Raffles Capital Limited

Annual Report 2014

Raffles Capital Limited
ASX: RAF

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CORPORATE DIRECTORY

Raffles Capital Limited

ACN 009 106 049
ABN 66 009 106 049

Registered and Corporate Office

Level 2
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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 6
350 Kent 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

St George Bank Limited
Level 14, 182 George St
Sydney NSW 2000
Telephone: +61 2 9236 2230

Directors

Dr Charlie In (Chairman)
Lucy Zhang Yi Ling
Richard Holstein
Benjamin Amzalak

Joint Company Secretaries

Henry Kinstlinger
Julian Rockett

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.

REVIEW OF OPERATIONS

During 2014 Raffles Capital Limited (Raffles) focus was in the following areas.

- Corporate advisory and acquisitions – identifying commercial and corporate opportunities, synergic partnerships and project funding. Partnerships and acquisitions are examined for strategic returns to reflect Raffles contribution.

- Legal funding - currently evaluating business models to look at operating in the Litigation Funding area within Australia and in other jurisdictions.

- Origination - identifying prospective businesses and mineral exploration projects. Using multi-discipline due diligence, and are involved in creating project design with project staff including recommending relevant corporate structures, identifying corporate, technical and management talent to drive growth.

On the 27th February 2015 the Company held an Extraordinary General Meeting (EGM) to approve a variety of resolutions which amongst other things permitted the Company to complete the acquisition of Sequoia Capital (Hong Kong) Limited (Sequoia) a company involved in providing services to the construction industry.

Raffles identified the commercial opportunity to acquire Sequoia and secured $1.5 million funding to progress the company’s operations during 2015, however it was not until February 2015 that these actions were approved by shareholders.

Operations have been streamlined with an in-specie distribution of the Raffles Investment Portfolio to a separate company, RafflesCo Limited, also approved by shareholders at the EGM on 25 February 2015.

The Notice of Meeting and Explanatory Statement for the EGM provided extensive analysis of the transactions and their impact on the Company.

On the 5th December 2014 Mr Vincent Tan resigned as the Company’s Managing Director and Mr Richard Yap resigned as a Non-Executive Director. In addition, on the 27th February 2015 Mr Tan Sri Ibrahim Menudin stepped down as Chairman and Non-Executive Director.

The principal focus for 2015 will be the first tier of the Company’s objectives: corporate advisory and acquisitions.

The Company’s current Board of Directors continues to identify and review potential business opportunities with the objective of increasing Shareholder value.

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 2014.

Principal activities

The consolidated entity operates predominately in one business and one geographical segment being investment in commercial properties and investment in listed entities within Australia.

Consolidated results

Net loss for the year ended 31 December 2014 amounted to $11,109,847 compared to a loss of $1,962,038 in the previous year.

Total Shareholders' Funds as at 31 December 2014 are $3.07 million.

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 5 of this annual 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

The following persons were Directors of the Company during the year and up to the date of this report, unless otherwise state:

Dr Charlie In	Executive Chairman	appointed 5 Dec 2014
Lucy Zhang Yi Ling	Executive Director	appointed 3 Mar 2015
Richard Holstein	Non-Executive Director	appointed 5 Dec 2014
Benjamin Amzalak	Non-Executive Director	
Tan Sri Ibrahim Menudin	Non-Executive Chairman	retired 3 Mar 2015
Vincent Tan	Managing Director	retired 5 Dec 2014
Richard Yap	Non-Executive Director	retired 5 Dec 2014

Meetings of Directors

The number of meetings of the Company's Board of Directors held during the year ended 31 December 2014, and the numbers of meetings attended by each Director were:

	Directors Meetings		**Remuneration Committee***		**Audit Committee***	
Directors	**Attended**	**Held Whilst in Office**	**Attended**	**Held Whilst in Office**	**Attended**	**Held Whilst in Office**
Charlie In**	1	1	0	0	0	0
Lucy Zhang Yi Ling****	0	0	0	0	0	0
Richard Holstein**	1	1	0	0	0	0
Benjamin Amzalak	5	5	1	1	2	2
Tan Sri Ibrahim Menudin****	5	5	1	1	2	2
Vincent Tan***	4	4	1	1	2	2
Richard Yap***	4	4	1	1	2	2

* The Remuneration and Audit Committees are composed of the entire board.
** Charlie In and Richard Holstein appointed as directors on 5 December 2014
*** Vincent Tan and Richard Yap retired as directors on 5 December 2014
**** Lucy Zhang appointed as director on 3 March 2015
**** Tan Sri Ibrahim Menudin retired as director on 3 March 2015

Information on directors & key management personnel

Directors

Dr Charlie In
Executive Chairman - Appointed 5 December 2014

Experience and expertise	Charlie'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. Charlie 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.
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. He is currently the Chairman of Cedar Strategic Holdings Ltd (listed on Singapore Stock Exchange) and SWIFT China Ltd.
Former Directorships in the Last Three Years of Listed Companies	None
Special Responsibilities	
Interests in Shares and Options	

