which the Company propose to issue to the Subscriber 1% equity linked redeemable structured convertible bonds (equity-linked notes or "ELN"), with an aggregate principal amount of up to S$50,000,000 (approximately US$ 39,699,000). No interest shall be payable if the redeemable convertible bonds are automatically converted into ordinary shares.

During the financial year ended 31 March 2014, the Subscriber has subscribed for S$5,000,000 (approximately US$3,970,000) of the Convertible Bonds. The Subscriber has, in accordance with the conditions, exercised its right to convert S$4,400,000 (approximately US$3,316,000) in value of the Convertible Bonds into 5,002,358,490 new ordinary shares of the Company.

Subsequent to 31 March 2014, the Convertible Bonds' amount of S$550,000 (approximately US$437,000) was converted into 687,500,000 new ordinary shares of the Company. Accordingly, the fair value of the Convertible Bonds at 31 March 2014 is not materially different from the carrying amount.

Convertible bonds for the financial year ended 31 March 2013 related to the following:

On 7 November 2012, the Company entered into a conditional subscription agreement with Asia Green Technology (the "Subscriber") and/or Approved Persons as may be notified by the Subscriber pursuant to which the Company propose to issue to the Subscriber 3% equity linked redeemable structured convertible bonds ("Convertible Bonds"), with an aggregate principal amount of up to S$13,600,000 (approximately US$10,941,000). No interest shall be payable if the redeemable convertible bonds are automatically converted into ordinary shares.

During the financial year ended 31 March 2013, the Subscriber has subscribed for S$2,200,000 (approximately US$1,791,000) of the Convertible Bonds. The Subscriber has, in accordance with the conditions, exercised its right to convert S$1,500,000 (approximately US$1,228,000) in value of the Convertible Bonds into 130,343,480 new ordinary shares of the Company.

During the financial year ended 31 March 2014, the Subscriber has subscribed to S$7,752,000 of the Convertible Bonds. The Subscriber has, in accordance with the conditions, exercised its right to convert S$4,752,000 (approximately US$3,942,000) in value of the Convertible Bonds into 1,437,915,410 new shares of the Company (the "Converted new Share"). Unconverted Bonds of S$3,000,000 were redeemed and there are no AGT Bonds currently outstanding.

25. DEFERRED INCOME

Deferred income amounting to US$Nil (2013: US$1,149,000) relates to payments received from customers for which research and development milestones have not been attained as at the balance sheet date. Deferred income is derived from a subsidiary which was disposed during the financial year ended 31 March 2014.

26. SHARE CAPITAL

	2014		2013	
	No. of shares '000	Amount US$'000	No. of shares '000	Amount US$'000
Group				
At beginning of financial year	**3,588,368**	**141,936**	2,810,999	120,294
Issuance of performance shares (i)	–	–	92,000	1,129
Conversion of convertible bonds (Note 24)	**6,440,274**	**7,258**	130,343	1,228
Issuance of shares pursuant to exercise of warrants (ii)	–	–	188	6
Issuance of ordinary shares (iii)	–	–	554,838	19,279
	10,028,642	**149,194**	3,588,368	141,936

	2014		2013	
	No. of shares '000	Amount US$'000	No. of shares '000	Amount US$'000
Company				
At beginning of financial year	**3,588,368**	**485,542**	2,810,999	463,900
Issuance of performance shares (i)	–	–	92,000	1,129
Conversion of convertible bonds (Note 24)	**6,440,274**	**7,258**	130,343	1,228
Issuance of shares pursuant to exercise of warrants (ii)	–	–	188	6
Issuance of ordinary shares (iii)	–	–	554,838	19,279
	10,028,642	**492,800**	3,588,368	485,542

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 restriction. The ordinary shares have no par value. The newly issued shares rank pari passu in all respects with the previously issued shares.

(i) On 5 December 2012, the Company has issued 92,000,000 new ordinary shares in relation to the grant of share award under the Company's Performance Share Scheme, at S$0.015 per share to the employees of the Group of 74,500,000 shares, and Directors of the Company of 17,500,000 shares totaling US$1,129,000.

(ii) In connection with the Non-renounceable underwritten rights issue on 6 January 2011, 687,050,101 warrants were issued on the basis of one warrant for every one rights share subscribed. The exercise price and period of the warrants to subscribe for one new share is S$0.04 each with the net proceeds of S$7,500 (approximately US$ 6,000) and 2 years respectively. During the financial year ended 31 March 2013, 187,665 (2012: 62,578,000) warrants were exercised and converted into ordinary shares of the Company. The remaining 624,063,179 warrants expired on 10 January 2013.

