



WORLDSEC LIMITED

Annual Report for the year ended 31 December 2012

CORPORATE INFORMATION

Board of Directors

Non-Executive Chairman

Alastair GUNN-FORBES

Executive Director

Henry Ying Chew CHEONG (Deputy Chairman)

Non-Executive Director

Mark Chung FONG

Company Secretary

May Yim CHAN

Registered Office Address

Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda

Registration Number

EC21466 Bermuda

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited

1 Queen's Road, Central, Hong Kong

Auditors

HLB Hodgson Impey Cheng

Chartered Accountants, Certified Public Accountants

31st Floor, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong

Principal Share Registrar and Transfer Office

Appleby Management (Bermuda) Ltd.

Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda

International Branch Registrar

Capita Registrars (Jersey) Limited

12 Castle Street, St Helier, JE2 3RT, Jersey, Channel Islands

United Kingdom Transfer Agent

Capita Registrars Limited

The Registry, 34 Beckenham Rd, Beckenham, Kent, BR3 4TU, UK

Investor Relations

For further information about Worldsec Limited, please contact:

Henry Ying Chew CHEONG

Executive Director

Worldsec Group

6th Floor, New Henry House, 10 Ice House Street, Central, Hong Kong

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CHAIRMAN'S STATEMENT

RESULTS

The audited consolidated loss for the year was US\$304,000 compared with a loss of US\$276,000 in previous year. Loss per share was US 2 cents (2011: Loss per share of US 2 cents).

THE YEAR IN REVIEW

For the year ended 31 December 2012, the Group incurred a net loss of US\$304,000. This compares to the net loss of US\$276,000 for the last year. The operating expenses were increased by US\$28,000 as compared to the last year. At 31 December 2012, the Group shareholders' funds stood at US\$0.63 million as compared to US\$0.94 million at 31 December 2011.

PROSPECTS

During the year, the board of directors (the "Board") continued to explore opportunities in the financial services and other new suitable business. Shareholders will be informed as soon as the Board has evaluated a suitable business proposition.

In preparation for the rebuilding of the Group's equity capital, the Board has engaged financial and legal advisers to advise us on a fund raising exercise. Shareholders will be informed as soon as the fund raising proposal is finalized with the professional advisers.

Alastair GUNN-FORBES

Non-Executive Chairman

29 April 2013

DIRECTORS' REPORT

The directors submit their annual report and the financial statements for the year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The principal activity of Worldsec Limited (the "Company") is investment holding. Prior to the sale of most of its undertakings in the last quarter of 2002, the Group was engaged in agency broking in securities, futures and options dealing and provided corporate finance, financial advisory and nominee services.

REVIEW AND PROSPECTS

The results of the Company and its subsidiaries (the "Group") for the year are set out in the Consolidated Statement of Comprehensive Income on page 8.

As stated in the Chairman's statement on page 1, the Board continues to explore opportunities in the financial services and other new suitable business. Shareholders will be informed as soon as the Board has evaluated a suitable business proposition.

DIRECTORS

The directors during the year and up to the date of this report were:

Non-Executive Chairman

Alastair Gunn-Forbes

Executive Director

Henry Ying Chew Cheong

Non-Executive Director

Mark Chung Fong

Brief biographical notes on the directors serving at the date of this Report are set out on page 41.

Save as disclosed in note 17, none of the directors had during the year or at the end of the year a material interest, directly or indirectly, in any contract of significance with the Company or any of its subsidiaries.