Lucy Zhang Yi Ling
Executive Director - Appointed 3 March 2015

Experience and expertise	Lucy 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 2014. She has exposure in investments and advisory services to Chinese companies seeking overseas listings, capital raisings and potential merger and acquisition opportunities. Lucy'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 degree in Human Resource Management from the Beijing Jiao Tong University.
Other Current Directorships	None
Former Directorships in the Last Three Years of Listed Companies	None
Special Responsibilities	
Interests in Shares and Options	None

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	None
Special Responsibilities	
Interests in Shares and Options	None

Benjamin Amzalak B. Com (Marketing & Finance)
Non-Executive Director - Appointed 5 February 2010

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

Tan Sri Ibrahim Menudin, B.Com, FCA
Non-Executive Chairman
Appointed 16 December 2009
Retired 3 March 2015

Vincent Tan B.Com & Admin CA
Managing Director
Appointed 16 December 2009
Retired 5 December 2014

Richard Yap B Econ, MBA, CPA
Non-Executive Director
Appointed 8 January 2010
Retired 5 December 2014

Officers

Julian Rockett
Joint Company Secretary

Experience and expertise	Mr Rockett was appointed to the position of Joint Company Secretary on 24 October 2011. His background is in government services and previously worked at a Sydney commercial litigation practice. Mr Rockett is the Company Secretary of Hudson Resources Limited, Hudson Investment Group and Joint Company Secretary of Australian Bauxite Limited, Precious Metal Resources Limited and Sovereign Gold Company Limited. In addition Mr Rockett provides corporate and legal counsel to a number of listed and non-listed corporate entities.

Henry Kinstlinger
Joint Company Secretary

Experience and expertise	Henry Kinstlinger has, for the past thirty years, been actively involved in the financial and corporate management of a number of public companies and non-governmental organisations. He is currently the Joint Company Secretary of Australian Bauxite Limited, Sovereign Gold Company Limited, and Precious Metal Resources Limited. He is a corporate consultant with broad experience in investor and community relations and corporate and statutory compliance.

Francis Choy MCom MBA FCPA (HK) FCPA CA
Chief Financial Officer

Experience and expertise	Francis Choy has held a number of senior positions in corporate financial management roles throughout Australia and South East Asia. He has extensive experience in project finance, compliance, acquisition and investment appraisals. He has been involved in project financing, financial management of property development and telecommunication projects in South East Asia. He held senior financial roles for numerous public listed companies both in Hong Kong and Australia.

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.

Significant changes in nature of activities

Please refer to the Review of Operations section of this report for detail.

Matters subsequent to the end of the financial year

On 27 February shareholders approved:

The issue on convertible notes to an aggregate value of $1.5 million (Resolutions 1-3); The acquisition of Sequoia Capital (Hong Kong) Limited (Resolution 4);

Reduction of issued share capital by approximately $5,184,277 (Resolution 5); Issue of 4 million shares (before consolidation) to Mile Oak Investments Limited (Resolution 6); and

Consolidation of shares on the basis of 1 Share for every 2 Shares held (Resolution 7). The effect of the overall transactions when considered together is:

Raffles	Number of Shares on	Current Raffles	New Raffles Shareholder	Issued Capital	Net Assets	NTA
Current	24,700,359	100%	0%	$11,898,002	$4,040,671	$0.170
Resolutions 1 -3 – Convertible Notes	38,700,359	61.24%	38.76%	$13,398,002	$5,540,671	$0.143
Resolution 4 – Acquisition of Sequoia	48,700,359	48.67%	51.33%	14,398,002	$7,107,040	$0.146
Resolution 5 – Reconstruction (In specie distribution of RafflesCo shares to existing shareholders)	48,700,359	48.67%	51.33%	$9,213,725	$1,922,763	$0.039
Resolution 6 – issue of shares to Advisor	52,700,359	44.97%	55.03%	$9,613,725	$1,922,763	$0.036
Resolution 7 – Consolidation (reduction of shares)	26,350,180	44.97%	55.03%	$9,613,725	$1,922,763	$0.073

RafflesCo	Number of Shares on Issue	Current Raffles Shareholder	New Raffles Shareholder Interest	Issued Capital	Net Assets	NTA
Following	24,700,359	100%	0%	$5,184,277	$5,184,277	$0.210

Details are contained in the Notice of Meeting and Explanatory Memorandum dated 21 January 2015.

On 20 February 2015, the Company's shares were consolidated on a 1 for 2 basis.

Other than the matters stated above, no matter or circumstance has arisen since 31 December 2014 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:

- Dr Charlie In Executive Chairman appointed 5 Dec 2014
- Lucy Zhang Yi Ling Executive Director appointed 3 Mar 2015
- Richard Holstein Non-Executive Director appointed 5 Dec 2014
- Benjamin Amzalak Non-Executive Director
- Tan Sri Ibrahim Menudin Non-Executive Chairman retired 3 Mar 2015
- Vincent Tan Managing Director retired 5 Dec 2014
- Richard Yap Non-Executive Director retired 5 Dec 2014

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

- Henry Kinstlinger Joint Company Secretary
- Julian Rockett Joint Company Secretary
- Luisa Tan Head, Corporate Finance
- Francis Choy Chief Financial Officer

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 2014.