26. SHARE CAPITAL (CONT'D)

(iii) The Company and Asia Green Technology Inc have on 5 July 2012 entered into a conditional subscription agreement pursuant to which Asia Green Technology Inc has agreed to subscribe in cash for, and the Company has agreed to allot and issue 66,666,667 subscription shares in the share capital of the Company to Asia Green Technology Inc, and its affiliates or the approved persons at the issue price of S$0.045 for each subscription share, on the terms and subject to the conditions of the share subscription agreement.

On 9 October 2013, the Company has completed the allotment and issue of 66,666,667 subscription shares, for an aggregate consideration of S$3,000,000 (approximately US$ 2,446,000).

The completion of the share subscription was conditional upon the completion of the acquisition of 6% of the share capital of Forest Pine Group Pte Ltd ("FPG") ("6% FPG Acquisition") to be paid by way of issue of 375,000,000 new shares at the issued price of S$0.05 (approximately US$15,358,000). Both the share subscription and 6% FPG Acquisition were duly completed and 66,666,667 subscription shares and 375,000,000 new shares were issued accordingly.

The Company has on 25 October 2012 entered into an agreement with Stamford Law Corporation ("SLC") that the services rendered by SLC for the period between 22 September 2010 and 31 October 2012 for an amount of S$1,715,769 (approximately US$1,406,000) ,being professional fees for services rendered by SLC as legal adviser to the Company for the period between 22 September 2010 and 31 October 2012 would be satisfied in full by the allotment to SLC of subscription shares in the share capital of the Company.

The Company has also on 25 October 2012 entered into an agreement with Ms. Vera Lim ("Ms Lim") that her services rendered to the Company for the period between 1 April 2012 and 31 October 2012 for an amount of S$84,998 (approximately US$69,000) as financial consultant would be satisfied in full by the allotment and issue to Ms. Lim of subscription shares in the capital of the Company.

On 8 November 2012, the Company has completed the allotment and issuance of 107,828,643 new ordinary shares to SLC, and 5,341,731 new ordinary shares to Ms Lim.

27. MERGER RESERVE

Merger reserve represents the difference between the consideration paid and the share capital of a subsidiary restructured under common control. It was reduced from US$24.1 million to US$nil following the disposal of the discontinued operations (Note 10).

28. CAPITAL RESERVE

Capital reserve represents gain on dilution in equity interest in a subsidiary as a result of issuance of shares to non-controlling interests. It was reduced from US$0.1 million to US$nil following the disposal of the discontinued operations (Note 10).

29. SHARE PLAN RESERVE

Share plan reserve relates to equity-settled share-based payments for options granted to employees. Under Transcutaneous Technology Inc's (TTI) Stock Incentive Plan (the "Plan") which was approved by TTI's shareholders on 26 May 2004 and 30 May 2005, share acquisition rights ("SAR") were granted to the directors, officers and other key employees. These SAR were replaced with Transcu Options on completion of the restructuring exercise in the financial year ended 31 March 2008. Transcu Options were subsequently replaced with new options of the Company upon completion of the reverse acquisition on 14 November 2008.

The share plan reserve was reduced to US$nil due to expiration of share options on 14 November 2013 (Note 26(ii)).

As all options expired on 13 November 2013, there are no options outstanding as at 31 March 2014. The rights granted, exercised and cancelled under the Plan during the financial years ended 31 March 2013 and 2014 are as follows:

Year ended 31 March 2014

Exercise price per share	Option outstanding at 1.4.2013	Option granted	Option exercised	Option cancelled /lapsed	Option outstanding at 31.3.2014	Exercise period
S$0.1677	108,349,302	–	–	108,349,302	–	14 November 2008 to 13 November 2013

Year ended 31 March 2013

Exercise price per share	Option outstanding at 1.4.2012	Option granted	Option exercised	Option cancelled /lapsed	Option outstanding at 31.3.2013	Exercise period
S$0.1677	108,349,302	–	–	–	108,349,302	14 November 2008 to 13 November 2013

30. SEGMENT REPORTING

For management purposes, the Group is organised into business units based on their products and services and has four reportable segments as follows:

(i) The pharmaceutical segment is engaged in the research and development of transdermal technology and its related applications;

(ii) The cosmetics segment is the business of manufacturing and sales of cosmetic products;

30. SEGMENT REPORTING (CONT'D)

(iii) The green technology segment is engaged in the development and acquisitions of technologies related to the green energy sector; and

(iv) The corporate segment provides corporate support services to the Group.

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

Transfer pricing between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

For the financial years ended 31 March 2013 and 2014, there is no single customer of the Group that represented 10% of the Group's revenue.

(a) Business segments

The following table presents revenue and capital expenditure information regarding the Group's business segments for the financial years ended 31 March 2013 and 2014.

