



Raffles Capital Limited

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ANNUAL REPORT

2017

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CORPORATE DIRECTORY

Raffles Capital Limited

ACN 009 106 049
ABN 66 009 106 049

Registered and Corporate Office

Level 2
Hudson House
131 Macquarie Street
Sydney NSW 2000
Telephone: +61 2 9251 7177
Fax: +61 2 9251 7500
Website: www.rafflescapital.com.au

Auditors

K.S. Black & Co
Level 1
251 Elizabeth Street
Sydney NSW 2000
Telephone: +61 2 8839 3000

Lawyers

Piper Alderman
Level 23, Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000
Telephone: +61 2 9253 9999

Bankers

Australian & New Zealand
Banking Group Limited
20 Martin Place
Sydney NSW 2000
Telephone: +61 2 9227 1818

Directors

Abigail Zhang (Executive Director)
Charlie In (Executive Chairman)
John Farey
Alan Beasley
Stephen Petith
Richard Holstein

Company Secretary

Mona Esapournoori
Richard Holstein

Share Registry

Computershare Investor Services Pty Limited
Level 3
60 Carrington Street
Sydney NSW 2000
Australia
Telephone: 1300 850 505 within Australia

ASX Code – RAF

Raffles Capital Limited shares are listed on the Australian Securities Exchange.

This financial report covers the Consolidated Entity consisting of Raffles Capital Limited and its controlled entities.

Raffles Capital Limited is a company limited by shares, incorporated and domiciled in Australia.

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CHAIRMAN'S REPORT

Dear Shareholders,

The team had reviewed several investment and business opportunities and decided on the acquisition of GasHub. The Raffles and GasHub teams worked tirelessly for almost a year on this and due to changed circumstances, both parties have decided not to go ahead with this transaction.

The Board has taken a strategic review and studied the various options and has decided for the Company to refresh and re-start its diversified financial services embracing financial technologies to reach out and serve customers with comfort and ease of their smart phones and lap tops.

The Company's operating HQ is based in Hong Kong serving the Greater China and South East Asia markets.

I would like to introduce our Raffles Exchange business, this is a strategic collaboration with Exante, a European licensed, global online brokerage offering access to leading exchanges globally. We will be able to offer our trading members a gateway to trade in 50,000+ investment instruments like shares, ETFs, forex, metals, options, funds, bonds and cryptocurrencies.

Along with the trading platform we are introducing the Raffles Fund Platform, this is a collaboration with the specialists at Pacific Liberty, a Cayman Islands incorporated fund manager. Through this venture we will be able to provide investment managers the ability to become their own fund with the set-up, governance and compliance that are needed to manage a fund being taken care of by our team providing the oversight and control that are needed to support a fund.

We will continue to explore new businesses and delivery channels, like blockchain, to serve our clients with a diversified range of financial services driven by new technologies.

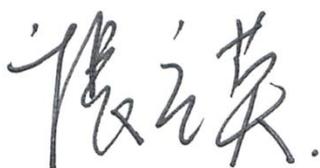
We believe the Company should resume trading once we steer the Company back to profitability.

Our appreciation and gratitude go to our independent director, Mr Benjamin Amzalak who has served his term of service especially during the Company's difficult years.

We welcome our independent directors, Mr Alan Beasely and Mr John Farey, on board and look forward to their contribution and deep expertise in the financial services sector.

I pass the baton of leadership to Dr Charlie In as Chairman of the Board to lead the Company into this exciting phase of a renewed Raffles Capital Limited.

Thank you.



Abigail Zhang
Chairperson

REVIEW OF OPERATIONS

During 2017 year, Raffles Capital Limited (RAF or the Company) has attempted to identify a new business development allowing it grow its commercial and corporate opportunities, synergic partnerships and project finance.

On 31 January 2017 the shareholders approved a selective buyback of 3,183,334 pre consolidation securities from the parties who had previously provided working capital to assist the Company acquire a Singapore business venture. This acquisition did not proceed. In addition, the shareholders also voted in favour of the motion to consolidate the Company's shares on a 1 for 5 basis.

In February 2017 the Company issued 1,020,000 shares to the directors in lieu of directors fees.

In April 2017 the Company issued 600,000 shares to sophisticated investors to raise working capital.

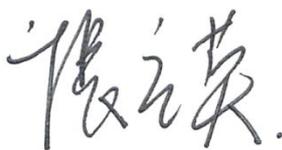
In June 2017 Henry Kinstlinger resigned as Company Secretary and Richard Holstein became Company Secretary.

In September 2017 the shareholders approved the issue of 1,387,250 shares to the directors and a creditor in lieu of directors fees and corporate service fees.

In November 2017 the Company lodged a prospectus to raise \$10 million to fund the acquisition and development of a Singaporean gas business. This prospectus was withdrawn as the regulatory approval was not given.

The Company's shares remain suspended from trading on the Australian Securities Exchange.

The Company continues to assess a number of other opportunities. The Company will advise shareholders where opportunities exist that may increase shareholder value as they progress through evaluation.



Abigail Zhang
Director

DIRECTORS' REPORT

Your Directors present their report together with the financial statements on the parent entity and the consolidated entity (referred to hereafter as the **Group**) consisting of Raffles Capital Limited (the **Company**) and the entities it controlled at the end of or during the year ended 31 December 2017.

Principal activities	The Group is consolidating its business and looking for other business opportunities.																					
Consolidated results	<p>Net profit for the year ended 31 December 2017 amounted to \$2,943 compared to a loss of \$1.03 million in the previous year.</p> <p>Total Deficit in Shareholders' Funds as at 31 December 2017 are \$98,610.</p> <p>Additional information on the operations of the Group is disclosed in both the Chairman's Report and the Review of Operations section of this report.</p>																					
Review of operations	Information on the operations and financial position of the Group and its business strategies and prospects are set out in the Review of Operations on page 4 of this report.																					
Dividends	The Directors of the Company do not recommend that any amount be paid by way of dividend. The Company has not paid or declared any amount by way of dividend since the commencement of the financial year.																					
Directors	<p>The following persons were Directors of the Company during the year and up to the date of this report, unless otherwise state:</p> <table> <tr> <td>Abigail Zhang</td> <td>Executive Director</td> <td></td> </tr> <tr> <td>Dr Charlie In</td> <td>Executive Chairman</td> <td>Appointed 20 March 2018</td> </tr> <tr> <td>John Farey</td> <td>Non-Executive Director</td> <td>Appointed 20 March 2018</td> </tr> <tr> <td>Alan Beasley</td> <td>Non-Executive Director</td> <td>Appointed 20 March 2018</td> </tr> <tr> <td>Stephen Petith</td> <td>Non-Executive Director</td> <td>Appointed 20 March 2018</td> </tr> <tr> <td>Richard Holstein</td> <td>Non-Executive Director</td> <td></td> </tr> <tr> <td>Benjamin Amzalak</td> <td>Non-Executive Director</td> <td>Resigned 20 March 2018</td> </tr> </table>	Abigail Zhang	Executive Director		Dr Charlie In	Executive Chairman	Appointed 20 March 2018	John Farey	Non-Executive Director	Appointed 20 March 2018	Alan Beasley	Non-Executive Director	Appointed 20 March 2018	Stephen Petith	Non-Executive Director	Appointed 20 March 2018	Richard Holstein	Non-Executive Director		Benjamin Amzalak	Non-Executive Director	Resigned 20 March 2018
Abigail Zhang	Executive Director																					
Dr Charlie In	Executive Chairman	Appointed 20 March 2018																				
John Farey	Non-Executive Director	Appointed 20 March 2018																				
Alan Beasley	Non-Executive Director	Appointed 20 March 2018																				
Stephen Petith	Non-Executive Director	Appointed 20 March 2018																				
Richard Holstein	Non-Executive Director																					
Benjamin Amzalak	Non-Executive Director	Resigned 20 March 2018																				

Meetings of Directors

The number of meetings of the Company's Board of Directors held during the year ended 31 December 2017, and the numbers of meetings attended by each Director were:

Directors	Directors Meetings		Remuneration Committee*		Audit Committee*	
	Attended	Held Whilst in Office	Attended	Held Whilst in Office	Attended	Held Whilst in Office
Abigail Zhang	5	-	2	-	2	-
Richard Holstein	5	-	2	-	2	-
Benjamin Amzalak	5	-	2	-	2	-

* The Remuneration and Audit Committees are composed of the entire board.