DIRECTORS' REPORT

DIRECTORS' INTERESTS

The interests of the individuals who were directors during the year in the issued share capital of the Company, including the interests of persons connected with a director (within the meaning of Section 346 of the United Kingdom Companies Act 1985 (as amended) as if the Company were incorporated in England), the existence of which is known to, or could with reasonable diligence be ascertained by, that director, whether or not held through another party, are as follows:

	At 1 January 2012	At 31 December 2012
	<u>No. of shares</u>	<u>No. of shares</u>
Alastair Gunn-Forbes	15,000	15,000
Henry Ying Chew Cheong	950,000	(Note) 950,000
Mark Chung Fong	Nil	Nil

Note: Henry Ying Chew Cheong owns, in addition to the beneficial interest in 950,000 ordinary shares of US\$0.001 each in the Company, 2 ordinary shares of US\$1 each in Grand Acumen Holdings Limited ("GAH"), representing 25% of the issued share capital of GAH. GAH beneficially owns 3,225,000 ordinary shares of US\$0.001 each in the Company.

In addition, HC Investment Holdings Limited ("HCIH") is wholly owned by Henry Ying Chew Cheong. HCIH beneficially owns 2,751,000 ordinary shares of US\$0.001 each in the Company.

Save as disclosed above, none of the directors named above had an interest, whether beneficial or non-beneficial, in any shares or debentures of any group company at the beginning or at the end of the year. None of the directors named above, or members of their immediate families, held, exercised or were awarded any right to subscribe for any shares or debentures of the group companies during the year.

DIRECTORS' REMUNERATION

The remuneration of the directors of the Company for the year ended 31 December 2012 were as follows:

	Fees	Emoluments	Total
	US\$'000	US\$'000	US\$'000
Alastair Gunn-Forbes	-	-	-
Henry Ying Chew Cheong	-	-	-
Mark Chung Fong	16	-	16
	<u>16</u>	<u>-</u>	<u>16</u>

PROVIDENT FUND AND PENSION CONTRIBUTION FOR DIRECTORS

During the year under review, there was no provident fund and pension contribution for the directors.

DIRECTORS' REPORT

SERVICE CONTRACTS

There are no existing service contracts between any of the directors and the Company or any of its subsidiaries which cannot be determined without payment of compensation (other than any statutory compensation). It is anticipated that service contracts between Company and its executive directors will be proposed together with the proposal to re-activate the business re-activate of the Group.

MAJOR INTERESTS IN SHARES

At 8 March 2013, being the latest practicable date prior to the notice of meeting at which this annual report and financial statements are to be laid before the Company in general meeting, the Company was aware of the following direct or indirect interests (other than directors' interests) representing 3 per cent, or more of the Company's issued share capital:

	<u>No. of shares</u>	<u>Percentage of issued share capital</u>
Grand Acumen Holdings Limited	3,225,000	24.10%
HC Investment Holdings Limited	2,751,000	20.60%
First Taisec Securities (Asia) Limited	630,000	4.70%
The Bank of New York (Nominees) Limited	550,000	4.10%

GOING CONCERN

After making enquiries, the directors have considered that it is appropriate to prepare the financial statements on a basis other than that of a going concern as the Group no longer has a trading operation during the year. Details of the basis of preparation are set out in note 3 to the financial statements.

CORPORATE GOVERNANCE

The Company is eligible for exemption from the Financial Services Authority's requirements relating to corporate governance disclosures but the directors have decided to provide certain disclosures which are set out as below.

The Board, with an independent non-executive chairman and two-thirds of its members being non-executive directors, is committed to high standards of corporate governance. The Company has in the past applied all the principles set out in the Combined Code on Corporate Governance ("the Combined Code"). However, since the Group's withdrawal from its main business, certain aspects of the Combined Code became increasingly not applicable in the form that had been previously been applied. As a result, the responsibilities of the board committees including the remuneration and audit committees reverted to the Board.

Following the decision in 2003 to liquidate Worldsec International Limited, the Group's main operating company in the past, certain aspects of the Group's established internal control procedures also became inapplicable as these procedures were formerly designed to cater for a trading operation. The Board has implemented suitable alternative measures to safeguard the Group's assets. The spirit of corporate governance continues in effect but previous operating procedures have been modified as and when they became inapplicable.