	Cosmetics	Green Technology	Corporate	Pharmaceutical	Total	Continued operations	Discontinued operations	Total operations
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
31 March 2014								
Revenue								
Sales to external customer	2,854	–	–	214	3,068	–	3,068	3,068
Results								
Segment (loss)/profit	(1,247)	(1,099)	12,016	(5,345)	4,325	11,852	(7,527)	4,325
Finance expense	–	–	(102)	–	(102)	(102)	–	(102)
Depreciation of property, plant and equipment	–	–	(1)	–	(1)	(–)	(–)	(1)
Assets								
Segment assets	1,087	266	2,549	2,468	6,370	2,549	3,821	N.M.
Liabilities								
Segment liabilities	4,025	626	11,429	8,027	24,107	11,475	12,632	N.M.

N.M. – Not Meaningful.

30. SEGMENT REPORTING (CONT'D)

(a) Business segments (cont'd)

	Cosmetics US$'000	Green Technology US$'000	Corporate US$'000	Pharmaceutical US$'000	Total US$'000	Continuing operations US$'000	Discontinued operations US$'000	Total operations US$'000
31 March 2013								
Revenue								
Sales to external customer	5,860	21	–	536	6,417	–	6,417	6,417
Results								
Segment (loss)/profit	(3,843)	(909)	(44,219)	(15,413)	(64,384)	(44,681)	(19,703)	(64,384)
Finance expense	–	–	(110)	–	(110)	(110)	–	(110)
Income tax credit	–	–	–	75	75	–	75	75
Depreciation of property, plant and equipment	(53)	(289)	(74)	(765)	(1,181)	(191)	(990)	(1,181)
Amortisation of intangible assets	(167)	(228)	(28)	(85)	(508)	–	(508)	(508)
Impairment of property, plant and equipment	(151)	(240)	(372)	–	(763)	(372)	(391)	(763)
Impairment of intangible assets	(2,806)	(416)	–	(8,095)	(11,317)	–	(11,317)	(11,317)
Assets								
Segment Assets	1,415	1,986	2,452	109	5,962	2,094	3,868	5,962
Liabilities								
Segment liabilities	626	2,406	7,960	10,877	21,869	11,542	10,327	21,869

31. COMMITMENTS

Operating lease commitments – where the Group is a lessee

As at the balance sheet dates, the Group had the following minimum lease payments under operating leases on office buildings with initial or remaining term of one year or more:

	Group	
	2014	2013
	US$'000	US$'000
Non-cancellable amounts payable:		
- within 1 year	**26**	250
- within 2 to 5 years	**–**	267
	26	517

These operating leases have an average tenure of between 1 to 2 years, and certain leases are cancellable within 6 months to 1 year. Certain leases include options to renew the leases after the expiry of the initial tenure. Lease payments under these leases are usually fixed for the entire initial tenure. There are no restrictions placed upon the lessee by entering into these leases.

32. RELATED PARTY DISCLOSURES

(a) Sale and purchase of goods and services

An entity or individual is considered a related party of the Group for the purpose of the financial statements if it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa or it is subject to common control or common significant influence.

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and its related parties took place on terms agreed between the parties:

	2014	2013
	US$'000	US$'000
Recharge of administrative fees to a related party	**–**	322

(b) Compensation of directors and key management personnel

	2014	2013
	US$'000	US$'000
Wages and salaries, representing total compensation paid to directors and key management personnel	**687**	1,950
Comprised amounts paid to:		
- Directors of the Company	**307**	215
- Key management personnel	**380**	1,735
	687	1,950

(c) Amount due to shareholder

	Group and Company	
	2014	2013
	US$'000	US$'000
Non-current	**2,383**	–
Current	**3,571**	5,049

Amount due to shareholder is unsecured, bear interest at average rate of 1% (2013: 1%). Non-current amount due to a shareholder is repayable in full in 2 years.

The fair value amount of the non-current portion is US$2,336,000 (2013: Nil) and is determined from the cash flow analysis, discounted at market borrowing rates of equivalent instrument at the balance sheet date which the directors expect to be available to the Group.

The amount for the financial year ended 31 March 2013 related to an amount due to Akhiko Matsumura, a shareholder of the Company. For the financial year ended 31 March 2014, this amount has been transferred to Advance Opportunities Fund, a shareholder of the Company.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are foreign currency risk, liquidity risk and credit risk. It is the Group's policy not to trade in derivative financial instruments. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

(a) *Foreign currency risk*

The Group is exposed to currency risk as a result of purchases and sales transactions entered into by the Group in currencies other than the functional currency of the operating unit, primarily Japanese yen. The Group does not enter into foreign currency forward contracts to hedge such exposure. As at 31 March 2014, as the subsidiaries operating in Japan have been disposed, this risk does not exist.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit/ loss before tax to a reasonably possible change in the Japanese yen exchange rates (against USD), with all other variables held constant.