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 2014 are set out below.

	Short term benefits		Post-employment benefits	Long term benefits		
Consolidated 2014	**Cash salary and fees**	**Non-monetary benefits**	**Super-annuation**	**Long Service Leave**	**Share based payments**	**Total**
Directors	**$**	**$**	**$**	**$**	**$**	**$**
Charlie In	-	-	-	-	-	-
Lucy Zhang Yi Ling	-	-	-	-	-	-
Richard Holstein	-	-	-	-	-	-
Benjamin Amzalak	-	**8,100**	-	-	-	**8,100**
Tan Sri Ibrahim Menudin	-	-	-	-	-	-
Vincent Tan	**180,000**	**8,100**	-	-	-	**188,100**
Richard Yap	-	-	-	-	-	-
Directors - Total	**180,000**	**16,200**	-	-	-	**196,200**
Other KMP						
Julian Rockett	-	-	-	-	-	-
Henry Kinstlinger	-	-	-	-	-	-
Luisa Tan	**183,120**	-	-	-	-	**183,120**
Francis Choy	-	-	-	-	-	-
KMP - Total	**183,120**	-	-	-	-	**183,120**
Consolidated 2013	$	$	$	$	$	$
Directors						
Tan Sri Ibrahim Menudin	-	-	-	-	-	-
Vincent Tan	-	10,800	-	-	-	10,800
Richard Yap	-	-	-	-	-	-
Benjamin Amzalak	-	10,800	-	-	-	10,800
Directors - Total	-	21,600	-	-	-	21,600
Other KMP						
Julian Rockett	-	-	-	-	-	-
Henry Kinstlinger	-	-	-	-	-	-
David L Hughes	-	-	-	-	-	-
Luisa Tan	183,120	-	-	-	-	183,120
Francis Choy	-	-	-	-	-	-
KMP - Total	183,120	-	-	-	-	183,120

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 18 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
Charlie In	-	-	-	
Lucy Zhang Yi Ling	-	-	-	
Richard Holstein	-	-	-	
Benjamin Amzalak	-	-	-	

Please refer note 14 for details.

Shares under option

There are no unissued ordinary shares of the Company under option at the date of this report.

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 15.

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		**Parent Entity**	
	2014	2013	**2014**	2013
	$	$	**$**	$
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	**21,190**	27,505	**21,190**	27,505
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	**1,150**	8,545	**1,150**	8,545
Advisory Services	-	1,980	-	1,980
	1,150	10,525	**1,150**	10,525

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.

Charlie In
Chairman

Benjamin Amzalak
Director

30 March 2015
Sydney

Level 6, 350 Kent Street
Sydney NSW 2000

87- 89 Lyons Road
Drummoyne NSW 2047

KS Black & Co

Chartered Accountants
ABN: 57 446 398 808

20 Grose Street
North Parramatta NSW 2151

PO Box 2210
Parramatta NSW 1750

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF RAFFLES CAPITAL LIMITED
A.B.N 66 009 106 049
AND CONTROLLED ENTITIES

We declare that, to the best of our knowledge and belief during the year ended 31 December 2014, there have been:

i. No contraventions of the auditor independence requirements as set out in the *Corporation Act 2001* in relation to the audit; and

ii. No contraventions of any applicable code of professional conduct in relation to the audit.

K.S. Black & Co
Chartered Accountants

Phillip Miller
Partner

30 March 2015

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 (http://rafflescapital.com.au/Corporate-Governance.htm).

(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:
  a. developing initiatives for profit and asset growth;
  b. reviewing the corporate, commercial and financial performance of the Company on a regular basis;
  c. acting on behalf of, and being accountable to, the Shareholders; and
  d. 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 7-9.

(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 beaches 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 women 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 RAF'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 web site (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

RAF 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.

A copy of RAF Environmental, Health and Social Charter is available on the RAF website (under "Corporate Governance").

(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

PRINCIPAL	**Response**
PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT	
Recommendation 1.1	
The entity should have and disclose a charter, which sets out 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.	Complies. 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. The Board Charter can be viewed on the Company's website http://www.rafflescapital.com.au/
Recommendation 1.2	
The entity should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director. The entity should provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.	Complies. The Company has conducted appropriate checks for all current Directors. The Company will undertake appropriate checks before appointing a person, or putting forward to Shareholders a candidate for election, as a Director.

Recommendation 1.3	
The entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Does not Comply yet. 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 2015.
Recommendation 1.4	
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.	Complies. A 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.
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 progress in achieving them.	Complies. The Board has established a Diversity Policy.
The entity should disclose in its annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	The Diversity Policy is available at the Company's website and is set out in the Company's annual report.
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, experience, independence and knowledge of the entity 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 skill 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 within 2015. 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. Non-Executive Directors Benjamin Amzalak, appointed 5 February 2010. Non-Executive Director Richard Holstein, appointed 5 December 2014
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 (3rd 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 directors and the 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 are set out in the Company's annual report.
Recommendation 2.4	
A majority of the board of the entity should be independent directors.	Does not yet comply. Only half of the board is independent directors.
Recommendation 2.5	
The chair of the board of the entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Partly complies. The chair is not independent. The Company currently does not have a separate CEO. The board considers that given its current size and structure, it is neither appropriate nor cost effective to have a distinct CEO. The chairman performs the CEO functions and is responsible to the directors for the general and overall management of the Company.