DIRECTORS' REPORT

POLICY ON REMUNERATION

As the Group has practically ceased business operations, the previous policy on remuneration for employees and directors which was designed to motivate employees' performance is no longer applicable. A new remuneration policy will be adopted as and when appropriate.

The Group's remuneration packages for directors are reviewed from time to time by, and are subject to approval by the Board. Details of the directors' remuneration and provident fund and pension fund contributions are set out in this report on page 3.

WORLDSEC EMPLOYEE SHARE OPTION SCHEME 1997

No share options have been granted under the scheme since its adoption in a general meeting on 26 February 1997. No director held any option to subscribe for shares in the Company during the year.

RELATION WITH SHAREHOLDERS

Communication with shareholders is given high priority. Information about the Group's activities is provided in the Annual Report and the Interim Report which are sent to shareholders. There is regular dialogue with institutional investors and enquiries are dealt with in an informative and timely manner. All shareholders are encouraged to attend the Annual General Meeting at which directors are introduced and available for questions.

AUDITORS

A resolution for the re-appointment of HLB Hodgson Impey Cheng as the auditors of the Company for the subsequent year will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Henry Ying Chew Cheong
Executive Director
29 April 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimate that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors confirm that they have met the above requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group. They are also responsible for the Group's system of internal financial control, for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board

Henry Ying Chew Cheong
Executive Director
29 April 2013

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF WORLDSEC LIMITED *(incorporated in Bermuda with limited liability)*

We have audited the accompanying consolidated financial statements of Worldsec Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated and company statements of financial position as at 31 December 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and of the Group as at 31 December 2012, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matters

Without qualifying our opinion, we draw your attention to note 3 to the consolidated financial statements which states that the consolidated financial statements have been prepared on the basis other than of a going concern.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 29 April 2013

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012**

	<u>Notes</u>	Year ended 31 December	
		<u>2012</u>	<u>2011</u>
		US\$'000	US\$'000
Other income and gain	7	-	13
Staff costs	8	(16)	(15)
Other expenses		<u>(288)</u>	<u>(274)</u>
Loss before tax	9	(304)	(276)
Income tax expense	10	<u>-</u>	<u>-</u>
Loss for the year		<u>(304)</u>	<u>(276)</u>
Other comprehensive income, net of income tax			
Exchange differences on translating foreign operations		<u>1</u>	<u>(5)</u>
Other comprehensive income for the year, net of income tax		<u>1</u>	<u>(5)</u>
Total comprehensive income for the year		<u>(303)</u>	<u>(281)</u>
Loss attributable to :			
Owners of the Company		<u>(304)</u>	<u>(276)</u>
Total comprehensive income attributable to :			
Owners of the Company		<u>(303)</u>	<u>(281)</u>
Loss per share - basic and diluted	11	<u>(2) cents</u>	<u>(2) cents</u>

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2012**

	<u>Notes</u>	<u>2012</u> US\$'000	<u>2011</u> US\$'000
Current assets			
Cash and bank balances	14	909	1,217
Current liabilities			
Other payables and accruals		<u>(275)</u>	<u>(280)</u>
Net current assets		<u>634</u>	<u>937</u>
Net assets		<u>634</u>	<u>937</u>
Capital and reserves			
Share capital	15	13	13
Contributed surplus		9,646	9,646
Foreign currency translation reserve		(4)	(5)
Special reserve		625	625
Accumulated losses		<u>(9,646)</u>	<u>(9,342)</u>
Total equity		<u>634</u>	<u>937</u>

The consolidated financial statements on pages 8 to 40 were approved and authorized for issue by the Board of Directors on 29 April 2013 and signed on its behalf by:

Alastair Gunn-Forbes
Director

Henry Ying Chew Cheong
Director

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

**STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2012**

	<u>Notes</u>	<u>2012</u> US\$'000	<u>2011</u> US\$'000
Current assets			
Interests in subsidiaries	12	1,989	2,051
Amounts due from subsidiaries	13	317	255
Cash and bank balances	14	845	1,161
		<u>3,151</u>	<u>3,467</u>
Current liabilities			
Other payables and accruals		(188)	(201)
Amounts due to subsidiaries	13	(2,329)	(2,329)
		<u>(2,517)</u>	<u>(2,530)</u>
Net current assets		<u>634</u>	<u>937</u>
Net assets		<u>634</u>	<u>937</u>
Capital and reserves			
Share capital	15	13	13
Contributed surplus	16	9,646	9,646
Accumulated losses	16	(9,025)	(8,722)
Total equity		<u>634</u>	<u>937</u>

Alastair Gunn-Forbes
Director

Henry Ying Chew Cheong
Director

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012**

	<u>Share capital</u> US\$'000	<u>Contributed surplus</u> US\$'000 (Note 16)	<u>Foreign currency translation reserve</u> US\$'000	<u>Special reserve</u> US\$'000	<u>Accumulated losses</u> US\$'000	<u>Total</u> US\$'000
Balance at 1 January 2011	13	9,646	-	625	(9,066)	1,218
Loss for the year	-	-	-	-	(276)	(276)
Other comprehensive income for the year	-	-	(5)	-	-	(5)
Balance at 31 December 2011 and 1 January 2012	13	9,646	(5)	625	(9,342)	937
Loss for the year	-	-	-	-	(304)	(304)
Other comprehensive income for the year	-	-	1	-	-	1
Total comprehensive income for the year	-	-	1	-	(304)	(303)
Balance at 31 December 2012	13	9,646	(4)	625	(9,646)	634

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012**

	<u>Note</u>	Year ended 31 December	
		<u>2012</u>	<u>2011</u>
		US\$'000	US\$'000
Cash flows from operating activities			
Loss for the year		<u>(304)</u>	<u>(276)</u>
		(304)	(276)
Movements in working capital			
(Decrease)/increase in other payables and accruals		<u>(5)</u>	<u>16</u>
		(309)	(260)
Net cash used in operating activities			
		(309)	(260)
Cash and cash equivalents at 1 January			
		1,217	1,482
Effects of exchange rate changes		<u>1</u>	<u>(5)</u>
		909	1,217
Cash and cash equivalents at 31 December	14	<u><u>909</u></u>	<u><u>1,217</u></u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. GENERAL INFORMATION

The Company is a public listed company incorporated in Bermuda and its shares are listed on the London Stock Exchange. The address of the registered office of the Company is Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and the address of the principal place of business of the Company is 6th Floor, New Henry House, 10 Ice House Street, Central, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in note 12 to the consolidated financial statement.

The functional currency of the Company is Hong Kong Dollars. The consolidated financial statements of the Group are presented in United States Dollars ("US\$"), which is a currency widely and commonly recognized in the global economy and is freely convertible into a number of foreign currencies. Therefore, the directors consider the presentation in US\$ to be more useful for its current and potential investors.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 New and revised IFRSs applied with no material effect on the consolidated financial statements

The following new and revised IFRSs have been applied by the Group in the current year and have affected the presentation and disclosures set out in these consolidated financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years.

IFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
IFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets
IAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.2 New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRSs (Amendments)	Annual improvements to IFRSs 2009-2011 cycle except for the amendments to IAS 1 ²
IFRS 7 (Amendments)	Disclosures - Offsetting Financial Assets and Financial Liabilities ²
IFRS 9	Financial Instruments ⁴
IFRS 10	Consolidated Financial Statements ²
IFRS 11	Joint Arrangements ²
IFRS 12	Disclosure of Interests on Other Entities ²
IFRS 13	Fair Value Measurement ²
IAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ¹
IAS 19 (as revised in 2011)	Employee Benefits ²
IAS 27 (as revised in 2011)	Separate Financial Statements ²
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ²
IAS 32 (Amendments)	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities ³
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine ²