	Group	
	2014	2013
	US$'000	US$'000
	Profit before tax	Loss before tax
Japanese yen		
- Strengthened by 9% (2013: 3%)	–	605
- Weakened by 9% (2013: 3%)	–	(605)

(b) *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between the continuity of funding and flexibility through the use of short-term credit facilities and relies primarily on the existing shareholders for financing of its working capital requirements.

The Group's and the Company's financial liabilities as at 31 March 2014 and 2013 have a maturity profile of less than a year at the balance sheet date based on contractual undiscounted payments, except for a portion of the amount due to shareholder as disclosed in Note 32(c).

(c) *Credit risk*

Credit risk arising from the inability of counterparty to meet the terms of the Group's financial instrument contracts is generally limited to the amounts, if any, by which the counterparty's obligations exceed the obligations of the Group. The Group controls its credit risk by setting credit limits and ensuring that sales are made to customers with an appropriate credit history.

Surplus funds are placed with reputable banks

The carrying amounts of trade receivables, other receivables, deposits and cash and cash equivalents represent the Group's maximum exposure to credit risk. There is no significant concentration of credit risk and no other financial assets carry a significant exposure to credit risk.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and business sector profile of its trade receivables on an on-going basis. For the current financial year, the credit risk concentration profile of the Group's trade receivables at balance sheet date is solely in Japan and arising from cosmetic sales. The management does not review the Group's trade receivables by any other profile, including by customers.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(c) Credit risk (cont'd)

As at 31 March 2013 and 2014, the Group has no significant concentration of credit risk with any single customer.

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 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.

Financial assets that are past due and/or impaired

There are no classes of financial assets that are past due and/or impaired.

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

As at 31 March 2014, the carrying amounts of all the Group's financial assets and financial liabilities approximate their fair values due to their short-term nature except for a portion of the amount due to a shareholder, the fair value of which is disclosed in Note 32(c).

35. CAPITAL MANAGEMENT

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

Management monitors capital based on gearing ratio. The Group's strategies remained unchanged from 2013.

36. SUBSEQUENT EVENTS

The Company and the Group entered into the following agreements:

(a) On 30 May 2014, the Company announced the disposal of 82% of its entire ownership in Transcu Limited for a cash consideration of S$1 and the disposal of its entire interest in Transcu Green Tech Pte. Ltd, including its 60% interest in Transcu Green Fuel Pte Ltd for a cash consideration of S$1. The carrying amounts of assets and liabilities to be disposed are not disclosed, as the disposals are not completed at the date of these financial statements.

(b) On 15 April 2014, the Company announced the acquisition of a 51% interest in Mojo Films Sdn. Bhd ("Mojo Films") for a cash consideration of S$413,354. The principal actitities of Mojo Films is Advertising. Details of the assets acquired and liabilities assumed, non-controlling interests that will be recognised, revenue and profit contribution of Mojo Films and the effect on the cash flows for the Group are not disclosed, as the accounting for this acquisition is still incomplete at the date of these financial statements. Mojo Films will be consolidated with effect from the date of acquisition.

36. SUBSEQUENT EVENTS (CONT'D)

(c) Further to the Company's announcement on 26 February 2014, on 16 June 2014, the Company gave notice that an Extraordinary General Meeting would be held on 9 July 2014 to consider the proposed share consolidation of every sixty five (65) existing ordinary shares in capital of the Company held by shareholders as at the books closure date to be determined, into one (1) ordinary share in the capital of the Company, fractional entitlements to be disregarded; and immediately following the completion of the share consolidation, a renounceable non-underwritten right issue of up to such number of shares at an issue price of S$0.008 for each share (the "Rights Shares") and up to an equal number of free detachable warrants (the "Warrants"), on the basis of five (5) Rights Shares for every one (1) ordinary share held by Shareholders as at the book closure date to be determined immediately after the preliminary Share Consolidation, and one (1) Warrant for every one (1) Right share subscribed, fractional entitlements to disregarded (the "Right Cum Warrants Issue"); and

(d) On 16 April 2014, the Company entered in conditional share purchase agreement with Wong Swee Chun Contractor Pte Ltd, Wong Swee Chun, Tang Loi Hup, Wong Sjew Hung, Wong Chee Herng, Kenneth Loo and Chuah Hwa Lim (collectively, the "Vendors", and together with the Company, the "parties" and each a "Party") in relation to the Proposed Acquisition (the "Sale and Purchase Agreement"). Pursuant to the Sale and Purchase Agreement, the Vendors shall sell to the Company, and the Company shall acquire from the Vendors, the entire issued and paid up share capital of SC Group S$2,000 comprising 1,000,000 ordinary shares (the "Sale Shares"), free and clear of all encumbrances and together with all the rights, benefits, entitlement, title and interest attaching thereto as at completion including the right to receive all dividends and other distributions declared, paid or made thereon thereafter. The Proposed Acquisition will result in a "Very Substantial Acquisition or Reverse Takeover" of the Company as defined in Chapter 1015 of the Listing Manual of Singapore Exchange Securities Trading Limited (the "SGX-ST") and is subject to, inter alia, the approval of the SGX-ST and the approval of the shareholders of the Company (the "Shareholders") at an extraordinary general meeting (the "EGM") to be convened.