Recommendation 2.6	
The entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.	Does not yet comply. Currently the induction of new directors and plan for professional development is managed informally by the full Board. During 2015, the Company intends to develop a formal program for inducting new directors and providing appropriate professional development opportunities.
PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY	
Recommendation 3.1	
The entity should establish a code of conduct 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 beaches of the Code. The Code of Conduct can be viewed on the Company's website.
PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING	
Recommendation 4.1	
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, who is not chair of the board.	Complies.
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.	The Board has established an Audit and Risk Committee. Members of the Board have appropriate and relevant financial experience to act in this capacity. The Board has established an Audit and Risk Committee Charter. A summary of the charter and details of the number of times the committee met throughout the period and the individual attendances of the members at those meetings are set out in the Company's annual report. The full Audit and Risk Committee charter can be viewed on the Company's website.
Recommendation 4.2	
The board should disclose whether it has, before approving the entity's financial statements for a financial period received assurance from the 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.	Complies. The Board requires the Chief Executive Officer and Chief Financial Officer to provide such a statement before approving the entity's financial statements for a financial period.

Recommendation 4.3	
When the entity has an AGM it should ensure that its external auditor attends the AGM and is available to answer questions from security holders relevant to the audit.	Complies. The external auditor attends the AGM and is available to answer questions from Security Holders relevant to the audit.
PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE	
Recommendation 5.1	
The entity should established written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclosed those policies or a summary of those policies.	Complies. 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. Details of the entity's continuous disclosure policy can be viewed on the Company's website.
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	
A listed 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 the 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.	Complies. The Board has established an Audit and Risk Committee to oversee risk which is comprised of the whole Board.
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.	Complies The Company's Charter for the Audit and Risk Committee is on the Company's website and the details of the number of times the committee met throughout the period and the individual attendances of the members at those meetings will be set out in the Company's annual report.

Recommendation 7.2	
The board or board committee should review the entity's risk management framework with management at least annually to satisfy it that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within 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.	The Company's Corporate Governance Plan includes a Risk Management Review Procedure and Compliance and Control policy. 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. The Board has delegated to the Audit and Risk Committee the responsibility for implementing the risk management system. 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.
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.	Does not yet comply. 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. The Company will disclose the details of the internal audit function in its future annual reports.
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.	Complies. 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. With respect to the Tenements the Company complies with environmental regulatory requirements and risk through the relevant authorities issued pursuant to permits from the NSW Department of Trade and Investment (Resources & Energy).

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 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.	The Board has adopted a Remuneration Committee Charter. 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. 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.
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.	Complies. The Company distinguishes the structure of Non-executive Directors' remuneration from that of Executive Directors and senior executives. Details of the policies and practices regarding remuneration are set out in the Company's annual report. The Remuneration Committee Charter can be viewed on the Company's website.
Recommendation 8.3	
If the entity has an equity-based remuneration scheme, the entity 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.	Complies. 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. The Share Trading Policy can be viewed on the Company's website.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

For the Year Ended 31 December 2014

		Consolidated		Parent entity	
		2014	2013	**2014**	2013
	Notes	**$**	$	**$**	$
Revenue from continuing operations	4	**11,936**	77,348	**11,936**	77,348
Other income and expenses	4	**736,876**	(462,119)	**736,876**	(462,150)
Administration expenses	5	**(1,298,150)**	(796,088)	**(1,300,615)**	(717,329)
Finance expenses	5	**(222,686)**	(117,010)	**(222,686)**	(117,010)
Profit/(loss) before income tax		**(772,024)**	(1,297,869)	**(774,489)**	(1,219,141)
Income Tax expense	6	**(185,092)**	185,092	**(185,092)**	185,092
Net profit/(loss) after tax for the year		**(957,116)**	(1,112,777)	**(959,581)**	(1,034,049)
Other Comprehensive Income					
Change in fair value - Investment	4	**(10,152,731)**	(849,261)	**(10,152,731)**	(849,261)
Tax expenses		**-**	-	**-**	-
Other comprehensive income for the year net of tax		**(10,152,731)**	(849,261)	**(10,152,731)**	(849,261)
Total comprehensive income		**(11,109,847)**	(1,962,038)	**(11,112,312)**	(1,883,310)
Non-Controlling Interest		**-**	-	**-**	-
Total Comprehensive Income/(loss) attributable to members of Raffles Capital Limited		**(11,109,847)**	(1,962,038)	**(11,112,312)**	(1,883,310)
Earnings/(loss) per Share		**Cents**	Cents		
Basic earnings/(loss) per share (cents)	16	**(46.39)**	(8.28)		
Diluted earnings/(loss) per share (cents)	16	**(33.72)**	(8.28)		

