



**WORLDSEC LIMITED**

**Interim Report for the six months ended 30 June 2014**



# Worldsec Limited

## Interim Report for the six months ended 30 June 2014

The board (the “Board”) of directors of Worldsec Limited (the “Company”) hereby submits the interim report on the Company and its subsidiaries (collectively known as the “Group”) for the six months ended 30 June 2014.

For the six months ended 30 June 2014, the unaudited results of the Group showed a net loss of US\$176,000, equivalent to a loss per share of 0.3 US cent. This compares with a net loss of US\$108,000 and a loss per share of 0.8 US cent for the corresponding period in the previous year. The decline in the loss per share basically reflects the increase in the number of shares as a result of the share issue associated with the fund raising exercise in August 2014. As at 30 June 2014, the Group’s total equity stood at US\$4.07 million, as compared to US\$4.24 million as at the 31 December 2013, and the unaudited net asset value per share amounted to 7.2 US cents.

During the first six months of the current financial year, the Group had been actively looking for and exploring potential investment opportunities. In this connection, a number of investment proposals had been identified and put forward to the Board for review and discussion. However, due to the valuation expectations of the investee companies in question, the Board noted that the amounts of investment required for these proposals were generally significant relative to the size or the gross assets of the Group and after due and careful evaluation and deliberation concluded that the risk return profiles of these proposals, with the exception of one, were not particularly favourable to suit the investment criteria of the Company. The one that remains under further consideration is a new start-up company aiming to provide education services to kindergartens in China (the “Kindergarten Project”). The Group is in the process of carrying out more in-depth analysis of this potential investment proposal; and based on the information currently available, it appears that this investment is a viable and attractive proposition. Subject to satisfactory due diligence and the approval of the proposed expansion in the scope of the Company’s Investment Policy as discussed below, the Board intends to make an investment in the Kindergarten Project.

Reference is made to the Investment Policy of the Company, which currently excludes investments in new start-up companies. In the course of attempting to source and identify target investment opportunities, however, it has become apparent that the prevailing investment environment for investing particularly in larger established companies with proven turnover track records as required under the current Investment Policy of the Company has become increasingly competitive against the backdrop of the highly accommodative policies adopted by the central banks in advanced economies. The competition for quality targets has as a consequence been driving up the valuations of these companies, thereby adversely affecting the risk reward balance for investing in them. This in turn has an adverse and restraining effect on the Group to make investments consistent with the current Investment Policy of the Company. Meantime, during the sourcing process, the Group has come across a number of potentially attractive investment opportunities involving new start-up companies. While investing in such companies generally entails a higher degree of risks, the potential for capital appreciation associated with them is commensurately stronger. In the absence of proven track records, the valuations of such companies are also less demanding, thus further enhancing the risk reward balance for investing in them. Accordingly, in order to allow greater flexibility for the Group to capture market opportunities under the prevailing investment environment and to cater for the potential investment in the Kindergarten Project as described above, the Board intends to seek shareholders’ approval to expand the scope of the Company’s Investment Policy in the forthcoming Annual General Meeting to include investments in new start-up companies.

The Group’s recently formed wholly-owned subsidiary, Worldsec Investment (Hong Kong) Limited, has reached agreement to rent a new office. Upon completion of the renovation of the new office, the Group will be in a position to accommodate additional staff to cope with the expected increase in its business activities. The Board is also confident that, should the proposed expansion in the scope of the Company’s Investment

Policy be approved by shareholders, the Group will be in a better position to achieve the investment objective of the Company with greater flexibility and hence more efficiently.

By order of the Board

Alastair GUNN-FORBES  
Non-Executive Chairman

28<sup>th</sup> August 2014

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2014**

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	<u>Notes</u>	<b>Unaudited Six months ended</b>		<b>Audited Year ended</b>
		<u>30.6.2014</u>	<u>30.6.2013</u>	<u>31.12.2013</u>
		US\$'000	US\$'000	US\$'000
Other income and gain	5	-	-	-
Staff costs		(43)	(7)	(45)
Other expenses		(133)	(86)	(228)
		<hr/>	<hr/>	<hr/>
Loss before tax		(176)	(108)	(273)
Income tax expense	6	-	-	-
		<hr/>	<hr/>	<hr/>
<b>Loss for the period/year</b>		<u>(176)</u>	<u>(108)</u>	<u>(273)</u>
Other comprehensive income, net of income tax				
Exchange differences on translating foreign operations		(1)	(1)	2
		<hr/>	<hr/>	<hr/>
Other comprehensive income for the period/year, net of income tax		(1)	(1)	2
		<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the period/year</b>		<u>(177)</u>	<u>(109)</u>	<u>(271)</u>
<b>Loss attributable to:</b>				
<b>Owners of the Company</b>		<u>(176)</u>	<u>(108)</u>	<u>(273)</u>
<b>Total comprehensive income attributable to:</b>				
<b>Owners of the Company</b>		<u>(177)</u>	<u>(109)</u>	<u>(271)</u>
<b>Loss per share – basic and diluted</b>	7	<u>(0.3) cent</u>	<u>(0.8) cent</u>	<u>(1) cent</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 30 JUNE 2014**