¹ Effective for annual periods beginning on or after 1 July 2012

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 January 2014

⁴ Effective for annual periods beginning on or after 1 January 2015

The amendments to IFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors do not anticipate that these amendments to IFRS 7 will have a significant effect on the Group's disclosures regarding transfers of trade receivables previously affected. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

IFRS 9 *Financial Instruments* issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.2 New and revised IFRSs in issue but not yet effective (continued)

Key requirements of IFRS 9 are described as follows:

- IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.
- The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that IFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2015 and that the application of IFRS 9 may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 *Financial Instruments: Disclosures* will be extended by IFRS 13 to cover all assets and liabilities within its scope.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.2 New and revised IFRSs in issue but not yet effective (continued)

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that IFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the Group's assets to net realisable values, as the Group no longer has a trading operation. Provision has also been made for any onerous contractual commitments at the end of the reporting period. The financial statements do not include any provision for the future costs of terminating the business of the Company except to the extent that such costs were committed at the end of the reporting period. Accordingly, all assets are classified as current assets.

The financial statements have been prepared in accordance with International Financial Reporting Standards.

The principal accounting policies are set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (continued)

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into presentation currency of the Group (i.e. US dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

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

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

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation

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

Current tax

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

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Current and deferred tax for the year

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

Provisions

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

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

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets

Financial assets are classified into the following specified categories: financial assets “at fair value through profit or loss” (FVTPL), “held-to-maturity” investments, “available-for-sale” (AFS) financial assets and “loans and receivables”. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Financial assets at FVTPL (continued)

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the consolidated statement of comprehensive income.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Available-for-sale financial assets (AFS financial assets)

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates (see below), interest income calculated using the effective interest method and dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including cash and bank balance) are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is 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.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, 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 recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets (continued)

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities are classified as either financial liabilities "at FVTPL" or "other financial liabilities".

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL .

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities and equity instruments (continued)

Financial liabilities (continued)

Financial liabilities at FVTPL (continued)

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the consolidated statement of comprehensive income.

Other financial liabilities

Other financial liabilities (including other payables and accruals) are subsequently measured at amortized cost using the effective interest method.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities and equity instruments (continued)

Financial liabilities (continued)

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

4. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	<u>2012</u> US\$'000	<u>2011</u> US\$'000
<u>Financial assets</u>		
Loans and receivables (including cash and cash equivalents)	<u>909</u>	<u>1,217</u>
<u>Financial liabilities</u>		
Amortized cost (including other payables and accruals)	<u>275</u>	<u>280</u>

(b) Financial risk management objectives

The Group's management monitors and manages the financial risks relating to the operations of the Group through internal risk report which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The Group does not enter into or trade derivative financial instruments for speculative purposes.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

(i) Foreign currency risk management

Certain financial assets and financial liabilities of the Group are denominated in foreign currencies other than the functional currency of the relevant group companies, which exposes the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

4. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives (continued)

Market risk (continued)

(i) Foreign currency risk management (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of reporting period are as follows:

	<u>Liabilities</u>		<u>Assets</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	US\$'000	US\$'000	US\$'000	US\$'000
HKD	113	113	57	113
Others	25	31	38	23
	<u>138</u>	<u>144</u>	<u>95</u>	<u>136</u>

The following table details the Group's sensitivity to a 1% (2011: 1%) increase and decrease in USD against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts its translation at the year end for a 1% (2011: 1%) change in the relevant foreign currencies rates. A positive number below indicates a decrease in loss for the year where USD strengthens 1% (2011: 1%) against the relevant foreign currency. For a 1% (2011: 1%) weakening of USD against the relevant foreign currencies there would be an equal and opposite impact on the loss for the year.

	<u>2012</u>	<u>2011</u>
	US\$'000	US\$'000
Decrease in post-tax loss for the year		
HKD impact	1	7
	<u>1</u>	<u>7</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

4. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives (continued)

Market risk (continued)

(ii) *Interest rate risk management*

The Group's exposure to changes in interest rate is mainly attributable to its bank deposits at variable interest rate. Bank deposits at variable rate expose the Group to cash flow interest rate risk.