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	Consolidated 2014 $	Consolidated 2013 $	Parent entity 2014 $	Parent entity 2013 $
ASSETS					
Current assets					
Cash and cash equivalents	7	**468,591**	16,977	**468,591**	16,977
Trade and other receivables	8	**9,598**	21,494	**9,598**	5,610
Financial assets	9	**693,134**	5,130,717	**135**	5,130,717
Other current assets		**325**	412	**325**	412
Total current assets		**1,171,648**	5,169,600	**478,649**	5,153,716
Non-current assets					
Trade and other receivables	8	**-**	-	**80,265**	98,614
Financial assets	9	**3,729,600**	13,620,241	**4,423,000**	13,620,542
Plant & equipment	10	**460**	794	**460**	794
Other non-current assets		**-**	185,092	**-**	185,092
Total non-current assets		**3,730,060**	13,806,127	**4,503,725**	13,905,042
Total Assets		**4,901,708**	18,975,727	**4,982,374**	19,058,758
LIABILITIES					
Current liabilities					
Trade and other payables	11	**83,372**	75,889	**83,372**	75,889
Total current liabilities		**83,372**	75,889	**83,372**	75,889
Non-current liabilities					
Trade and other payables	11	**1,741,054**	2,316,386	**1,741,154**	2,316,386
Deferred tax liabilities		**-**	2,596,323	**-**	2,596,323
Total Non-current liabilities		**1,741,054**	4,912,709	**1,741,154**	4,912,709
Total Liabilities		**1,824,426**	4,988,598	**1,824,526**	4,988,598
Net Assets		**3,077,282**	13,987,129	**3,157,848**	14,070,160
EQUITY					
Issued Capital	12	**11,898,002**	11,698,002	**11,898,002**	11,698,002
Retained profits / (accumulated losses)	13	**(8,820,720)**	2,289,127	**(8,740,154)**	2,372,158
Total equity attributable to equity holder of parent equity		**3,077,282**	13,987,129	**3,157,848**	14,070,160
Total Equity		**3,077,282**	13,987,129	**3,157,848**	14,070,160

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2014

Consolidated	Notes	Issued Capital	Accumulated Losses	Total Equity
		$	$	$
Balance at 1 January 2014	12,13	**11,698,002**	**2,289,127**	**13,987,129**
Profit/(loss) for the year		**-**	**(11,109,847)**	**(11,109,847)**
Share placement		**200,000**	**-**	**200,000**
Balance at 31 December 2014	12,13	**11,898,002**	**(8,820,720)**	**3,077,282**
Balance at 1 January 2013		11,698,002	4,251,165	15,949,167
Profit/(loss) for the year		-	(1,962,038)	(1,962,038)
Balance at 31 December 2013	12,13	11,698,002	2,289,127	13,987,129

Parent Entity	Notes	Issued Capital	Accumulated Losses	Total Equity
		$	$	$
Balance at 1 January 2014	12,13	**11,698,002**	**2,372,158**	**14,070,160**
Share placement		**200,000**	**-**	**200,000**
Profit/(loss) for the year			**(11,112,312)**	**(11,112,312)**
Balance at 31 December 2014	12,13	**11,898,002**	**(8,740,154)**	**3,157,848**
Balance at 1 January 2013		11,698,002	4,255,468	15,953,470
Profit/(loss) for the year		-	(1,883,310)	(1,883,310)
Balance at 31 December 2013	12,13	11,698,002	2,372,158	14,070,160

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 December 2014

	Notes	Consolidated		Parent entity	
		2014	2013	**2014**	2013
		$	$	**$**	$
Cash flows from operating activities					
Receipt from customers		**-**	77,300	**-**	77,300
Payments to suppliers and employees		**(1,236,127)**	(814,147)	**(1,254,695)**	(727,548)
Interest received		**26**	419	**148**	48
Interest paid		**-**	(26)	**(3)**	(26)
Net cash (used in)/provided by operating activities	21	**(1,236,101)**	(736,454)	**(1,254,550)**	(650,226)
Cash flows from investing activities					
Proceeds from sale of investment		**3,752,082**	714,923	**3,752,082**	714,923
Acquisition of Investment		**(1,557,101)**	(55,386)	**(1,557,101)**	(55,386)
(Advance to) / repayment from other parties		**(1,207,266)**	85,331	**(1,207,266)**	2,085,331
(Advance to) / repayment from controlled parties		**-**	-	**18,449**	(2,086,228)
Net cash provided by/(used in) investing activities		**987,715**	744,868	**1,006,164**	658,640
Cash flows from financing activities					
Shares issued - parent entity		**200,000**	-	**200,000**	-
Share issue cost - parent entity		**-**	-	**-**	-
Convertible note issued		**500,000**	-	**500,000**	-
Net cash provided by/(used in) financing activities		**700,000**	-	**700,000**	-
Net increase/(decrease) in cash and cash equivalents		**451,614**	8,414	**451,614**	8,414
Cash and cash equivalents at the beginning of the financial period		**16,977**	8,563	**16,977**	8,563
Cash and cash equivalents at the end of the financial period	7	**468,591**	16,977	**468,591**	16,977

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2014

1. CORPORATE INFORMATION

The consolidated financial statements and notes of Raffles Capital Limited (the **Company**) for the year ended 31 December 2014 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.