The aggregate purchase consideration for the Sale Shares shall be not less than S$325 million but not exceeding S$338 million arrived at by the Parties on a "willing buyer willing seller" basis taking into account the consolidated net profit after tax of the Target in respect of its financial year ended 31 December 2013 financial results being not less S$42 million. On completion of the Proposed Acquisition in accordance with the Sale and Purchase Agreement (the "Completion"), SC Group will become a wholly-owned subsidiary of the Company, and the Vendors will hold not less than 79.89% of the Enlarges Share Capital. Under the terms of the Sale and Purchase Agreement, the Company shall on or before the Completion Date, dispose of all of its existing business and assets on an as-is-where-is basis without any outstanding warranties, undertakings, costs, expenses or liabilities of any kind remaining with the Group after its completion.

In conjunction with the Proposed Acquisition, the Company intends to enter into scheme of arrangement with its creditors who are proven to have a claim(s) against the Company (the "Scheme Creditors") under section 210 of the Act (the "Creditors Scheme"). The Creditors Scheme envisages a partial payment in cash and partial conversion off all debts due and owing to the Scheme Creditors into such number of new ordinary shares in the capital of the Company at an issue price of S$0.008 for each share (the "Scheme Shares"),being the same issue price as applicable to the Rights Shares under Rights cum Warrants Issue. On 3 June 2014, the High Court of the Republic of Singapore approved the Company's application to convene a meeting of the Company's creditors to be held on or before 31 August 2014.

The Company intends to undertake a capital reduction exercise through the cancellation of the share capital of the Company that has been lost or is unrepresented by available assets (the "Capital Reduction") and thereafter by applying an amount equal to the credit arising from the cancellation of the share capital of the Company, toward the writing-off of the Company's accumulated losses with the objective of writing-off the accumulated losses of the Company as shall be lost or unrepresented by available assets as at the latest practicable date prior to the printing of the Purchaser's circular for the purposes of convening a general meeting for the approval of the Capital Reduction to the extent permissible by law.

37. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 April 2014 or later periods and which the Group has not early adopted:

- Amendments to FRS 1 Presentation of items of Other Comprehensive Income Benefits (effective for annual periods beginning on or after 1 July 2012)
- FRS 19 (Revised) Employee Benefits (effective for annual periods beginning on or after 1 January 2013)
- Amendments to FRS107 Disclosures - Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013)
- FRS 113 (New) Fair Value Measurements (effective for annual periods beginning on or after 1 January 2013)
- FRS 27 (Revised) Separate Financial Statements (effective for annual periods beginning or after 1 January 2014)
- FRS 28 (Revised) Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2014)
- Amendments to FRS 32 Financial Instruments: Offsetting of Financial Liabilities and Assets (effective for annual periods beginning on or after 1 January 2014)
- Amendments to FRS 36 Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on after 1 January 2014)
- FRS 110 (New) Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2014)
- FRS 111 (New) Joint Arrangements (effective for annual periods beginning on or after 1 January 2014)
- FRS 112 (New) Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2014)

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

38. AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements for the financial year ended 31 March 2014 was authorised for issue in accordance with a resolution of the Board of Directors on 1 July 2014.

ANALYSIS OF SHAREHOLDINGS
AS AT 11 JUNE 2014

ISSUED AND FULLY PAID-UP CAPITAL	:	S$734,381,914
NO. OF SHARES ISSUED	:	10,716,141,748
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	ONE VOTE PER SHARE
TREASURY SHARES	:	NIL

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	257	3.63	87,738	0.00
1,000 - 10,000	2,163	30.54	7,080,867	0.07
10,001 - 1,000,000	3,786	53.47	906,643,271	8.46
1,000,001 & ABOVE	875	12.36	9,802,329,872	91.47
TOTAL	7,081	100.00	10,716,141,748	100.00