Information on directors & key management personnel**Directors****Abigail Zhang****Executive Chairman - Appointed 3 March 2015**

Experience and expertise	<p>Abigail Zhang is currently a director of Marvel Earn Ltd, and has been since August 2008. She was also the executive director of Sino-Excel Energy Limited from August 2011 to June 2015. She has exposure in investments and advisory services to Chinese companies seeking overseas listings, capital raisings and potential merger and acquisition opportunities.</p> <p>Abigail's experience includes hands-on management and China business relationships in the bio-tech, agricultural, energy, mining and property sectors. She works closely with investment bankers, auditors, lawyers, valuers and other professionals to enhance the position of clients in preparation for their IPO, RTO and M&A activities. She holds a bachelor's degree in Human Resource Management from the Beijing Jiao Tong University.</p>
Other Current Directorships	None
Former Directorships in the Last Three Years of Listed Companies	None
Special Responsibilities	Member of the Audit Committee Member of the Remuneration Committee
Interests in Shares and Options	1,205,000 shares (indirect)

Dr Charlie In**Executive Chairman – Appointed 20 March 2018**

Experience and expertise	<p>Dr Charlie In's experience covers business management, capital sourcing, consulting, marketing, mergers, acquisitions investments and divestments. He has been instrumental in arranging the public listing of several PRC companies.</p> <p>Dr In holds a marketing diploma from the UK Chartered Institute of Marketing, MBA from University of East Asia of Macau and post-graduate qualification from ADMA/Macquarie University of Australia.</p>
Other Current Directorships	He was the Chairman of Direct Marketing Association of Singapore, an advisor to the Asia Pacific Management Institute, Sapphire China, Sky China Petroleum and Ying Li Property Development. He was Chairman of the Board of Sino-Environment Technology Ltd and Asia Fashion Holdings Ltd, both listed on the Singapore Stock Exchange. He was also an adjunct faculty member of Singapore Institute of Management for 20 years and 17 years at the University of South Australia. He was the advisor to Talent Advisory Panel of the People's Association in Singapore for 10 years.
Former Directorships in the Last Three Years of Listed Companies	Chairman of Cedar Strategic Holdings Ltd (listed on Singapore Stock Exchange)
Special Responsibilities	None
Interests in Shares and Options	170,000

John Farey, B.Com, FAIM, FAICD**Non-Executive Director - appointed on 20 March 2018**

Experience and Expertise	John W Farey has over 45 years' experience in financial services including merchant and investment banking.
Other Current Directorships of Listed Companies	Hudson Investment Group Limited (ASX:HGL)
Former Directorships in the Last Three Years of Listed Companies	None
Special Responsibilities	None
Interests in Shares and Options	None

Alan Beasley, B.Ec, CPA, FGIA, FAICD**Non-Executive Director - appointed on 20 March 2018**

Experience and Expertise	Mr Beasley is a Non-Executive Director and former Director of a number of publicly listed and unlisted companies. Mr Beasley was educated at the University of New England (BEc) and Stanford Graduate Business School, USA.
Other Current Directorships of Listed Companies	Hudson Investment Group Limited (ASX:HGL) AFT Corporation Ltd (ASX:AFT) Esperance Minerals Limited (ASX:ESM) The Hydroponics Company Limited (ASX:THC)
Former Directorships in the Last Three Years of Listed Companies	Admiralty Resources NL (ASX:ADY)
Special Responsibilities	None
Interests in Shares and Options	None

Stephen Petith**Non-Executive Director - appointed on 20 March 2018**

Experience and expertise	Stephen is an internationally focused Investment Advisor and Asset Strategist working with Corporations, Investment Funds and High Net Worth Individuals to optimise assets to produce higher returns. He has over 15 years of experience developing and delivering strategies that improve asset optimisation and business profits. He is regarded for his ability to build relationships within the business, initiate new business practices and strategies, while achieving the best outcome for the organisation.
Other Current Directorships of Listed Companies	
Former Directorships in the Last Three Years of Listed Companies	
Special Responsibilities	None
Interests in Shares and Options	Nil

Richard Holstein
Non-Executive Director - Appointed 5 December 2014

Experience and expertise	Richard has a B Bus (Accounting), FCPA, MBA (Macquarie Graduate School of Management) and is a member of the Governance Institute of Australia. Mr Holstein has over 20 years experience primarily in the property and exploration sectors for listed and unlisted small and medium enterprises. He provides administration and secretarial services to a variety of companies including publically listed companies.
Other Current Directorships	None
Former Directorships in the Last Three Years of Listed Companies	
Special Responsibilities	Member of the Audit Committee Member of the Remuneration Committee
Interests in Shares and Options	100,000 shares (direct) 330,000 shares (indirect)

Benjamin Amzalak B. Com (Marketing & Finance)
Non-Executive Director - Appointed 5 February 2010, resigned 20 March 2018

Experience and expertise	Mr Amzalak has an extensive background in capital raising, investor relations and broking communications. He has been engaged in capital management, raising in excess of \$250 million in new venture capital for mining and other public companies. He provides advisory services to public companies in many areas including Initial Public Offerings and Mergers and Acquisitions.
Other Current Directorships	Non-Executive Director of Hudson Resources Limited
Former Directorships in the Last Three Years of Listed Companies	None
Special Responsibilities	Member of the Audit Committee Member of the Remuneration Committee
Interests in Shares and Options	None

Officers

Mona Esapournoori
Company Secretary – Appointed 20 March 2018

Experience and expertise	Mona Esapournoori holds a bachelor of Law from University of Western Sydney. She is admitted as a solicitor with the Law Society of New South Wales.
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Richard Holstein
Company Secretary

Experience and expertise	Richard has a B Bus (Accounting), FCPA, MBA (Macquarie Graduate School of Management) and is a member of the Governance Institute of Australia. Mr Holstein has over 20 years experience primarily in the property and exploration sectors for listed and unlisted small and medium enterprises. He provides administration and secretarial services to a variety of companies including publically listed companies.
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Likely developments

Information on likely developments in the operations of the Group, known at the date of this report has been covered generally within the report. In the opinion of the Directors providing further information would prejudice the interests of the Group.

Risk Management

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the Board.

The Company believes that it is crucial for all Board members to be a part of this process, and as such the Board has not established a separate risk management committee.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders' needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets.

Significant changes in nature of activities

The business opportunities that the Company is investigating may result in a significant change in the nature of activities which would require the Company to comply with Chapters 1 or 2 of the ASX Listing Rules as if it were seeking admission to the ASX. Shareholders will be required to approve any such change in the nature of the Company's activities.

Matters subsequent to balance date

At the date of this report, there are no other matters or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect:

- the consolidated entity's operations in future financial years, or
- the results of those operations in future financial years, or
- the consolidated entity's state of affairs in future financial years.

REMUNERATION REPORT - AUDITED

The information provided in this remuneration report has been audited as required by section 308 (3c) of the *Corporations Act 2001*.

This report outlines the remuneration arrangements in place for Directors and Executives of the Company.

Remuneration Committee

The Remuneration Committee which presently consists of the whole Board, will serve to determine the remuneration level of any Executive Director's remuneration (including base salary, incentive payments, equity awards and service contracts) and remuneration issues for Non-Executive Directors.

The Remuneration Committee meets as often as required but not less than once per year.

Options granted to directors and key management personnel do not have performance conditions. As such the Group does not have a policy for directors and key management personnel removing the "at risk" aspect of options granted to them as part of their remuneration.

Directors' and other Key Management Personnel remuneration

The following persons were Directors of the Company during the whole of the financial year unless otherwise state:

- Abigail Zhang Executive Chairman
- Richard Holstein Non-Executive Director
- Benjamin Amzalak Non-Executive Director

The following persons were other key management personnel of the Group during the financial year:

- Henry Kinstlinger Company Secretary Retired 1 June 2017
- Richard Holstein Company Secretary Appointed 1 June 2017

Principles used to determine the nature and amount of remuneration (audited)

The Board is remunerated equitably on the basis of equal responsibility for all Directors.

Executive's remuneration and other terms of employment are reviewed annually having regard to relevant comparative information and independent expert advice. As well as basic salary, remuneration packages include superannuation. Directors are also able to participate in an Employee Share Option Plan.

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Group's operations. Consideration is also given to reasonableness, acceptability to shareholders and appropriateness for the current level of operations.

Remuneration of Non-Executive Directors is determined by the Board based on recommendations from the Remuneration Committee and the maximum amount approved by shareholders from time to time.

Cash bonuses

Cash bonuses granted to directors and officers are at the discretion of the Remuneration Committee. No bonus was granted for the financial year ended 31 December 2017.

Performance conditions

The elements of remuneration as detailed within the Remuneration Report are dependent on the satisfaction of the individual's performance and the Group's financial performance.

The Board undertakes an annual review of its performance and the performance of the Board Committees. Details of the nature and amount of each element of the remuneration of each Director of the Company and each specified executive of the Company and the Group receiving the highest remuneration are set out in the following tables. The remuneration amounts are the same for the Company and the Group. Details on the nature and amount of each element of the emoluments of Director and Key Management Personnel of the Company for the year ended 31 December 2017 are set out below.

	Short term benefits		Post-employment benefits	Long term benefits	Share based payments	Total
	Cash salary and fees	Non-monetary benefits	Super-annuation	Long Service Leave		
	\$	\$	\$	\$	\$	\$
Consolidated 2017						
Directors						
Abigail Zhang	-	-	-	-	106,000	106,000
Richard Holstein	-	-	-	-	48,000	48,000
Benjamin Amzalak	-	-	-	-	48,000	48,000
Directors - Total	-	-	-	-	202,000	202,000
Other KMP						
Henry Kinstlinger	17,500	-	-	-	-	17,500
Richard Holstein	-	-	-	-	27,650	27,650
KMP - Total	17,500	-	-	-	27,650	45,150
2016						
Directors						
Charlie In	147,000	-	-	-	-	147,000
Abigail Zhang	84,000	-	-	-	-	84,000
Richard Holstein	48,000	-	-	-	-	48,000
Benjamin Amzalak	48,000	-	-	-	-	48,000
Directors - Total	327,000	-	-	-	-	327,000
Other KMP						
Julian Rockett	-	-	-	-	-	-
Henry Kinstlinger	82,000	-	-	-	-	82,000
Francis Choy	-	-	-	-	-	-
KMP - Total	82,000	-	-	-	-	82,000

The amounts reported represent the total remuneration paid by entities in the Raffles Capital Group in relation to managing the affairs of all the entities within the Group.

There is no performance conditions related to any of the above payments.

There are no other elements of Directors and Executives remuneration.

Executive Service Agreements

During the year, there were no new service agreements formalising the terms of remuneration of Directors. At the date of this report there are Service Agreements in place formalising the terms of remuneration of Directors or Other Key Management personnel. Please refer to Note 14 for details.