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.

Historical cost convention

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

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

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.

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.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

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.

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.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

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.

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.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

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.

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; and

(d) 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.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

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.

(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.

2. **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued**

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.

l. **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.

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).

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

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. Tenement exploration, valuation and development costs

Costs incurred in the exploration for, and evaluation of, tenements for suitable resources are carried forward as assets provided that one of the following conditions is met:

- the carrying values are expected to be justified through successful development and exploitation of the area of interest; or
- exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable mineral resources, and active and significant operations in relation to the area are continuing.

Expenses failing to meet at least one of the aforementioned conditions are expensed as incurred.

Costs associated with the commercial development of resources are deferred to future periods, provided they are, beyond any reasonable doubt, expected to be recoverable. These costs are be amortised from the commencement of commercial production of the product to which they relate on a straight-line basis over the period of the expected benefit.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

p. Leases

Company as lessee

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases and capitalised at inception of the lease at the fair value of the leased property, or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership of the net asset are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the period of the lease.

Company as lessor

Lease income from operating leases is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying value of the leased asset and recognised as an expense over the lease term on the same bases as the lease income.

q. 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.

r. Borrowings

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Consolidated Statement of Profit or Loss and other Comprehensive Income over the period of the loans and borrowings using the effective interest method.

s. Employee benefits

Wages and Salaries, and Annual Leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within one year of Statement of Financial Position date are recognised in other liabilities in respect of employees' services rendered up to Statement of Financial Position date and are measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating personal sick leave are recognised when leave is taken and measured at the actual rates paid or payable.

Long Service Leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

t. 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

u. 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.

v. 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.

w. 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		**Parent Entity**	
	2014	2013	**2014**	2013
Financial assets	**$**	$	**$**	$
Current				
Cash and cash equivalents	**468,591**	16,977	**468,591**	16,977
Trade and other receivables	**9,598**	21,494	**9,598**	5,610
Financial assets	**693,134**	5,130,717	**135**	5,130,717
Non-Current				
Financial Assets	**3,729,600**	13,620,241	**4,423,000**	13,620,542
	4,900,923	18,789,429	**4,901,324**	18,773,846
Financial liabilities				
Current				
Trade and other payables	**83,372**	75,889	**83,372**	75,889
Non-Current				
Other payable	**1,741,054**	2,316,386	**1,741,154**	2,316,386
	1,824,426	2,392,275	**1,824,526**	2,392,275

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.

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.

3. FINANCIAL RISK MANAGEMENT continued

Maturity analysis of financial assets

Consolidated 2014	Carrying Amount $	Contractual Cash flows $	< 6 mths $	6- 12 mths $	1-3 years $	> 3 years $
Current						
Cash and cash equivalent	**468,591**	**468,591**	**468,591**	-	-	-
Trade and other receivables	**9,598**	**9,598**	**9,598**	-	-	-
Financial assets	**693,134**	-	-	-	-	-
Non-current						
Financial assets	**3,729,600**	-	-	-	-	-
Total financial assets	**4,900,923**	**478,189**	**478,189**	-	-	-
Consolidated 2013						
Current						
Cash and cash equivalent	16,977	16,977	16,977	-	-	-
Trade and other receivables	21,494	21,494	21,494	-	-	-
Financial assets	5,130,717	-	-	-	-	-
Non-current						
Financial assets	13,620,241	-	-	-	-	-
Total financial assets	18,789,429	38,471	38,471	-	-	-

Parent Entity 2014	Carrying Amount $	Contractual Cash flows $	< 6 mths $	6- 12 mths $	1-3 years $	> 3 years $
Current						
Cash and cash equivalent	**468,591**	**468,591**	**468,591**	-	-	-
Trade and other receivables	**9,598**	**9,598**	**9,598**	-	-	-
Financial assets	**135**	-	-	-	-	-
Non-current						
Financial assets	**4,423,000**	-	-	-	-	-
Total financial assets	**4,901,324**	**478,189**	**478,189**			
Parent Entity 2013						
Current						
Cash and cash equivalent	16,977	16,977	16,977	-	-	-
Trade and other receivables	5,610	5,610	5,610	-	-	-
Financial assets	5,130,717	-	-	-	-	-
Non-current						
Financial assets	13,620,542	-	-	-	-	-
Total financial assets	18,773,846	22,587	22,587	-	-	-