TOP TWENTY SHAREHOLDERS	NO. OF SHARES	%
CIMB SECURITIES (SINGAPORE) PTE LTD	1,370,415,765	12.79
NG MIN LIN	327,717,000	3.06
RAFFLES NOMINEES (PTE) LTD	320,689,568	3.00
DMG & PARTNERS SECURITIES PTE LTD	307,308,797	2.87
CHEW ENG HAN	268,400,000	2.50
PHILLIP SECURITIES PTE LTD	264,652,662	2.47
TAN YOO HENG	250,000,000	2.33
LIM SZE WEE	212,500,000	1.98
ABN AMRO NOMINEES SINGAPORE PTE LTD	207,000,000	1.93
CHUA SUAN CHAI	205,000,000	1.91
TAN SZE SENG	200,003,000	1.87
LEE SIEW HONG KATHELIN	200,000,000	1.87
LIN SIN HOE	200,000,000	1.87
TAY WEE KWANG	200,000,000	1.87
MAYBANK KIM ENG SECURITIES PTE LTD	198,792,460	1.85
OCBC SECURITIES PRIVATE LTD	156,472,395	1.46
DE SOUZA JEREMY LARRY	128,500,000	1.20
SIM POH PING	128,000,000	1.19
HSBC (SINGAPORE) NOMINEES PTE LTD	116,544,500	1.09
ENG WAH HOLDINGS PTE LTD	110,667,000	1.03
TOTAL	5,372,663,147	50.14

SUBSTANTIAL SHAREHOLDER	DIRECT INTEREST NO. OF SHARES	%
ADVANCE OPPORTUNITIES FUND[1]	1,196,651,490	11.17

Note:

1. The 1,196,651,490 shares is registered and held through CIMB SECURITIES (SINGAPORE) PTE LTD.

PUBLIC FLOAT

As at 11 June 2014, the percentage of shareholdings held in the public was approximately 88.78% and Rule 723 of the Listing Manual has been complied with.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of TRANSCU GROUP LIMITED (the "Company") will be held at YMCA @ one orchard, One Orchard Road, Singapore 238824, on 31 July 2014 at 2.00 p.m., for the purpose of transacting the following business:

As Ordinary Business:

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 March 2014 together with the Reports of the Directors and Auditors thereon. (Resolution 1)

2. To approve the payment of Directors' fees of US$72,000 for the financial year ended 31 March 2014. (2013: US$97,195). (Resolution 2)

3. To reduce the payment of Directors' fees for the financial year ended 31 March 2010 to US$271,007 (Approved: USD522,666).
[See Explanatory note (i)] (Resolution 3)

4. To reduce the payment of Directors' fees for the financial year ended 31 March 2011 to US$80,000 (Aprpoved: USD216,000) .
[See Explanatory note (i)] (Resolution 4)

5. To reduce the payment of Directors' fees for the financial year ended 31 March 2012 to US$70,000 (Approved: USD261,000).
[See Explanatory note (i)] (Resolution 5)

6. To re-elect Mr Chong Chee Hong, the Director retiring pursuant to Article 98 of the Company's Articles of Association and who, being eligible, offers himself for re-election.
[See Explanatory Note (ii)] (Resolution 6)

7. To re-appoint Messrs Nexia TS Public Accounting Corporation as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 7)

8. 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:

9. Authority to allot and issue shares (the "Share Issue Mandate") (Resolution 8)

"That pursuant to Section 161 of the Companies Act, Cap. 50, and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") and notwithstanding the provisions of the Articles of Association of the Company, authority be and is hereby given to the Directors of the Company to:

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

(ii) make or grant offers, agreements or options (collectively, "instruments") that may or would require shares to be issued, including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any instrument made or granted by the Directors while this Resolution was in force, provided that:

(i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company with registered addresses in Singapore (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed twenty per cent (20%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below);

(ii) for the purpose of determining the aggregate number of shares that may be issued under subparagraph (i) above, the percentage of the total number of issued shares excluding treasury shares of the Company shall be calculated based on the total number of issued shares excluding treasury shares of the Company at the time of the passing of this Resolution, after adjusting for:

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

(2) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

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

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(iv) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution 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 the earlier."
[See Explanatory Note (iii)]

10. Authority to issue shares at a discount (Resolution 9)

"That subject to and pursuant to the share issue mandate in Resolution 8 above being obtained, authority be and is hereby given to the Directors of the Company to issue new shares other than on a pro-rata basis to shareholders of the Company at an issue price per new share which shall be determined by the Directors in their absolute discretion provided that such price shall not represent more than ten per cent (10%) discount to the weighted average price per share determined in accordance with the requirements of the SGX-ST."
[See Explanatory Note (iv)]

BY ORDER OF THE BOARD

Teo Meng Keong
Company Secretary
Singapore
9 July 2014

Explanatory Notes:

(i) The shareholders had in the respective Annual General Meeting of the Company approved the payment of Directors' fees to be paid quarterly in arrears:

Date of AGM held	Amount of Directors' fees approved	Applicable financial year
28 July 2009	US$522,666	31 March 2010
15 September2010	US$216,000	31 March 2011
13 September 2011	US$261,000	31 March 2012

The Nominating Committee and the Board have after taking into account the Directors' fees approved in advance by Shareholders in earlier AGMs against the subsequent actual performance of the Group in the respective financial years, recommended to the Shareholders to reduce the Directors' fees.