The directors consider that the exposure to cash flow interest rate risk is insignificant. Hence, no sensitivity analysis on the exposure to the Group's cash flow interest rate risk is presented.

Credit risk management

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the statement of financial position.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Other than concentration of credit risk on liquid funds which are deposited with banks with a high credit rating, the Group does not have any other significant concentration of credit risk.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

4. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives (continued)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework to meet the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

Liquidity tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Less than 1 year	
	<u>2012</u>	<u>2011</u>
	US\$'000	US\$'000
Other payables and accruals	<u>275</u>	<u>280</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

4. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value of financial instruments

Fair value of financial instruments carried at amortized cost

The directors consider that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The Group monitors capital on the basis of the net debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt which includes other payables and accruals less cash and bank balances. Adjusted capital comprises all components of equity which includes share capital, contributed surplus, reserves and accumulated losses.

Net debt-to-equity ratio

The Group's risk management reviews the capital structure on an annual basis. As part of this review, the management considers the cost of capital and risk associated with capital.

The net debt-to-adjusted capital ratio as at 31 December 2012 and 2011 were as follows:

	<u>2012</u> US\$'000	<u>2011</u> US\$'000
Total debt	275	280
Less: Cash and bank balances	<u>(909)</u>	<u>(1,217)</u>
Net debt	<u>-</u>	<u>-</u>
Adjusted capital	<u>634</u>	<u>937</u>
Debt-to-adjusted capital ratio	<u>0%</u>	<u>0%</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

6. SEGMENT INFORMATION

No segment analysis is presented for the years ended 31 December 2012 and 31 December 2011 as the Group has only maintained a minimum operation during the years.

7. OTHER INCOME AND GAIN

	Year ended 31 December	
	<u>2012</u>	<u>2011</u>
	US\$'000	US\$'000
Sundry income	<u>-</u>	<u>13</u>

8. STAFF COSTS

The aggregate cost of persons employed by the Group was as follow:

	Year ended 31 December	
	<u>2012</u>	<u>2011</u>
	US\$'000	US\$'000
Wages and salaries	<u>16</u>	<u>15</u>

Directors' remuneration was as follow:

	Year ended 31 December	
	<u>2012</u>	<u>2011</u>
	US\$'000	US\$'000
Fees	16	15
Other remuneration including contributions to pension and provident fund	<u>-</u>	<u>-</u>
	<u>16</u>	<u>15</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

9. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	Year ended 31 December	
	<u>2012</u>	<u>2011</u>
	US\$'000	US\$'000
Auditors' remuneration	<u>22</u>	<u>21</u>

10. INCOME TAX EXPENSE

No provision for taxation has been made as the Group did not generate any assessable profit for UK Corporation Tax, Hong Kong Profits Tax and tax in other jurisdictions.

The tax charge for the year can be reconciled to the loss before tax per the consolidated statement of comprehensive income as follows:

	Year ended 31 December	
	<u>2012</u>	<u>2011</u>
	US\$'000	US\$'000
Loss before tax	<u>304</u>	<u>276</u>
Loss before tax calculated at 16.5% (2011:16.5%)	50	46
Tax effect of estimated tax losses not recognized	<u>(50)</u>	<u>(46)</u>
Tax charge for the year	<u>-</u>	<u>-</u>

No deferred tax has been recognized in the financial statements as the Group and the Company did not have material temporary difference arising between the tax bases of assets and liabilities and their carrying amounts as at 31 December 2012 and 2011.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

11. LOSS PER SHARE

The loss and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share are as follows.