Share Options Granted to Directors and other Key Management Personnel

There were no options granted during or since the end of the financial year to any of the Directors or other Key Management Personnel of the Company and the Group as part of their remuneration. At the date of this report there were no unissued shares under option to Directors or other Key Management Personnel of their Company. Directors received fees for their services as Directors of the Company. Full disclosure of key management personnel are disclosed in note 14.

End of Remuneration Report

DIRECTORS' REPORT continued

Loans to Directors and Key Management Personnel

There is no loan to director and key management personnel as at the reporting date.

Terms and conditions of loans

There were no other loans made to Directors or Specified Executives of the Company and the Group during the period commencing at the beginning of the financial year and up to the date of this report.

Directors' interests

Particulars of Interest in the Issued Capital of the Company's Ordinary Shares and Options at the date of signing the Directors' Report are:

Directors	Shares Direct Holding	Shares Indirect Holding	Options	Nature of Interest
Abigail Zhang	-	1,205,000	-	
Dr Charlie In	170,000	-	-	
John Farey	-	-	-	
Alan Beasley	-	-	-	
Stephen Petith	-	-	-	
Richard Holstein	100,000	330,000	-	
Benjamin Amzalak	-	430,000	-	

Please refer note 14 for details.

Shares under option

There is no unissued ordinary shares of Raffles Capital Limited under option at the date of this report:

Class	Date options granted	Expiry Date	Exercise Price	No. of Options
N/A	N/A	N/A	N/A	Nil

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Indemnification and insurance of Directors

The company has not, during or since the financial year, in respect of any person who is or has been an officer of the company or related entity:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agree to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 14.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	2017	2016
	\$	\$
Audit services:		
Amounts paid or payable to auditors for audit and review of the financial report for the entity or any entity in the Group		
Audit and review services	26,890	24,920
Taxation and other advisory services:		
Amounts paid or payable to auditors for non-audit, taxation and advisory services for the entity or any entity in the Group		
Taxation	1,595	1,460
Advisory Services	9,000	-
	37,485	26,380

Auditor

K.S. Black & Co continues in office in accordance with Section 357 of the *Corporations Act 2001*.

This Director's Report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

Richard Holstein
Director
20 March 2018
Sydney

Abigail Zhang
Executive Director

AUDITOR'S INDEPENDENCE DECLARATION

Level 6
350 Kent Street
SYDNEY NSW 2000

75 Lyons Road
DRUMMOYNE NSW 2047

K.S. Black & Co.

ABN 48 117 620 556

20 Grose Street
North Parramatta NSW 2151

PO Box 2210
North Parramatta NSW 1750

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF RAFFLES CAPITAL LIMITED

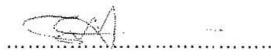
I declare that, to the best of my knowledge and belief, during the year ended 31 December 2017 there has been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

The entities is in respect of Raffles Capital Limited and the entities it controlled during the period.

KS Black & Co
Chartered Accountants

Dated in Sydney on this 13 day of March 2018



Scott Bennison
Partner

Phone 02 8839 3000
Fax 02 8839 3055



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scheme approved
under Professional
Standards Legislation



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CORPORATE GOVERNANCE STATEMENT

The Company has adopted a Corporate Governance Plan, which forms the basis of a comprehensive system of control and accountability for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent they are applicable to the Company, the Board has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition ("**Principles and Recommendations**").

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate policies and practices as at the date of this Annual Report are outlined below and the Company's full Corporate Governance Plan is available in the corporate governance information section of the Company's website.

(a) Board Responsibilities

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- maintain and increase Shareholder value;
- ensure a prudential and ethical basis for the Company's conduct and activities;
- ensure compliance with the Company's legal and regulatory objectives consistent with these goals, and to achieve this the Board assumes the following responsibilities:
 - developing initiatives for profit and asset growth;
 - reviewing the corporate, commercial and financial performance of the Company on a regular basis;
 - acting on behalf of, and being accountable to, the Shareholders; and
 - identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis;

(b) Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting.

However, subject thereto, the Company is committed to the following principles:

- the Board is to comprise persons with a blend of skills, experience and attributes appropriate for the Company and its business; and
- the principal criteria for the appointment of new Directors is their ability to add value to the Company and its business. All incumbent Directors bring an independent judgement to bear in deliberations and the current representation is considered adequate given the stage of the Company's development. The names, qualifications and relevant experience of each Director are set out on page 6.

(c) Code of Conduct

As part of its commitment to recognising the legitimate expectations of stakeholders and promoting practices necessary to maintain confidence in the Company's integrity, the Company has an established Code of Conduct (**the Code**) to guide compliance with legal, ethical and other obligations to legitimate stakeholders and the responsibility and accountability required of RAF personnel for reporting and investigating unethical practices or circumstances where there are breaches of the Code.

These stakeholders include employees, clients, customers, government authorities, creditors and the community as whole. This Code governs all of the Company's commercial operations and the conduct of Directors, employees, consultants, contactors and all other people when they represent the Company. This Code also governs the responsibility and accountability required of the Company's personnel for reporting and investigating unethical practices.

The Board, management and all employees of the Group are committed to implementing this Code and each individual is accountable for such compliance. A copy of the Code is given to all employees, contractors and relevant personnel, including directors, and is available on the Company's website (under Corporate Governance).

(d) Diversity Policy

The Board has adopted a diversity policy which provides a framework for the Company to achieve, among other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for all genders and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

(e) Continuous Disclosure

The Board has designated the Company's company secretary as the person responsible for overseeing and co-ordinating disclosure of information to the ASX as well as communicating with the ASX.

The Board has established a written policy for ensuring compliance with ASX Listing Rule disclosure requirements and accountability at senior executive level for that compliance. A copy of the Company's continuous disclosure policy can be found on the Company's website (under Corporate Governance).

(f) Audit Committee and Management of Risk

The Company has a separate audit and risk committee comprising of three non-executive directors and one executive director.

(g) Remuneration Arrangements

The Board will decide the remuneration of an executive Director, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$200,000 per annum.

In addition, a Director may be paid fees or other amounts (subject to any necessary Shareholder approval) (for example non-cash performance incentives such as Options) as determined by the Board where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors. The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

(h) Shareholder Communications

The Board tries to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and its Directors and to make well-informed investment decisions. Information is communicated to Shareholders through:

- annual and half-yearly financial reports and quarterly reports;
- annual and other general meetings convened for Shareholder review and approval of Board proposals;
- continuous disclosure of material changes to ASX for open access to the public; and,
- the Company maintains a website where all ASX announcements, notices and financial reports are published as soon as possible after release to ASX.

The auditor is invited to attend the annual general meeting of Shareholders. The Chairman will permit Shareholders to ask questions about the conduct of the audit and the preparation and content of the audit report.

(i) Trading in the Company's Shares

The Company's Share Trading Policy prohibits Directors from taking advantage of their position or information acquired, in the course of their duties, and the misuse of information for personal gain or to cause detriment to of the Group.

Directors, senior executives and employees are required to advise the Company Secretary of their intentions prior to undertaking any transaction in RAF securities.

If an employee, officer or director is considered to possess material non-public information, they will be precluded from making a Security transaction until after the time of public release of that information.

A copy of the Company's Share Trading Policy is available on the Company's website under Corporate Governance.

(j) Corporate Social Responsibility

The Company is committed to conducting our operations and activities in harmony with the environment and society, and wherever practicable to work in collaboration with communities and government institutions in decision-making and activities for effective, efficient and sustainable solutions.

Our aim is to minimize our environmental footprint and safeguard the environment while sharing the benefits of share the benefits of mining with our employees and the community and contribute to economic and social development, minimizing our environmental footprint and safeguarding the environment, now and for future generations.

(k) Departures from recommendations

The Company is required to report any departures from the recommendations in its annual financial report.

The Company's compliance and departures from Recommendations as at the date of this Annual Report are set out in the following table:

ASX Corporate Governance Council's Corporate Governance Principles and Recommendations

PRINCIPLE	Response
PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT	
Recommendation 1.1	
<p>The entity should have and disclose a charter, which sets out the the respective roles and responsibilities of the board, the Chair and management; and includes a description of those matters expressly reserved to the board and those delegated to management.</p>	<p>Complies.</p> <p>The Company's Corporate Governance Plan includes a Board Charter, which discloses the specific responsibilities of the Board. The responsibilities delegated to the senior management team are set out in the Board Charter.</p> <p>The Board Charter can be viewed at the Company's website: http://www.rafflescapital.com.au</p>
Recommendation 1.2	
<p>The entity should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director.</p> <p>The entity should provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>Complies.</p> <p>The Company has conducted appropriate checks for all current Directors.</p> <p>These checks will be expanded the required checks described in Guidance Note 1, paragraph 3.15 issued by the ASX before appointing an additional person, or putting forward to Shareholders a candidate for election, as a Director.</p>
Recommendation 1.3	
<p>The entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>Does not comply yet.</p> <p>Although all of the Directors do not yet have written agreements setting out the terms of their appointments, the Company will endeavour to bring these agreements into being in 2018.</p>
Recommendation 1.4	
<p>The company secretary of the entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	<p>Complies.</p> <p>The Company secretary has been appointed and is accountable directly to the Board, through the Chairperson, on all matters to do with the proper functioning of the Board.</p>