	<u>Notes</u>	Unaudited Six months ended		Audited
		<u>30.6.2014</u>	<u>30.6.2013</u>	<u>Year ended</u>
		US\$'000	US\$'000	<u>31.12.2013</u>
				US\$'000
<b>Current assets</b>				
Cash and bank balances		4,339	774	4,702
<b>Current liabilities</b>				
Other payables and accruals		(272)	(249)	(458)
<b>Net current assets</b>		<u>4,067</u>	<u>525</u>	<u>4,244</u>
<b>Net assets</b>		<u>4,067</u>	<u>525</u>	<u>4,244</u>
<b>Capital and reserves</b>				
Share capital	8	57	13	57
Share premium	9	3,837	-	3,837
Contributed surplus	9	9,646	9,646	9,646
Foreign currency translation reserve	9	(3)	(5)	(2)
Special reserve	9	625	625	625
Accumulated losses	9	(10,095)	(9,754)	(9,919)
<b>Total equity</b>		<u>4,067</u>	<u>525</u>	<u>4,244</u>

**CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE PERIOD ENDED 30 JUNE 2014**

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	<b>Unaudited</b>		<b>Audited</b>
	<b>Six months ended</b>		<b>Year ended</b>
	<b><u>30.6.2014</u></b>	<b><u>30.6.2013</u></b>	<b><u>31.12.2013</u></b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash flow from operating activities</b>			
Loss for the period/year	(176)	(108)	(273)
Interest income	-	-	-
	(176)	(108)	(273)
<b>Movement in working capital</b>			
Increase/(decrease) in other payables and accruals	(186)	(26)	183
<b>Net cash used in operating activities</b>	(362)	(134)	(90)
<b>Cash flow from financing activities</b>			
Proceeds from issue of new shares	-	-	4,337
Payment for Share issue costs	-	-	(456)
<b>Net cash from financing activities</b>	-	-	3,881
<b>Net increase/(decrease) in cash and cash equivalents</b>	(362)	(134)	3,791
<b>Cash and cash equivalents at beginning of the period/year</b>	4,702	909	909
<b>Effects of exchange rate changes</b>	(1)	(1)	2
<b>Cash and cash equivalents at end of the period/year</b>			
Cash and bank balances	4,339	774	4,702

## **NOTES TO THE INTERIM REPORT FOR THE PERIOD ENDED 30 JUNE 2014**

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### **1. GENERAL INFORMATION**

The Company is an exempted company incorporated in Bermuda and its shares are listed on the London Stock Exchange. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information in the interim report.

### **2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ( "IFRSs")**

In the current period, the Group had adopted all of the new and revised IFRSs issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that were relevant to its operations and effective for accounting periods beginning on or after 1 January 2014. The adoption of these new and revised IFRSs had no significant impact on the financial statements of the Group.

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

IAS 16	Property, Plant and Equipment <sup>1</sup>
IAS 19	Employee Benefits <sup>1</sup>
IAS 24	Related Party Disclosures <sup>1</sup>
IAS 38	Intangible Assets <sup>1</sup>
IAS 40	Investment Property <sup>1</sup>
IFRS 2	Share-based Payment <sup>1</sup>
IFRS 3 (as revised in 2008)	Business Combinations <sup>1</sup>
IFRS 8	Operating Segments <sup>1</sup>
IFRS 9	Financial Instruments <sup>2</sup>
IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures <sup>2</sup>
IFRS 14	Regulatory Deferral Accounts <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2014

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2015

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2016

The directors anticipate that the application of these standards, amendments and interpretations in the future periods will have no material financial impact on the financial statements of the Group.

Save as disclosed above, the accounting policies adopted in preparing this report were consistent with those adopted in preparing the consolidated financial statements of the Group for the year ended 31 December 2013.



**NOTES TO THE INTERIM REPORT (CONTINUED)**  
**FOR THE PERIOD ENDED 30 JUNE 2014**

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**3. BASIS OF PREPARATION**

The financial statements have been prepared in accordance with IFRSs. It has been prepared on a going concern basis using the historical cost convention except for certain financial instruments, if any, that are measured at fair values at the end of each reporting period.

The Group's financial statements have consolidated the financial statements of the Company and its subsidiaries undertakings included in the Group.