	Year ended 31 December	
	<u>2012</u>	<u>2011</u>
Loss for the year attributable to owners of the Company	<u>US\$304,000</u>	<u>US\$276,000</u>
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>13,367,290</u>	<u>13,367,290</u>
Loss per share – basic and diluted	<u>2 cents</u>	<u>2 cents</u>

12. INTERESTS IN SUBSIDIARIES

	<u>2012</u>	<u>2011</u>
	US\$'000	US\$'000
The Company		
Unlisted shares, at cost	6,450	6,450
Less: Impairment loss	<u>(4,461)</u>	<u>(4,399)</u>
	<u>1,989</u>	<u>2,051</u>

The Company has provided an impairment loss of approximately US\$62,000 (2011: US\$74,000) for the year ended 31 December 2012 to write down its investments to net realisable value.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

12. INTERESTS IN SUBSIDIARIES (CONTINUED)

Details of the Company's subsidiaries at 31 December 2012 are as follows:

<u>Name</u>	<u>Country of incorporation and operation</u>	<u>Proportion of ownership interest</u>	<u>Proportion of voting power held</u>	<u>Principal activities</u>
Worldsec Financial Services Limited	British Virgin Islands	100%	100%	Investment holding
Worldsec Corporate Finance Limited	British Virgin Islands	100%*	100%*	Inactive
Worldsec International NV	Netherlands Antilles	100%*	100%*	Investment holding
Worldsec International (Netherlands) BV	Netherlands	100%*	100%*	Investment holding
Worldsec International (PH) BV	Netherlands	100%*	100%*	Investment holding

* Indirectly held subsidiary

13. AMOUNTS DUE FROM / (TO) SUBSIDIARIES

The amounts due were unsecured, non-interest bearing and have no fixed terms of repayment.

14. CASH AND BANK BALANCES

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Cash and bank balances	<u>909</u>	<u>1,217</u>	<u>845</u>	<u>1,161</u>

Bank balances are at market interest rates with an original maturity of three months or less.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

15. SHARE CAPITAL

	<u>Number of shares</u>	<u>US\$</u>
Authorized:		
Ordinary shares of US\$0.001 each as at 1 January 2011, 31 December 2011 and 31 December 2012	<u>50,000,000,000</u>	<u>50,000,000</u>
Called up, issued and fully paid:		
Ordinary shares of US\$0.001 each as at 1 January 2011, 31 December 2011 and 31 December 2012	<u>13,367,290</u>	<u>13,367</u>

16. RESERVES

The Company

	<u>Contributed surplus</u> US\$'000	<u>Accumulated losses</u> US\$'000
Balance as at 1 January 2011	9,646	(8,441)
Total comprehensive expense for the year	<u>-</u>	<u>(281)</u>
Balance as at 1 January 2012	9,646	(8,722)
Total comprehensive expense for the year	<u>-</u>	<u>(303)</u>
Balance as at 31 December 2012	<u>9,646</u>	<u>9,025</u>

The contributed surplus of the Company represents the amount arising from the reduction in the nominal value of the authorised and issued shares of the Company and the reduction in the share premium account of the Company pursuant to an ordinary resolution passed on 23 July 2003.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

17. RELATED PARTY TRANSACTIONS

Save as those disclosed elsewhere in the consolidated financial statements, the Group entered into the following transactions with related parties during the year:

<u>Name of related company</u>	<u>Nature of transaction</u>	<u>2012</u> US\$'000	<u>2011</u> US\$'000
WAG Worldsec Corporate Finance Limited (<i>Note</i>)	Accounting fee	<u>17</u>	<u>16</u>

Note: Mr. Henry Ying Chew Cheong, the director of the Company, had beneficial interest in the related company.

Compensation of key management personnel

Key management personnel of the Company are the directors of the Company only. The remuneration of directors is set out on the consolidated statement of comprehensive income and with additional disclosure in note 8.

18. CONTINGENT LIABILITIES

The Group and the Company had no material contingent liabilities as at 31 December 2012 (2011: Nil).

----- End of notes -----

BIOGRAPHICAL NOTES ON THE DIRECTORS

The Board has ultimate responsibility for the Group's affairs.