Recommendation 1.5	
The entity should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and the progress in achieving them.	Complies. The Board has established a Diversity Policy.
The entity should disclose in its annual report the measurable objectives of achieving gender diversity set by the board in accordance with the diversity policy and its progress towards achieving them.	The Diversity Policy is disclosed on the Company's website.
The entity should disclose in its annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Details of the Company's measurable objectives for achieving gender diversity and its progress towards achieving them and the entity's gender diversity figures are set out in the Company's annual report.
Recommendation 1.6	
The entity should have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors and disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Will comply. The Company will disclose the process for evaluating the performance of the Board, its committees and individual directors in its future annual reports. Details of the performance evaluations undertaken will be set out in future annual reports.
Recommendation 1.7	
The entity should have and disclose a process for periodically evaluating the performance of its senior executives; and disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process	Complies. Senior executive key performance indicators are set annually, with performance appraised by the Board, and reviewed in detail by the Board. The internal review is to be conducted on an annual basis and if deemed necessary an independent third party will facilitate this internal review. Details of the performance evaluations undertaken will be set out in future annual reports.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE	
Recommendation 2.1	
The entity's board should have a nomination committee which has at least three members, a majority of whom are independent directors; and is chaired by an independent director.	Does not comply. The Company does not have a nomination committee
The entity should disclose the charter of the committee, the members of the committee; and as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.	Currently the role of the nomination committee is undertaken by the full Board. The Company intends to establish a nomination committee once the Company's operations are of sufficient magnitude.
If the entity does not have a nomination committee, it should disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	The Company does not have a nomination committee. The Board evaluates the skills, experience of its members and then determines whether additional members should be invited to the Board to complement or replace the existing members.
Recommendation 2.2	
The entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Does not yet comply. The Company intends to develop a board skill matrix setting out the mix of skills and diversity the Board has and requires. The skill matrix will be available at the Company's website once finalised
Recommendation 2.3	
The entity should disclose the names of the directors considered by the board to be independent directors and the length of service of each director;	Complies. The Company's independent directors are: <ol style="list-style-type: none"> 1. Mr Benjamin Amzalak 2. Mr Richard Holstein The independence of each director is set out in the Company's annual report. Details of any relevant interest, position, association or relationship impacting upon a director's independence are set out in the Company's annual report. The length of service of each director is outlined in the Company's annual report.
The entity should disclose if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3 rd edition) but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion	The independence of the directors and length of service of each director are set out in the Company's annual report. Details of any relevant interest, position, association or relationship impacting upon a director's independence will be set out in the Company's annual report.

Recommendation 2.4	
A majority of the board of a listed entity should be independent directors.	Complies. The Company has three directors. Two of these directors are non-executive directors.
Recommendation 2.5	
The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Does not comply. Due to the size and current activities of the Company.
Recommendation 2.6	
The entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Does not yet comply. Currently the induction of new directors and plan for professional development is managed informally by the full Board. The Company intends to develop a formal program for inducting new directors and providing appropriate professional development opportunities consistent with the development of the Company.
PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY	
Recommendation 3.1	
The entity should establish a code of conduct for its directors, senior executives and employees and disclose the code or a summary of the code.	Complies. The Board has established a Code of Conduct to guide compliance with legal, ethical and other obligations to legitimate stakeholders and the responsibility and accountability required of the Group's personnel for reporting and investigating unethical practices or circumstances where there are breaches of the Code. The Code of Conduct is available on the Company's website.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING	
Recommendation 4.1	
<p>The board of the entity should have an audit committee, which consists only of non-executive directors, a majority of which are independent directors and is chaired by an independent chair that is not the chair of the board.</p> <p>The entity should disclose the charter of the committee, the members of the committee and as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.</p>	<p>Complies.</p> <p>The board has established an audit and risk committee Charter.</p> <p>Members of the committee have appropriate and relevant financial experience to act in this capacity.</p> <p>A summary of the charter and details of the number of times the audit and risk committee met throughout the period and the individual attendances of the members at those meetings are set out in the Company's annual report.</p> <p>The full audit and risk committee charter is available on the Company's website.</p>
Recommendation 4.2	
<p>The board should disclose whether it has, before approving the entity's financial statements for the financial period receive assurance from its Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively in all material respects in relation to financial reporting risks.</p>	<p>Complies.</p> <p>The Board requires the Chief Executive Officer and the Chief Financial Officer to provide such a statement before approving the entity's financial statements for a financial period.</p>
Recommendation 4.3	
<p>When the entity has an AGM it should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>Complies.</p> <p>The external auditor attends AGMs and is available to answer questions from Security Holders relevant to the audit.</p>
PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE	
Recommendation 5.1	
<p>The entity should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.</p>	<p>Complies.</p> <p>The Company has a written policy on information disclosure. The focus of these policies and procedures is continuous disclosure and improving access to information for investors.</p> <p>The Company's continuous disclosure policy can be viewed at the Company's website.</p>

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS	
Recommendation 6.1	
The entity should provide information about itself and its governance to investors via its website.	Complies. The Company has provided specific information about itself and its key personnel and has developed a comprehensive Corporate Governance Plan. Details can be found at the Company's website.
Recommendation 6.2	
The entity should design and implement an investor relations program to facilitate effective two-way communication with shareholders.	Complies. The Company has established a Shareholder's Communication Policy. The Company recognises the importance of forthright communications and aims to ensure that the shareholders are informed of all major developments affecting the Company. Details of the Shareholder's Communication Policy can be found at the Company's website.
Recommendation 6.3	
The entity should disclose the policies and processes it has in place to facilitate and encourage participation at general meetings	Complies. The Shareholder's Communication Policy is available on the Company's website and details are set out in the Company's annual report.
Recommendation 6.4	
The entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Complies. The Company has provided the option to receive communications from, and send communications to, the entity and its security registry electronically.
PRINCIPLE 7: RECOGNISE AND MANAGE RISK	
Recommendation 7.1	
The board of a listed entity should have a committee or committees to oversee risk, each of which has at least three members, a majority of whom are independent directors and is chaired by an independent director. The entity should disclose the charter of the committee, the members of the committee and at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.	Complies. The Board has established an audit and risk committee to oversee risk which is comprised of the whole Board. Complies The Company's charter for the audit and risk committee is available at: the Company's website and the details of the number of times the committee met and the individual attendances is set out in the Company's annual report.

Recommendation 7.2	
The board or board committee should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risk the entity faces and to ensure that they remain with the risk appetite set by the board.	Complies.
The entity should also disclose in relation to each reporting period, whether such a review has taken place	<p>The Company's Corporate Governance Plan includes a Risk Management Review Procedure and Compliance and Control policy.</p> <p>The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.</p> <p>The Board has delegated to the audit and risk committee the responsibility for implementing the risk management system.</p> <p>Details of the number of times the committee conducted a risk management review in relation to each reporting period will be disclosed in its annual reports.</p>
Recommendation 7.3	
The entity should disclose if it has an internal audit function, how the function is structured and what role it performs. If the entity does not have an internal audit function, the entity should disclose that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	<p>Does not yet comply.</p> <p>The Board has delegated the internal audit function to the audit and risk committee and intends to establish and implement the structure and role of the internal audit function.</p> <p>The Company will disclose the details of the internal audit function in its future annual reports.</p>
Recommendation 7.4	
The entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	<p>Complies.</p> <p>The Company has an Audit and Risk committee appointed to manage economic sustainability and risk. In addition to this the Company also has an Environmental and Social Charter on its website, and manages environmental and social sustainability risks accordingly.</p>

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY	
Recommendation 8.1	
The board should establish a remuneration committee which has at least three members, a majority of whom are independent directors; and is chaired by an independent director.	Does not yet comply
If the entity does not have a remuneration committee, the entity should disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	<p>The Board has adopted a Remuneration Committee Charter.</p> <p>However, the Company is not of a size that justifies having a separate Remuneration Committee so matters typically considered by such a committee are dealt with by the full Board.</p> <p>The Board intends to engage the services of an independent adviser to review the level and composition of remuneration for Directors and senior executives to ensure that such remuneration is appropriate and not excessive.</p>
Recommendation 8.2	
The entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.	<p>Complies.</p> <p>The Company distinguishes the structure of Non-executive Directors' remuneration from Executive Directors and senior executives.</p> <p>Details of the policies and practices regarding remuneration are set out in the Company's annual report.</p> <p>The remuneration committee charter can be viewed on the Company's website</p>
Recommendation 8.3	
If the entity has an equity-based remuneration scheme should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and disclose that policy or a summary of it.	<p>Complies.</p> <p>The Company's Share Trading Policy prohibits executive staff from undertaking hedging or other strategies that could limit the economic risk associated with Company Securities issued under any equity based remuneration scheme.</p> <p>The Share Trading Policy can be viewed on the Company's website</p>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 December 2017

	Notes	Consolidated	
		2017	2016
		\$	\$
Revenue from continuing operations	4	-	9
Other income and expenses	4	476,205	(476,205)
Administration expenses	5	(473,092)	(561,080)
Finance expenses	5	(170)	(797)
Profit/(loss) before income tax		2,943	(1,038,073)
Income Tax expense	6	-	-
Profit/(loss) after tax for the year		2,943	(1,038,073)
Other Comprehensive Income			
Other comprehensive income	4	-	-
Tax expenses		-	-
Other comprehensive income after tax		-	-
Total comprehensive income		2,943	(1,038,073)
Non-Controlling Interest		-	-
Total Comprehensive income/(loss) attributable to members of Raffles Capital Limited		2,943	(1,038,073)
Earnings/(loss) per Share			
		Cents	Cents
Basic earnings/(loss) per share (cents)	16	0.04	(3.77)
Diluted earnings/(loss) per share (cents)	16	0.04	(3.77)