3. FINANCIAL RISK MANAGEMENT continued

Maturity analysis of financial liabilities

Consolidated 2014	Carrying Amount $	Contractual Cash flows $	< 6 mths $	6- 12 mths $	1-3 years $	> 3 years $
Current						
Trade and other payables	**83,372**	**83,372**	**83,372**	**-**	**-**	**-**
Non-current						
Trade and other payables	**1,741,054**	**1,741,054**	**-**	**-**	**1,741,054**	**-**
Total financial liabilities	**1,824,426**	**1,824,426**	**83,372**	**-**	**1,741,054**	**-**
Consolidated 2013						
Current						
Trade and other payables	75,889	75,889	75,889	-	-	-
Non-current						
Trade and other payables	2,316,386	2,316,386	-	-	2,316,386	-
Total financial liabilities	2,392,275	2,392,275	75,889	-	2,316,386	-

Parent Entity 2014	Carrying Amount $	Contractual Cash flows $	< 6 mths $	6- 12 mths $	1-3 years $	> 3 years $
Current						
Trade and other payables	**83,372**	**83,372**	**83,372**	**-**	**-**	**-**
Non-current						
Other liabilities	**1,741,154**	**1,741,054**	**-**	**-**	**1,741,054**	**-**
Total financial liabilities	**1,824,526**	**1,824,426**	**83,372**	**-**	**1,741,054**	**-**
Parent Entity 2013						
Current						
Trade and other payables	75,889	75,889	75,889	-	-	-
Non-current						
Other liabilities	2,316,386	2,316,386	-	-	2,316,386	-
Total financial liabilities	2,392,275	2,392,275	75,889	-	2,316,386	-

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.

Consolidated 2014	**Carry Amount AUD $**	**+1% of AUD Interest Rate $**	**-1% of AUD Interest Rate $**
Cash equivalents	**468,591**	**4,686**	**(4,686)**
Tax charge of 30%		**(1,406)**	**1,406**
After tax increase/(decrease)	**468,591**	**3,280**	**(3,280)**
Consolidated 2013			
Cash equivalents	16,977	170	(170)
Tax charge of 30%		(51)	51
After tax increase/(decrease)	16,977	119	(119)

3. FINANCIAL RISK MANAGEMENT continued

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 2014	**$**	**$**	**$**
Shares in other entities at fair value	**4,422,734**	**442,273**	**(442,273)**
Tax charge (30%)		**(132,682)**	**132,682**
After tax increase/(decrease)	**4,422,734**	**309,591**	**309,591**
Consolidated 2013			
Shares in other entities at fair value	18,750,958	1,875,096	(1,875,096)
Tax charge (30%)		(562,529)	562,529
After tax increase/(decrease)	18,750,958	1,312,567	(1,312,567)
Parent Entity 2014			
Shares in other entities at fair value	**4,423,135**	**442,314**	**(442,314)**
Tax charge (30%)		**(132,694)**	**132,694**
After tax increase/(decrease)	**4,423,135**	**309,620**	**(309,620)**
Parent Entity 2013			
Shares in other entities at fair value	18,751,259	1,875,126	(1,875,126)
Tax charge (30%)		(562,538)	562,538
After tax increase/(decrease)	18,751,259	(1,312,588)	(1,312,588)

Concentration of risk 2014	**Consolidated**		**Parent Entity**	
Financial assets	**$**	**%**	**$**	**%**
Equity share investment in				
Sovereign Gold Company Limited	**250,050**	**5.6**	**-**	**-**
Hudson Investment Group Limited	**3,729,600**	**84.3**	**-**	**-**
Hudson Resources Limited	**407,869**	**9.2**	**-**	**-**
Other share investments	**35,215**	**0.9**	**135**	**-**
Controlled entities	**-**	**-**	**4,423,000**	**100**
	4,422,734	**100**	**4,423,135**	**100**

There is no other concentration of risk.

3. FINANCIAL RISK MANAGEMENT continued

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 (2013: 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		Parent entity	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Revenue from continuing operations				
Fee income	**-**	77,300	**-**	77,300
Interest Income	**11,936**	48	**11,936**	48
	11,936	77,348	**11,936**	77,348
Other income and expenses				
Gain/(loss) on disposal of investment	**693,702**	(462,150)	**693,702**	(462,150)
Other	**43,174**	31	**43,174**	-
	736,876	(462,119)	**736,876**	(462,150)
Other comprehensive income				
Change in fair value of investment				
- impairment losses	**(10,152,731)**	(849,261)	**(10,152,731)**	(849,261)

5. EXPENSES

	Consolidated		Parent entity	
	2014	2013	**2014**	2013
	$	$	**$**	$
Profit/(loss) before income tax is arrived after (charging)/crediting the following specific expenses:				
Administration expenses				
Consulting fee	**(191,795)**	(213,235)	**(191,795)**	(213,235)
Director fee and other costs	**(180,000)**	-	**(180,000)**	-
Finance expenses				
Interest paid	**(107,726)**	(106,081)	**(107,726)**	(106,081)
Doubtful debt provision	**(78,000)**	-	**(78,000)**	-
Depreciation and amortisation	**(334)**	(334)	**(334)**	(334)