Brief biographical notes on the directors of the Company are set out below:

Alastair Gunn-Forbes - Non-Executive Chairman - aged 68

Mr. Gunn-Forbes has been associated with Asian regional stock markets since 1973 when he was a fund manager at Brown Shipley Ltd. Subsequently, he was a director of W.I Carr, Sons & Co. (Overseas) Ltd until 1985, since when he has held directorships with other Asian securities firms in the United Kingdom prior to joining the group in 1993. Mr. Gunn-Forbes is a director of Opera Holding, a recruitment company and he is also a chairman of FutureBiogas, a green energy company.

Henry Ying Chew Cheong - Executive Director and Deputy Chairman - aged 65

Mr. Cheong holds a Bachelor of Science (Mathematics) degree from Chelsea College, University of London and a Master of Science (Operational Research and Management) degree from Imperial College, University of London.

Mr. Cheong has over 35 years of experience in the securities industry. Mr. Cheong and The Mitsubishi Bank in Japan (now known as The Bank of Tokyo-Mitsubishi UFJ Ltd) founded the Worldsec Group in 1991. In late 2002, Worldsec Group sold certain securities businesses to UOB Kay Hian and following that Mr. Cheong became the Chief Executive Officer of UOB Asia (Hong Kong) Ltd until early 2005. Prior to the formation of the Worldsec Group, Mr. Cheong was a director of James Capel (Far East) Ltd for five years with overall responsibility for Far East Sales. His earlier professional experience includes 11 years with Vickers da Costa Limited in Hong Kong latterly as Managing Director.

Mr. Cheong is an Independent Non-Executive Director of Cheung Kong (Holdings) Limited, Cheung Kong Infrastructure Holdings Limited, CNC International Limited, Creative Energy Solutions Holdings Limited, Hutchison Telecommunications Hong Kong Holdings Limited, New World Department Store China Limited, SPG Land (Holdings) Limited and TOM Group Limited, all being listed companies in Hong Kong. Mr. Cheong is also an Independent Director of BTS Group Holdings Public Company Limited, being listed in Thailand. Mr. Cheong was previously an independent non-executive director of FPP Japan Fund Inc. (formerly known as FPP Golden Asia Fund Inc. and Jade Asia Pacific Fund Inc.), a company listed in Ireland (resigned on 21 October 2008), and an independent non-executive director of Hong Kong Jewellery Holding Limited (formerly known as Excel Technology International Holdings Limited), a company listed in Hong Kong (resigned on 3 July 2012).

Mr. Cheong is a member of the Advisory Committee of the Securities and Futures Commission and also a member of the Securities and Futures Appeals Tribunal in Hong Kong. Mr. Cheong was previously a member of Disciplinary Panel A of Hong Kong Institute of Certified Public Accountants (from 2005-2011), a member of the Corporate Advisory Council of the Hong Kong Securities Institute (from 2002-2009), a member of the Advisory Committee (from 1993-1999) to the Securities and Futures Commission ("SFC"), a member of the Board of Director of the Hong Kong Future Exchange Limited (from 1994-2000), a member of GEM Listing Committee and Main Board Listing Committee of Hong Kong Exchange and Clearing Limited ("HKEX") (from May 2002-May 2006), a member of Derivatives Market Consultative Panel of HKEX (from April 2000-May 2006), a member of the Process Review Panel for the SFC (from November 2000-October 2006) and a member of the Committee on Real Estate Investment Trust of the SFC (from September 2003-August 2006).

BIOGRAPHICAL NOTES ON THE DIRECTORS

Mark Chung Fong - *Non-Executive Director - aged 61*

Mr. Fong is an Executive director for China development of Grant Thornton International Ltd, a corporation incorporated in England. He has more than 30 years' experience in the accounting profession. Mr. Fong holds a Master of Science degree from the University of Surrey. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a Fellow and a Past President of the Hong Kong Institute of Certified Public Accountants.