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	Consolidated 2017 \$	2016 \$
ASSETS			
Current assets			
Cash and cash equivalents	7	6,938	4,390
Trade and other receivables	8	30	5,677
Financial assets	9	10	10
Other current assets		12,500	322
Total current assets		19,478	10,399
Non-current assets			
Trade and other receivables	8	-	-
Financial assets	9	-	-
Plant & equipment	10	-	-
Other non-current assets		-	-
Total non-current assets		-	-
Total Assets		19,478	10,399
LIABILITIES			
Current liabilities			
Trade and other payables	11	118,088	260,954
Total current liabilities		118,088	260,954
Non-current liabilities			
Trade and other payables	11	-	-
Deferred tax liabilities		-	-
Total Non-current liabilities		-	-
Total Liabilities		118,088	260,954
(Deficiency in Net Funds)/Net Assets		(98,610)	(250,555)
EQUITY			
Issued Capital	12	9,767,142	9,641,897
Reserves		28,282	4,525
Retained profits / (accumulated losses)	13	(9,894,034)	(9,896,977)
Total equity attributable to equity holder of parent equity		(98,610)	(250,555)
Non-controlling interest		-	-
(Deficiency in Total Equity)/Total Equity		(98,610)	(250,555)

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2017

Consolidated	Notes	Issued Capital \$	Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 January 2017	12	9,641,897	4,525	(9,896,977)	(250,555)
Share issued		120,000	-	-	120,000
Share issued – in lieu of services		481,450	-	-	481,450
Selective share buy-back		(476,205)	-	-	(476,205)
Movement during the year		-	23,757	-	23,757
Profit/(loss) for the year		-	-	2,943	2,943
Balance at 31 December 2017	12	9,767,142	28,282	(9,894,034)	(98,610)
Balance at 1 January 2016		9,451,897	-	(8,858,904)	592,993
Share issued		190,000	-	-	190,000
Movement during the year		-	4,525	-	4,525
Profit/(loss) for the year		-	-	(1,038,073)	(1,038,073)
Balance at 31 December 2016	12	9,641,897	4,525	(9,896,977)	(250,555)

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 December 2017

	Notes	Consolidated	
		2017	2016
		\$	\$
Cash flows from operating activities			
Receipt from customers		-	-
Payments to suppliers and employees		(117,452)	(323,153)
Interest received		-	9
Net cash (used in)/provided by operating activities	22	(117,452)	(323,144)
Cash flows from investing activities			
Proceeds from sale of investment		-	-
Acquisition of Investment		-	-
(Advance to) / repayment from other parties		-	-
Net cash provided by/(used in) investing activities		-	-
Cash flows from financing activities			
Shares issued - parent entity		120,000	63,795
Share issue cost - parent entity		-	-
Convertible note issued		-	-
Net cash provided by/(used in) financing activities		120,000	63,795
Net increase/(decrease) in cash and cash equivalents		2,548	(259,349)
Cash and cash equivalents at the beginning of the financial period		4,390	263,739
Cash and cash equivalents at the end of the financial period	7	6,938	4,390

The above statement should be read in conjunction with the accompanying note

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2017

1. CORPORATE INFORMATION

The consolidated financial statements and notes of Raffles Capital Limited (the **Company**) for the year ended 31 December 2017 was authorised for issue in accordance with a resolution of the Directors and covers the Company as an individual entity as well as the Consolidated Entity consisting of the Company and its subsidiaries as required by the *Corporations Act 2001*.

The consolidated financial statements and notes is presented in Australian currency.

The Company is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (**ASX**).

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncement of the Australian Accountancy Standards Board and the *Corporations Act 2001*.

Statement of compliance

Australian Accounting Standards ('**AASBs**') include Australian equivalents to International Financial Reporting Standards (**AIFRS**). Compliance with AIFRS ensures that the financial report of Raffles Capital Limited complies with International Financial Reporting Standards.

Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Details of critical accounting estimates and assumptions about the future made by management at reporting date are set out below:

- Impairment of assets
- The Company assess impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Critical judgements

Management has made the following judgements when applying the Group's accounting policies:

- Recognition of deferred tax assets
- In line with the Group's accounting policy (Note 2f) and as disclosed in Note 6, deferred tax assets have not been recognised.
- Measurement of financial assets
- If there is an active market for financial assets they have been fair valued in line with market prices, if not they are carried at cost.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

Going Concern

This financial report has been prepared on a going concern basis, which contemplates the continuity of business activities and the realisation of assets and payments of liabilities in the normal course of business.

The directors believe the Company will be able to pay its debts as and when they fall due and to fund near term anticipated activities. However, this is dependent on successful future capital raising.

Historical cost convention

These financial statements have been prepared under the historical cost convention except for where noted in these accounting policies.

b. Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Raffles Capital Limited ("the parent entity") as at reporting date and the results of all subsidiaries for the year then ended. The Company and its subsidiaries together are referred to in this financial report as the Group.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Consolidated Entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Financial Position respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Raffles Capital Limited.

Investments in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Investments in associates are accounted for in the consolidated financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. In addition, the Group's share of the profit or loss of the associate is included in the Group's profit or loss.

The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Group's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

c. Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments. Reporting to management by segments is on this basis.

d. Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars, which is Raffles Capital Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(iii) Group companies

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

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
- income and expenses for each Statement of Profit or Loss and Other Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity. On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or borrowings repaid a proportionate share of such exchange differences are recognised in the Statement of Profit or Loss and Other Comprehensive Income as part of the gain or loss on sale where applicable.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

e. Revenue recognition

Revenue is recognised at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer and can be reliably measured. Risks and rewards are considered passed to buyer when goods have been delivered to the customer.

Interest

Interest revenue is recognised as it accrues taking into account the effective yield on the financial asset.

f. Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

The Company and its wholly owned entities are part of a tax-consolidated group under Australian Taxation law. Raffles Capital Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach.

Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

The amounts receivable/payable under tax funding arrangements are due upon notification by the entity which is issued soon after the end of each financial year. Interim funding notices may also be issued by the head entity to its wholly owned subsidiaries. These amounts are recognised as current inter-company receivables or payables.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

g. Goods and services tax (GST)

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

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are included in Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

h. Cash and cash equivalents

For the purposes of the Consolidated Statement of Cash Flows, cash includes cash on hand and in at call deposits with banks or financial institutions, investment in money market instruments maturing within less than 6 months, net of bank overdrafts.

i. Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 60 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that entities in the Group will not be able to collect all amounts due according to the original terms of receivables.

j. Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period.

k. Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

Classification and subsequent measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method;
- (d) and less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after reporting date. (All other loans and receivables are classified as non-current assets.)

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after reporting date. (All other investments are classified as current assets.) If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after reporting date. (All other financial assets are classified as current assets.)

(v) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the consolidated statement of Profit or Loss and Other Comprehensive Income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

I. Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the Consolidated Statement of Financial Position date. The quoted market price used for financial assets held by entities in the Consolidated Entity is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Entities in the Consolidated Entity use a variety of methods and make assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to entities in the Consolidated Entity for similar financial instruments.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

Fair Value Measurement

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, and based on the lowest level input that is significant to the fair value measurements as a whole:

Level 1 – Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly observable).

Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

m. Property, plant and equipment

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated Statement of Profit or Loss and other Comprehensive Income during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight line method, over their estimated useful lives, as follows:

- Plant and equipment 5 – 15 years
- Buildings 30 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Consolidated Statement of Profit or Loss and other Comprehensive Income.

n. Investment property

Investment property is held for long-term rental yields and is not occupied by the Group. Investment property is carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices in less active markets or discounted cash flow projections. These valuations are reviewed annually. Changes in fair values are recorded in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as part of other income.

o. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

p. Contributed equity

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

q. Share-based payments

Ownership-based remuneration is provided to employees via an employee share option plan. Share-based compensation is recognised as an expense in respect of the services received, measured on a fair value basis.

The fair value of the options at grant date is independently determined using a Black Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each Statement of Financial Position date, the Group revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

r. Earnings per share (EPS)

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for costs of servicing equity (other than dividends), the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

s. Discontinued operations

The trading results for business operations disposed during the year are disclosed separately as discontinued operations in the income statement. The amount disclosed includes any related impairment losses recognised and any gains or losses arising on disposal.

t. New accounting standards for application

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. There are no material adjustments from these standards and interpretations.

3. FINANCIAL RISK MANAGEMENT

a. General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Groups' risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material.

The Board receives reports from the Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Group's finance function is to also review the risk management policies and processes and report their findings to the Audit Committee.

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

	Consolidated	
	2017	2016
	\$	\$
Financial assets		
Current		
Cash and cash equivalents	6,938	4,390
Trade and other receivables	30	5,677
Financial assets	10	10
Non-Current		
Financial Assets	-	-
	6,978	10,077
Financial liabilities		
Current		
Trade and other payables	118,088	260,954
Non-Current		
Other payable	-	-
	118,088	260,954

b. Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors or counterparties to derivative contracts fail to settle their obligations owing to the Group excluding the available for sale financial assets.

The maximum exposure to credit risk at balance date is the carrying amount of the financial assets, as summarised under note (a) above.

The maximum exposure to credit risk at balance date, all located in Australia, as summarised under note (a) above.

3. FINANCIAL RISK MANAGEMENT continued

c. Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments that is, borrowing repayments. Bank loans and payable are details below. It is the policy of the Board of Directors that treasury reviews and maintains adequate committed credit facilities. The company manages liquidity risk by monitoring forecast cash flow and maturity profiles of financial assets and liabilities to ensure adequate liquid funds are maintained.