(ii) Mr Chong Chee Hoong will, upon re-election as a Director of the Company, remain as the Chairman of the Remuneration Committee and member of the Audit Committee and Nominating Committee. He is considered independent for the purpose of Rule 704(8) of the Listing Manual of SGX-ST.

(iii) Ordinary Resolution 8 is to empower the Directors to issue shares in the capital of the Company and/or instruments (as defined above). The aggregate number of shares to be issued pursuant to Ordinary Resolution 8 (including shares to be issued in pursuance of instruments made or granted) shall not exceed fifty per cent (50%) of the total number of issued shares excluding treasury shares of the Company, with a sub-limit of twenty per cent (20%) for shares issued other than on a pro-rata basis (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) to shareholders with registered addresses in Singapore. For the purpose of determining the aggregate number of shares that may be issued, the percentage of the total number of issued shares excluding treasury shares of the Company will be calculated based on the total number of issued shares excluding treasury shares of the Company at the time of the passing of Ordinary Resolution 8, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities; (ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of Ordinary Resolution 8, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of SGX-ST; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.

(iv) The Ordinary Resolution 9 is to authorise the Directors to allot and issue new shares on a non pro-rata basis at a discount not exceeding ten per cent (10%). This authority will continue in force until the next Annual General Meeting.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a Member of the Company.

2. The instrument appointing a proxy must be deposited at the Corporate office situated at 105 Cecil Street #22-26/27 The Octagon, Singapore 069534, not less than forty-eight hours (48) before the time for holding the Annual General Meeting. Completion and return of the proxy form by a member will not prevent him from attending and voting at the Annual General Meeting if he so wishes. In such event, the relevant proxy form will be deemed to be revoked.

3. The instrument appointing a proxy must be signed by the appointor or his attorney duly authorized in writing. Where the instruction appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of the Company will be held at YMCA @ one orchard, One Orchard Road, Singapore 238824 on 31 July 2014 at 2:30 p.m. (or immediately following the conclusion of the Annual General Meeting of the Company to be held at 2:00 p.m. on the same day and at the same place), for the purpose of considering and if thought fit, passing, with or without modifications, the following special resolution:

SPECIAL RESOLUTION

REDUCTION OF CAPITAL

THAT pursuant to Article 10 of the Company's Articles of Association and subject to the provisions of Sections 78A and 78C of the Companies Act (Chapter 50) of the Republic of Singapore (the "Act"):

1. the issued and paid-up share capital of the Company be reduced from SGD734,381,914.75 divided into 10,716,141,748 ordinary shares (or such number of resultant shares after the Proposed Share Consolidation), to SGD2.00 divided into 10,716,141,748 ordinary shares (or such number of resultant ordinary shares after the Proposed Share Consolidation), and that such reduction be effected by cancelling SGD734,381,912.75 being paid up share capital which is lost or unrepresented by available assets pursuant to Section 78C(2) of the Act;

2. the amount of SGD734,381,912.75 (being the credit arising from the cancellation of the issued and paid up share capital) be applied in writing off the accumulated losses of the Company as at 30 June 2014 to the extent of SGD734,381,912.75; and

3. approval be and is hereby given to the Directors of the Company to do all such acts and things and take such steps and exercise such discretion in connection with all or any of the above matters, with full power to assent to any condition, modification. variation and/or amendment as may be required by the relevant authorities, as the Directors may in their absolute discretion deem fit, advisable, necessary or expedient to give effect to this Special Resolution.

BY ORDER OF THE BOARD

TEO MENG KEONG
Company Secretary
Singapore, 9 July 2014

Notes:

1. The Proposed Share Consolidation used herein shall bear the same meanings of the ascribed to it in the Company's Circular dated 17 June 2014.

2. A Member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a Member of the Company.

3. The instrument appointing a proxy must be deposited at the Corporate office situated at 105 Cecil Street #22-26/27 The Octagon, Singapore 069534, not less than forty-eight hours (48) before the time for holding the Annual General Meeting. Completion and return of the proxy form by a member will not prevent him from attending and voting at the Extraordinary General Meeting if he so wishes. In such event, the relevant proxy form will be deemed to be revoked.

4. The instrument appointing a proxy must be signed by the appointor or his attorney duly authorized in writing. Where the instruction appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.

PROXY FORM

TRANSCU GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Reg. No. 196800320E)

(Please see notes overleaf before completing this form)

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

I/We, ______________________________ (full name in capital letters)

NRIC No./Passport No./Company No. ______________________________

of ______________________________ (full address)

being a member/members of TRANSCU GROUP LIMITED (the "Company"), hereby appoint :

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

or failing him/her, the Chairman of the Meeting, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held at YMCA @ one orchard, One Orchard Road, Singapore 238824, on 31 July 2014 at 2.00 p.m and at any adjournment thereof.