**4. BUSINESS AND GEOGRAPHICAL SEGMENTS**

No business and geographical segment analyses are presented for the periods ended 30 June 2014 and 30 June 2013 as the Group had only maintained a minimum operation during the periods.

**5. OTHER INCOME AND GAIN**

	<b>Unaudited</b>		<b>Audited</b>
	<b>Six months ended</b>		<b>Year ended</b>
	<b><u>30.6.2014</u></b>	<b><u>30.6.2013</u></b>	<b><u>31.12.2013</u></b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Sundry Income	-	-	-
Interest income	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

**6. INCOME TAX EXPENSE**

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

**7. LOSS PER SHARE**

Calculation of loss per share was based on the following:

	<b>Unaudited</b>		<b>Audited</b>
	<b>Six months ended</b>		<b>Year ended</b>
	<b><u>30.6.2014</u></b>	<b><u>30.6.2013</u></b>	<b><u>31.12.2013</u></b>
Loss for the period/year	<u>US\$(176,000)</u>	<u>US\$(108,000)</u>	<u>US\$(273,000)</u>
Weighted average number of shares in issue	<u>56,734,580</u>	<u>13,367,290</u>	<u>27,387,400</u>
Loss per share – basic and diluted	<u>0.3 cent</u>	<u>0.8 cent</u>	<u>1 cent</u>

**NOTES TO THE INTERIM REPORT (CONTINUED)**  
**FOR THE PERIOD ENDED 30 JUNE 2014**

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**8. SHARE CAPITAL**

	<b>Unaudited</b>		<b>Audited</b>
	<b>Six months ended</b>		<b>Year ended</b>
	<b><u>30.6.2014</u></b>	<b><u>30.6.2013</u></b>	<b><u>31.12.2013</u></b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Authorised:			
Ordinary shares of US\$0.001 each	<u>60,000,000</u>	<u>50,000,000</u>	<u>60,000,000</u>
Called up, issued and fully paid:			
Ordinary shares of US\$0.001 each	<u>56,735</u>	<u>13,367</u>	<u>56,735</u>

**9. RESERVES**

	<b>Share</b>	<b>Contributed</b>	<b>Foreign</b>	<b>Special</b>	<b>Accumulated</b>
	<b><u>Premium</u></b>	<b><u>Surplus</u></b>	<b>Currency</b>	<b><u>Reserve</u></b>	<b><u>Losses</u></b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>Translation</b>	<b>US\$'000</b>	<b>US\$'000</b>
			<b><u>Reserve</u></b>		
			<b>US\$'000</b>		
Balance as at 1 January 2013	-	9,646	(4)	625	(9,646)
Loss for the period	-	-	(1)	-	(108)
Balance as at 1 July 2013	-	9,646	(5)	625	(9,754)
Loss for the period	-	-	3	-	(165)
Issue of new shares by way of open offer and placing	4,293	-	-	-	-
Transaction costs attributable to issue of new shares	(456)	-	-	-	-
Balance as at 1 January 2014	3,837	9,646	(2)	625	(9,919)
Loss for the period	-	-	(1)	-	(176)
Balance as at 30 June 2014	<u>3,837</u>	<u>9,646</u>	<u>(3)</u>	<u>625</u>	<u>(10,095)</u>

**10. INTERIM REPORT**

The interim report will be sent to shareholders on or about 2<sup>nd</sup> September 2014.

## **CORPORATE INFORMATION**

### **Board of Directors**

#### **Non-Executive Chairman**

Alastair GUNN-FORBES

#### **Executive Directors**

Henry Ying Chew CHEONG (Deputy Chairman)

Ernest Chiu Shun SHE

#### **Non-Executive Directors**

Mark Chung FONG

Martyn Stuart WELLS

#### **Company Secretary**

Jordan Company Secretaries Limited

21 St Thomas Street, Bristol B51 6JS, United Kingdom

#### **Registered Office Address**

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

#### **Registration Number**

21466 Bermuda

#### **Principal Bankers**

The Hongkong and Shanghai Banking Corporation Limited

1 Queen's Road, Central, Hong Kong

#### **Auditors**

Menzies LLP

Ashcombe House, 5 The Crescent, Leatherhead, Surrey KT22 8DY, United Kingdom

#### **Principal Share Registrar and Transfer Office**

Appleby Management (Bermuda) Ltd.

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

#### **International Branch Registrar**

Capita Asset Services

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

#### **United Kingdom Transfer Agent**

Capita Asset Services

The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, United Kingdom

#### **Investor Relations**

For further information about Worldsec Limited, please contact:

Henry Ying Chew CHEONG

Executive Director

Worldsec Group

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