Maturity analysis of financial assets

	Carrying Amount \$	Contractual Cash flows \$	< 6 mths \$	6- 12 mths \$	1-3 years \$	> 3 years \$
Consolidated						
2017						
Current						
Cash and cash equivalent	6,938	6,938	6,938	-	-	-
Trade and other receivables	30	30	30	-	-	-
Financial assets	10	-	-	-	-	-
Non-current						
Financial assets	-	-	-	-	-	-
Total financial assets	6,978	6,968	6,968	-	-	-
2016						
Current						
Cash and cash equivalent	4,390	4,390	4,390	-	-	-
Trade and other receivables	5,677	5,677	5,677	-	-	-
Financial assets	10	-	-	-	-	-
Non-current						
Financial assets	-	-	-	-	-	-
Total financial assets	10,077	10,067	10,067	-	-	-

Maturity analysis of financial liabilities

	Carrying Amount \$	Contractual Cash flows \$	< 6 mths \$	6- 12 mths \$	1-3 years \$	> 3 years \$
2017						
Current						
Trade and other payables	118,088	118,088	118,088	-	-	-
Non-current						
Trade and other payables	-	-	-	-	-	-
Total financial liabilities	118,088	118,088	118,088	-	-	-
2016						
Current						
Trade and other payables	260,954	260,954	260,954	-	-	-
Non-current						
Trade and other payables	-	-	-	-	-	-
Total financial liabilities	260,954	260,954	260,954	-	-	-

3. FINANCIAL RISK MANAGEMENT continued

d. Market risk

Market risk arises from the use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

(i) Interest rate risk

The Group does not apply hedge accounting.

The Group is constantly monitoring its exposure to trends and fluctuations in interest rates in order to manage interest rate risk.

The consolidated entity's exposure to market interest rates relates primarily to the consolidated entity's short term deposits held.

Sensitivity Analysis

The following tables demonstrate the sensitivity to a reasonably possible changes in interest rates, with all other variables held constant, of the Group's profit after tax (through the impact on floating rate borrowings). There is no impact on the Group's equity.

	Carry Amount AUD \$	+1% of AUD Interest Rate \$	-1% of AUD Interest Rate \$
Consolidated 2017			
Cash equivalents	6,938	69	(69)
Tax charge of 27.5%	-	(19)	19
After tax increase/(decrease)	<u>6,938</u>	<u>50</u>	<u>(50)</u>
2016			
Cash equivalents	4,390	44	(44)
Tax charge of 30%	-	(13)	13
After tax increase/(decrease)	<u>4,390</u>	<u>31</u>	<u>(31)</u>

3. FINANCIAL RISK MANAGEMENT continued

d. Market risk continued

(ii) Currency risk

The consolidated entity and parent entity were not exposed to foreign currency risk.

(iii) Other price risk

The Group takes advice from professional advisers as to when to sell shares quoted at market value.

	Carrying amount \$	+10% Profit & Loss \$	-10% Profit & Loss \$
Consolidated 2017			
Shares in other entities at fair value	10	1	(1)
Tax charge (27.5%)	-	-	-
After tax increase/(decrease)	<u>10</u>	<u>1</u>	<u>(1)</u>
2016			
Shares in other entities at fair value	10	1	(1)
Tax charge (30%)	-	-	-
After tax increase/(decrease)	<u>10</u>	<u>1</u>	<u>(1)</u>

	Consolidated	
	\$	%
Concentration of risk 2017		
Financial assets		
Equity share investment	-	-
Other share investments	-	-
	<u>-</u>	<u>-</u>

There is no other concentration of risk.

e. Capital risk Management

In managing its capital, the Group's primary objectives are to pay dividends and maintain liquidity. These objectives dictate any adjustments to capital structure. Rather than set policies, advice is taken from professional advisors as to how to achieve these objectives. There has been no change in either these objectives, or what is considered capital in the year.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

Consistently with others in the industry, the Group and the parent entity monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'Financial liabilities' and 'trade and other payables' as shown in the Consolidated Statement of Financial Position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the Consolidated Statement of Financial Position (including minority interest) plus net debt.

It is the Group's policy to maintain its gearing ratio at a healthy and manageable level. The Group's gearing ratio at the Statement of Financial Position date is nil (2016: nil)

There have been no other significant changes to the Group's capital management objectives, policies and processes in the year nor has there been any change in what the Group considers to be its capital.

4. REVENUE

	Consolidated	
	2017	2016
	\$	\$
Revenue from continuing operations		
Interest Income	-	9
	<u>-</u>	<u>9</u>
Other income and expenses		
Costs related to deed of settlement	476,205	(476,205)
Others	-	-
	<u>476,205</u>	<u>(476,205)</u>

5. EXPENSES

	Consolidated	
	2017	2016
	\$	\$
Profit/(loss) before income tax is arrived after (charging)/crediting the following specific expenses:		
Administration expenses		
Consulting and professional fee	(141,401)	(117,563)
Director fee and other oncosts	(202,000)	(327,000)
Others	(129,691)	(116,517)
	<u>(473,092)</u>	<u>(561,080)</u>
Finance expenses		
Interest paid	-	-
Depreciation and amortisation	-	-
Others	(170)	(797)
	<u>(170)</u>	<u>(797)</u>

6. INCOME TAX

	Consolidated	
	2017	2016
	\$	\$
a. Income tax expense/(benefit)		
Current tax/(benefit)	-	-
Overprovision for income tax in prior years	-	-
Deferred tax expense	-	-
Total Income tax expenses	<u>-</u>	<u>-</u>
b Numerical reconciliation of income tax expense to prima facie tax payable		
Deferred income tax (revenue) expense included in income tax expense comprises of:		
(Increase) in deferred tax assets	-	-
Increase in deferred tax liabilities	-	-
	<u>-</u>	<u>-</u>
Profit/(Loss) from continuing operations before income tax expense	2,943	(1,038,073)
Permanent differences		
Income tax expense/(benefit) calculated at 27.5% (2016: 30%)	809	(311,421)
Temporary differences and tax losses not brought to account	(809)	311,421
	<u>-</u>	<u>-</u>
c. Unrecognised deferred tax assets and liabilities		
	Consolidated	
	2017	2016
	\$	\$
Deferred tax assets and liabilities have not been recognised in the balance sheet for the following items :		
Prior year unrecognised tax losses now ineligible due to change in tax consolidation group		-
Other deductible temporary differences	6,700	(625)
Deferred tax asset not brought to account		-
Deferred tax liability not recognised to the extent of unrecognised deferred tax asset	(9,643)	-
	<u>(2,943)</u>	(625)
Potential (benefit)/expense at 27.5% (2016 : 30%)	<u>(809)</u>	<u>(188)</u>

6 INCOME TAX continued**d. Deferred tax asset**

	Consolidated	
	2017	2016
	\$	\$
Deferred tax asset comprises temporary differences attributable to:		
Accrued audit fees	-	(188)
Accrued directors fees	-	-
Unrealised foreign exchange losses	-	-
Total deferred tax assets	-	(188)
Deferred tax asset not brought to statement of financial position	-	188
Net deferred tax asset	-	-
Deferred tax liability comprises temporary differences attributable to:		
Accrued interest income	-	-
Net deferred tax asset/(liability)	-	(188)

e. Deferred tax liabilities

Deferred tax liabilities comprise temporary differences attributable to:

Amounts recognised directly in equity revaluations of land and buildings	-	-
Amounts recognised in profit and loss	-	-
Financial assets	-	-

7. CASH AND CASH EQUIVALENTS

	Consolidated	
	2017	2016
	\$	\$
Cash at bank and on hand	6,938	4,390
Deposits at bank- held on trust	-	-
	6,938	4,390
Weighted average interest rate	0.00%	0.00%

Interest risk exposure

The Group's and the parent entity's exposure to interest rate risk is discussed in Note 3.

8. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2017	2016
	\$	\$
Current		
Share placement fund held in trust	-	476,204
Share placement fund – pending cancellation	-	(476,204)
Receivable – GST	30	5,677
Receivable – related entity	-	867,800
Provision for doubtful debt	-	(867,800)
	30	5,677
Non-Current		
Advances to controlled entities	-	-
	-	-

Further information relating to advances to controlled entities is set out in note 22.

a. Impaired receivables and receivables past due

None of the current or non-current receivables are impaired or past due but not impaired.

b. Other receivables*Receivables – GST*

These amounts relating to receivables for GST paid.

Receivables – Related entity

One of the controlled entity has one unpaid share placement fund amounted 0.87 million. The balance remained outstanding and full provision for doubtful debt was made.

The related entity was de-registered during the year.

Advances to controlled entities

The advances are non-interest bearing, no securities and with no fixed term of repayment.

c. Interest rate risk

Information about the Group's and the parent entity's exposure to interest rate risk in relation to trade and other receivables is provided in Note 3.

d. Fair value and credit risk*Current trade and other receivables*

Due to the short term nature of these receivables their carrying amount net provision is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of net provision each class of receivables mentioned above.

Non-current trade and other receivables

All non-current controlled entities receivables are interest free and are repayable on demand. The fair value is approximately equivalent to the carrying value.

e. Bad and doubtful debts

There is no bad and doubtful receivables written down or written off during the year ended 31 December 2017. A provision for doubtful debt of \$Nil (2016: \$1.34 million) was made as at reporting date.

9. FINANCIAL ASSETS

	Consolidated	
	2017	2016
	\$	\$
Current		
Listed equity share investment	10	10
	<u>10</u>	<u>10</u>

Financial assets are recorded by marking to market value.

The fair value is approximately equivalent to market value.

10. PLANT AND EQUIPMENT

	Consolidated	
	2017	2016
	\$	\$
Plant and equipment – at cost	-	-
Less: Accumulated depreciation	-	-
Total plant and equipment – net	<u>-</u>	<u>-</u>

Reconciliations

Reconciliations of the carrying amount of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.