The proxy/proxies is/are to vote on the Resolutions before the Meeting as indicated below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion, on any other matter arising at the Meeting or at any adjournment thereof. If no person is named in the above boxes, the Chairman of the Meeting shall be my/our proxy to vote, for or against the Resolutions to be proposed at the Meeting as indicated hereunder for me/us and on my/our behalf at the Meeting and at any adjournment thereof.

Ordinary Resolution No.	ORDINARY BUSINESS	For	Against
Resolution 1	To adopt the Audited Financial Statements of the Company for the financial year ended 31 March 2014 together with the Reports of the Directors and Auditors thereon.		
Resolution 2	To approve the payment of Directors' fees of US$72,000 for the financial year ended 31 March 2014. (2013: US$97,195).		
Resolution 3	To reduce the payment of Directors' fees for the financial year ended 31 March 2010 to US$271,007. (Approved: US$522,666).		
Resolution 4	To reduce the payment of Directors' fees for the financial year ended 31 March 2011 to US$80,000. (Approved: US$216,000).		
Resolution 5	To reduce the payment of Directors' fees of for the financial year ended 31 March 2012 to US$70,000. (Approved: US$261,000).		
Resolution 6	To re-elect Mr Chong Chee Hoong as Director of the Company.		
Resolution 7	To re-appoint Messrs Nexia TS Public Accounting Corporation as Auditors of the Company and to authorize the Directors to fix their remuneration.		
	SPECIAL BUSINESS	For	Against
Resolution 8	To authorise the Directors to allot and issue shares pursuant to Section 161 of the Companies Act, Cap. 50 (Share Issue Mandate).		
Resolution 9	To authorise the Directors to issue shares at a discount of up to 10% under Share Issue Mandate		

(Please indicate with a cross [X] in the space provided whether you wish your vote(s) to be cast for or against the Resolutions as set out in the Notice of the Meeting).

Dated this ____________ day of ____________ 2014

Total Number of Shares held in :	No. of Shares
CDP Register	
Register of Members	

____

Signature(s) of Members(s)
or, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES :

1. A member should insert the total number of shares held by him. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

2. A member of the Company entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint one or, if he holds two or more shares, not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the member must specify the proportion of shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100 per cent of the shareholdings of his appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.

4. If the instrument appointing a proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.

5. If the appointor is an individual, the instrument appointing a proxy shall be signed by the appointor or his attorney.

6. If the appointor is a corporation, the instrument appointing a proxy shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. 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.

7. The signature on the instrument appointing a proxy need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing a proxy, failing which the instrument may be treated as invalid.

8. The instrument appointing a proxy must be deposited at the corporate office situated at 105 Cecil Street #22-26/27 The Octagon, Singapore 069534, not less than 48 hours before the time appointed for holding of the Annual General Meeting.

General :

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of 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 48 hours before the time appointed for holding the Annual General Meeting or adjourned meeting, as certified by The Central Depository (Pte) Limited to the Company.

PROXY FORM

TRANSCU GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Reg. No. 196800320E)

(Please see notes overleaf before completing this form)

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2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, ____________________ (full name in capital letters)

NRIC No./Passport No./Company No. ____________________

of ____________________ (full address)

being a member/members of TRANSCU GROUP LIMITED (the "Company"), hereby appoint :

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

or failing him/her, the Chairman of the Meeting, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Extraordinary General Meeting of the Company to be held at YMCA @ one orchard, One Orchard Road, Singapore 238824, on 31 July 2014 at 2.30 p.m (or immediately following the conclusion of the Annual General Meeting of the Company to be held at 2 p.m. on the same day and at the same place) and at any adjournment thereof.

The proxy/proxies is/are to vote on the Resolutions before the Meeting as indicated below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion, on any other matter arising at the Meeting or at any adjournment thereof. If no person is named in the above boxes, the Chairman of the Meeting shall be my/our proxy to vote, for or against the Resolutions to be proposed at the Meeting as indicated hereunder for me/us and on my/our behalf at the Meeting and at any adjournment thereof.

SPECIAL RESOLUTION	For	Against
To approve the reduction of the issued and paid-up capital of the Company		

(Please indicate with a cross [X] in the space provided whether you wish your vote(s) to be cast for or against the Resolutions as set out in the Notice of the Meeting).

Dated this ________ day of ________ 2014

Total Number of Shares held in :	No. of Shares
CDP Register	
Register of Members	

____

Signature(s) of Members(s)
or, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES :

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Transcu Group Limited

105 Cecil Street #22-26/27 | The Octagon | Singapore 069534
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