Carrying amount at beginning at year	-	-
Additions	-	-
Depreciation	-	-
Carrying amount at end of year	<u>-</u>	<u>-</u>

11. TRADE AND OTHER PAYABLES

	Consolidated	
	2017	2016
	\$	\$
Current		
Trade payables	41,013	54,898
Other payables and accruals	77,075	206,056
	<u>118,088</u>	<u>260,954</u>

12. CONTRIBUTED EQUITY

	Consolidated and Parent entity		Consolidated and Parent entity	
	2017 Shares	2016 Shares	2017 \$	2016 \$
Share capital issued	7,970,630	28,000,186	9,767,142	9,641,897

a. Movements in ordinary share capital during the year

Details	2017 shares	2016 shares	2017 \$	2016 \$
Balance	28,000,186	26,100,186	9,641,897	9,451,897
Selective share buy-back	(3,183,334)	-	(476,205)	-
Share issued in lieu of services	5,100,000	-	204,000	-
Share consolidation	(23,933,472)	-	-	-
Share issued in lieu of services	1,387,250	-	277,450	-
Share placement	600,000	1,900,000	120,000	190,000
Sharing issuing cost	-	-	-	-
Balance	7,970,630	28,000,186	9,767,142	9,641,897

b. Terms and conditions

Each ordinary share participates equally in the voting rights of the Company. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

c. Options

No options were granted or issued over unissued shares during the year.

d. Performance Options

No options were granted and issued during the year.

13. RETAINED PROFITS/(ACCUMULATED LOSSES)

	Consolidated	
	2017 \$	2016 \$
Movements in retained profits/(accumulated losses)		
Balance at the beginning of the year	(9,896,977)	(8,858,904)
Net profit/(loss) for the year	2,943	(1,038,073)
Balance at the end of the year	(9,894,034)	(9,896,977)

14. KEY MANAGEMENT PERSONNEL DISCLOSURE**a. Directors**

The following persons were Directors of the Company during the whole financial year unless otherwise stated:

Abigail Zhang	Executive Director
Richard Holstein	Non-Executive Director
Benjamin Amzalak	Non-Executive Director

b. Other key management personnel

The following persons were other key management personnel of the Group during the financial year:

Richard Holstein	Company Secretary
------------------	-------------------

c. Directors and key management personnel compensation

The company has taken advantage of the relief provided by Corporations Regulation 2M.6.04 and has detailed disclosed in the Directors' report. The relevant information can be found in the Remuneration Report on pages 10 to 11.

Details of remuneration

Details of the remuneration of each Director of the Company and its subsidiaries are set out in the following tables. All elements of remuneration are not directly related to performance.

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14. KEY MANAGEMENT PERSONNEL DISCLOSURE continued

	Short term benefits		Post-employment benefits	Long term benefits	Share based payments	Total
	Cash salary and fees	Non-monetary benefits	Super-annuation	Long Service Leave		
	\$	\$	\$	\$	\$	\$
Consolidated 2017						
Directors						
Abigail Zhang	-	-	-	-	106,000	106,000
Richard Holstein	-	-	-	-	48,000	48,000
Benjamin Amzalak	-	-	-	-	48,000	48,000
Directors – Total	-	-	-	-	202,000	202,000
Other KMP						
Henry Kinstlinger	17,500	-	-	-	-	17,500
Richard Holstein	-	-	-	-	27,650	27,650
KMP – Total	17,500	-	-	-	27,650	45,150
2016						
Directors						
Charlie In	147,000	-	-	-	-	147,000
Abigail Zhang	84,000	-	-	-	-	84,000
Richard Holstein	48,000	-	-	-	-	48,000
Benjamin Amzalak	48,000	-	-	-	-	48,000
Directors – Total	327,000	-	-	-	-	327,000
Other KMP						
Julian Rockett	-	-	-	-	-	-
Henry Kinstlinger	82,000	-	-	-	-	82,000
Francis Choy	-	-	-	-	-	-
KMP – Total	82,000	-	-	-	-	82,000

The amounts reported represent the total remuneration paid by entities in the Raffles Capital Group of companies in relation to managing the affairs of all the entities within the Raffles Capital Group.

There are no performance conditions related to any of the above payments.

There is no other element of Directors and Executives remuneration.

14. KEY MANAGEMENT PERSONNEL DISCLOSURE continued**d. Equity instrument disclosures relating to director and key management personnel***Share holdings*

The numbers of shares in the company held during the financial year by each Director of the Company are set out below. There were no shares granted during the reporting period as remuneration.

Directors of Raffles Capital Limited 2017	Balance at the start of the year	Acquired during the year	Other changes during the year	Balance at the end of the year
Ordinary shares – Direct Interest				
Abigail Zhang	-	-	-	-
Richard Holstein	-	430,000	-	430,000
Benjamin Amzalak	-	-	-	-
Ordinary shares – Indirect Interest				
Abigail Zhang	750,000	455,000	-	1,205,000
Richard Holstein	-	-	-	-
Benjamin Amzalak	100,000	330,000	-	430,000
Directors of Raffles Capital Limited 2016				
Ordinary shares – Direct Interest				
Abigail Zhang	-	-	-	-
Richard Holstein	-	-	-	-
Benjamin Amzalak	-	-	-	-
Ordinary shares – Indirect Interest				
Abigail Zhang	-	750,000	-	750,000
Richard Holstein	-	-	-	-
Benjamin Amzalak	100,000	-	-	100,000

e. Loans to key management personnel

There is no loan to director and key management personnel as at reporting date.

Terms and conditions of loans

There were no other loans made to Directors or Specified Executives of the Company and the Group during the period commencing at the beginning of the financial year and up to the date of this report.

f. Other transactions with key management personnel

There have been no other transactions with key management personnel during the reporting period.

15. REMUNERATION OF AUDITORS

During the year the following fees were paid and payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	2017	2016
	\$	\$
Audit services:		
Amounts paid or payable to auditors for audit and review of the financial report for the entity or any entity in the Group		
Audit and review services	26,890	24,920
Taxation and other advisory services:		
Amounts paid or payable to auditors for non audit, taxation and advisory services for the entity or any entity in the Group.		
Taxation	1,595	1,460
Other advisory services	9,000	-
	<u>37,485</u>	<u>26,380</u>

16. EARNINGS/(LOSS) PER SHARE

	Consolidated	
	2017	2016
	Cents	Cents
Basic earnings/(loss) per share	0.04	(3.77)
Diluted earnings/(loss) per share	0.04	(3.77)
Reconciliations of earnings used in calculating earnings per share		
	Consolidated	
	2017	2016
	\$	\$
Profit/(loss) from operations	2,943	(1,038,073)
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating basic earnings per share and diluted earnings per share	<u>2,943</u>	<u>(1,038,073)</u>
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share		
	Consolidated	
	2017	2016
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	6,564,588	27,525,186
Adjustments for calculation of diluted earnings per share:		
Options issued	-	-
2 years convertible note	-	-
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	<u>6,564,588</u>	<u>27,525,186</u>

17. INVESTMENT IN CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2(b):

Name of entity	Class of Shares	Equity holding		Country of incorporation
		2017	2016	
		%	%	
RAF1 Pty Ltd	Ordinary	100	100	Australia
RAF2 Pty Ltd	Ordinary	100	100	Australia
RAF3 Pty Ltd	Ordinary	100	100	Australia
Raffles Law Pty Ltd	Ordinary	100	100	Australia
Sequoia Capital (HK) Limited*	Ordinary	0	100	Hong Kong

*Dormant entity was de-registered

The proportion of ownership interest is equal to the proportion of voting power held.

Each subsidiary is responsible for settling its own liabilities, and utilising its assets.

There are no contractual arrangements requiring the parent or subsidiaries to provide financial support to each other, nor is it intended to do so at this time.

18. PARENT ENTITY FINANCIAL INFORMATION**a. Summary financial information**

The individual financial statements for the parent entity show the following aggregate amounts:

	Parent Entity	
	2017	2016
	\$	\$
Balance Sheet		
Current assets	19,478	10,400
Total assets	1,103,074	1,093,000
Current liabilities	59,088	255,273
Total liabilities	59,088	255,273
Shareholder's equity		
Issued Capital	9,767,142	9,641,897
Reserves	-	-
Accumulated losses	(8,723,156)	(8,804,170)
Profit and Loss		
Loss for the year	81,014	(1,037,098)
Total comprehensive loss	81,014	(1,037,098)

b. Guarantees entered into by the parent entity

Raffles Capital Limited has not provided guarantees to some of the subsidiaries within the Group. No liability was recognised by Raffles Capital Limited in relation to these guarantees as the likelihood of payment is not probable.

c. Contingent liabilities of the parent entity

Refer to note 20.

d. Contractual commitments by the parent entity for the acquisition of property, plant and equipment.

There are no contractual commitments by the parent entity for the acquisition of property, plant and equipment.

19. COMMITMENTS

There are no other material commitments as at the date of this report.

Executive services agreement

The Company has an agreement with Mr Richard Holstein as Director and company secretary in providing the services to the Company at an agreed rate for the calendar year 2017.

Corporate Service agreement

The Company has entered into a Corporate Service Agreement with Hudson Asset Management Pty Limited pursuant to which Hudson Asset Management Pty Limited has agreed to provide its management, registered office, administrative accounting and secretarial services.

The term of the Corporate Services Agreement has no fixed expiry term and the fee payable is that amount agreed between the parties from time to time. The terms of the Corporate Services Agreement provide that Hudson Asset Management Pty Limited shall act in accordance with the directions of the Board.

There are no other material contingent liabilities as at the date of this report.

20. CONTINGENCIES**Contingent assets and liabilities**

The parent entity and Group had no material contingent assets and liabilities at the reporting date.

Guarantees

No material losses are anticipated in respect of any of the above contingent liabilities.

No deficiency of assets exists in the consolidated entity as a whole.

21. EVENTS OCCURRING AFTER BALANCE SHEET DATE

At the date of this report there are no other matters or circumstances, which have arisen since 31 December 2017 that have significantly affected or may significantly affect:

- The operations, financial years subsequent to 31 December 2017 of the Group;
- The results of those operations; or
- The state of affairs, in financial years subsequent to 31 December 2017 of the Group.

22. RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

	Consolidated	
	2017	2016
	\$	\$
Profit/(loss) after income tax expense	2,943	(1,038,073)
Selective share buy back	476,205	-
Provision for doubtful debt	(476,205)	476,205
Change in operating assets and liabilities		
(Increase)/decrease in receivables	16,790	1,834
(Increase)/decrease in other receivable	-	-
Increase /(decrease) in payable	(196,185)	236,890
Increase /(decrease) in accrued payable	59,000	-
(Increase)/decrease in deferred tax assets	-	-
Increase /(decrease) in deferred tax liabilities	-	-
Net cash used in operating activities	(117,452)	(323,144)

23. SEGMENT NOTE

The consolidated entity operates predominately in one business and one geographical segment being strategic share investment within Australia.

	Strategic share investment in Australia	
	2017	2016
	\$	\$
Revenue		
- Interest income	-	9
- Others	476,205	-
Total Revenue	476,205	9
Expenses	(473,262)	(1,038,082)
Depreciation & amortisation expenses	-	-
Segment results	2,943	(1,038,073)
Assets		
Current assets	19,478	10,399
Plant & equipment	-	-
Other non-current assets	-	-
Total assets	19,478	10,399
Current liabilities	118,088	260,954
Non-current liabilities	-	-
Total liabilities	118,088	260,954
Net Assets/Deficiency in equity	(98,610)	(250,555)

24. RELATED PARTY DISCLOSURES**a) Parent entities**

The parent entity within the Group is Raffles Capital Limited.

b) Subsidiaries

Interests in subsidiaries are set out in note 17.

c) Key management personnel

Disclosures relating to key management personnel are set out in note 14.

d) Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2017	2016
	\$	\$
Repayment from related entities	-	-
Repayment to related entities	-	-
Advance from related entities	-	-
Advance to related entities	-	-

e) Outstanding balances

There is no outstanding balance at the reporting date in relation to transactions with related parties:

	Consolidated	
	2017	2016
	\$	\$
Current Assets		
Advance to related entities	-	-
Current Liabilities		
Advance from related entities	-	-

f) Loans to/from related parties

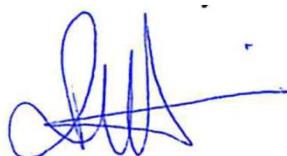
	Consolidated	
	2017	2016
	\$	\$
<i>Advances to related entities</i>		
Beginning of the year	-	-
Loan advanced	-	-
Loan repayments received	-	-
End of year	-	-

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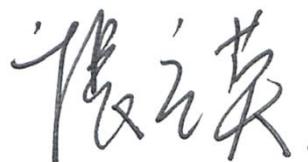
DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements, comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flow, Consolidated Statement of Changes In Equity, accompanying notes, are in accordance with the *Corporation Act 2001* and:
 - comply with Accounting Standards, which, as stated in accounting policy Note 2 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - give a true and fair view of the financial position as at 31 December 2017 and of the performance for the year ended on that date of the company and the Consolidated Entity.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The remuneration disclosure included on pages 10 to 11 of the Directors Report (as part of audited Remuneration Report) for the year ended 31 December 2017, comply with Section 300A of the *Corporation Act 2001*.
4. The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer of the corporation required by Section 295A of the *Corporations Act 2001*.
5. This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



Richard Holstein
Director



Abigail Zhang
Executive Director

20 March 2018
Sydney

INDEPENDENT AUDITOR'S REPORT

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K.S. Black & Co.

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INDEPENDENT AUDITOR'S REPORT

To the Members of Raffles Capital Limited

Opinion

We have audited the financial report of Raffles Capital Limited (the company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- i) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the year then ended; and
- ii) complying with Australian Accounting Standards and *the Corporations Regulations 2001*.

Basis of opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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INDEPENDENT AUDITOR'S REPORT CONTINUED

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Material uncertainty related to going concern

We draw your attention to Note 2(a) 'Going Concern' of the financial report, which indicates the Group has prepared the financial statements on a going concern basis and believe that the company is able to discharge their liabilities in their normal course of business.

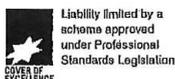
As at 31 December 2017 the Company's current liabilities exceed its total current assets by \$98,610. As stated in note 2(a), these events or conditions, along with other matters set forth in note 2(a), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Going Concern - note 2(a)</p> <p>In addition to the matter described in the Material Uncertainty Related to Going Concern section we have determined the matter described below to be the key audit matter to be communicated in our report.</p> <p>As at 31 December 2017 the Company have current assets of \$19.4k including of cash and cash equivalents of \$6.9k and trade and other payables of \$118k.</p> <p>Included in the Company's projected 12 month cash flow forecast are outgoings totalling approximately \$265k.</p> <p>Additionally the Company has also included in its cash flow forecast receipts from capital raising totalling \$600k.</p> <p>The Company's ability to pay its trade and other payables over the next 12 months is solely dependent upon the receipt of future capital raisings and therefore is a key audit matter.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> We reviewed the Company's 12 month cash flow forecast and discussed with management the accuracy of the projected operational expenditure and cash receipts from capital raising. We obtained confirmation for the receipt of \$100k post 31 December 2017. We obtained management representations relating to reliability of future capital raising and the accuracy of operational expenditure for the next 12 months.

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INDEPENDENT AUDITOR'S REPORT CONTINUED

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Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

Directors' responsibility for the financial report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the presentation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our representation of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

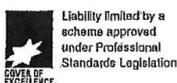
Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 11 of the directors' report for the year ended 31 December 2017.

In our opinion, the Remuneration Report for the year ended 31 December 2017 complies with section 300A of the *Corporations Act 2001*.

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INDEPENDENT AUDITOR'S REPORT CONTINUED

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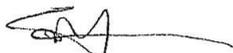
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Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

KS Black & Co
Chartered Accountants



Scott Bennison
Partner
Dated: 23 March 2018
Sydney

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CHARTERED ACCOUNTANTS
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SHAREHOLDER INFORMATION

As at 28 February 2018

A. Substantial Holders

Those shareholders who have lodged notice advising substantial shareholding under the Corporations Act 2001 are as follows:

	Shareholder	No. of Shares	% held
1	Pacific Portfolio Investments Pty Ltd	1,193,309	14.97
2	Max Strategic Ltd	960,000	12.04
3	Marvel Earn Ltd	750,000	9.41
4	New Inspiration Development Ltd	540,000	6.77
5	Poly-Jinsha Financial Limited	500,000	6.27
6	Vindication Nominees Pty Limited	455,000	5.71
7	Mishtalem Pty Limited	430,000	5.39

B. Distribution of Equity Securities

Range	Total Holders	Units	% of Issued Capital
1-1,000	448	178,725	4.03
1,001 - 5,000	20	55,740	0.72
5,001 - 10,000	61	605,210	7.87
10,001 - 100,000	7	277,520	1.42
100,001 and above	15	6,853,435	85.96
Total	551	7,970,630	100.00

C. Unmarketable Parcels

Minimum Parcel size	Holders	Units
---------------------	---------	-------

D. Twenty Largest Shareholders

The names of the twenty largest holders of quotes equity securities aggregated are listed below:

Rank	Name	Units	% of Issued Capital
1	Pacific Portfolio Investments Pty Ltd	1,193,309	14.97
2	Max Strategic Ltd	960,000	12.04
3	Marvel Earn Ltd	750,000	9.41
4	New Inspiration Development Ltd	540,000	6.77
5	Raffles Equities Pty Ltd	508,750	6.39
6	Poly-Jinsha Financial Limited	500,000	6.27
7	Vindication Nominees	455,000	5.71
8	Mishtalem Pty Ltd	430,000	5.39
9	Kingfisher Asset Management Pty Ltd	330,000	4.14
10	Mile Oak Investments Limited	300,000	3.76
11	Code Nominees Pty Ltd (Mata)	278,504	3.49
12	Charlie In	170,000	2.13
13	TA Financial Services Pty Ltd	164,461	2.06
14	Raffles Nominees Pty Limited	158,411	1.99
15	Sing Capital Pty Ltd	115,000	1.44
16	Mr Richard Charles Holstein	100,000	1.25
17	Mr Richard Yap	50,000	0.63
18	Sankaranarayanan Vishwanath	40,000	0.50
19	Tan Thiam Hee	26,667	0.33
20	Jumplus Holdings Ltd	26,667	0.33
Totals: Top 20 holders of FULLY PAID SHARES		7,096,769	89.00
Total Remaining Holders Balance		873,861	11.00
		7,970,630	100

SHAREHOLDER INFORMATION continued**E. Voting Rights**

There are no restrictions on voting rights. On a show of hands every member present or by proxy shall have one vote and upon a poll each share shall have one vote. Where a member holds shares which are not fully paid, the number of votes to which that member is entitled on a poll in respect of those part paid shares shall be that fraction of one vote which the amount paid up bears to the total issued price thereof. Option holders have no voting rights until the options are exercised.

F. Escrowed Securities

There are no escrowed securities as of 28 February 2018.

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