6. INCOME TAX

	Consolidated 2014 $	Consolidated 2013 $	Parent entity 2014 $	Parent entity 2013 $
a. Income tax expense/(benefit)				
Current tax/(benefit)	-	-	-	-
Overprovision for income tax in prior years	-	-	-	-
Deferred tax expense	-	-	-	-
Total Income tax expenses	-	-	-	-
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	-	-	-	-
	-	-	-	-
(Loss)/Profit from continuing operations before income tax expense	**(10,924,755)**	(2,147,130)	**(10,927,220)**	(2,068,402)
Permanent differences				
Income tax expense/(benefit) calculated at 30% (2013:30%)	**(3,277,427)**	(644,139)	**(3,278,166)**	(620,521)
Temporary differences and tax losses not brought to account	**3,277,427**	644,139	**3,278,166**	620,521
	-	-	-	-

c. Unrecognised deferred tax assets and liabilities

	Consolidated 2014 $	Consolidated 2013 $	Parent 2014 $	Parent 2013 $
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	**694,693**	1,301,339	**697,160**	1,222,611
Deferred tax asset in respect of exploration activities not brought to account	-	-	-	-
Deferred tax liability in respect of exploration activities not recognised to the extent of unrecognised deferred tax asset	-	-	-	-
	694,693	1,301,339	**697,160**	1,222,611
Potential (benefit)/expense at 30% (2013 : 30%)	**208,408**	390,402	**209,148**	366,783

6. INCOME TAX continued

d. Deferred tax asset

	Consolidated		Consolidated	
	2014	2013	**2014**	2013
	$	$	**$**	$
Deferred tax asset comprises temporary differences attributable to:				
Accrued audit fees	**-**	-	-	-
Accrued directors fees	**-**	-	-	-
Accrued legal fees	**-**	-	-	-
Accrued accounting fees	**-**	-	-	-
Accrued superannuation	**-**	-	-	-
Sundry creditors	**-**	-	-	-
Unrealised foreign exchange losses	**-**	-	-	-
Total deferred tax assets	**-**	649,515	**-**	649,515
Deferred tax asset not brought to	**-**	(649,515)	**-**	(649,515)
Net deferred tax asset	**-**	-	**-**	-
Deferred tax liability comprises temporary differences attributable to:				
Accrued interest income	**-**	-	**-**	-
Net deferred tax asset/(liability)	**-**	-	**-**	-

	Consolidated		Parent entity	
	2014	2013	**2014**	2013
	$	$	$	$
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	**-**	2,596,322	**-**	2,596,322

7. CASH AND CASH EQUIVALENTS

	Consolidated		Parent entity	
	2014	2013	**2014**	2013
	$	$	$	$
Cash at bank and on hand	**468,591**	16,977	**468,591**	16,977
Deposits at bank- held on trust	**-**	-	**-**	-
	468,591	16,977	**468,591**	16,977
Weighted average interest rate	**0.00%**	0.18%	**0.00%**	0.18%

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		Parent entity	
	2014	2013	**2014**	2013
	$	$	$	$
Current				
Tenement deposits	**-**	15,884	**-**	-
Receivable – GST	**9,598**	5,610	**9,598**	5,610
Receivable – related entity	**78,000**	-	**78,000**	-
Provision for doubtful debt	**(78,000)**	-	**(78,000)**	-
	9,598	21,494	**9,598**	5,610
Non-Current				
Advances to controlled entities	**-**	-	**80,265**	98,614
	-	-	**80,265**	98,614

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

The company transferred equity share investment to one related entity amounted $78,000 during the year. The balance remained outstanding and full provision for doubtful debt was made as at reporting date.

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 is assumed to approximate their fair value.
The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

Non-current trade and other receivables
The fair values and carrying values of non-current receivables are as follows:

	2014		2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	$	$	$	$
Consolidated				
Advances to other entities	**-**	**-**	-	-
Parent Entity				
Advances to controlled entities	**80,265**	**80,265**	98,614	98,614

All non-current 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 2014. A provision for doubtful debt of $78,000 was made as at reporting date.

9. FINANCIAL ASSETS

	Consolidated		Parent entity	
	2014	**2013**	**2014**	**2013**
	$	$	$	$
Current				
Listed equity share investment	**693,134**	5,130,717	**135**	5,130,717
	693,134	5,130,717	**135**	5,130,717
Non-Current				
Equity share investment in :				
Hudson Investment Group Limited (ASX: HGL)	**3,729,600**	7,840,728	**-**	7,840,728
Sovereign Gold Company Limited (ASX: SOC)*	**-**	5,587,052	**-**	5,587,052
Precious Metal Resources Limited (ASX: PMR)*	**-**	192,461	**-**	192,461
Investment in controlled entities	**-**	-	**4,423,000**	301
	3,729,600	13,620,241	**4,423,000**	13,620,542

Financial assets are recorded by marking to market value.

The fair value is approximately equivalent to market value.

* Re-classified to current assets in 2014

10. PLANT AND EQUIPMENT

	Consolidated		Parent entity	
	2014	2013	**2014**	2013
	$	$	$	$
Plant and equipment - at cost	**794**	1,669	**794**	1,669
Less: Accumulated depreciation	**(334)**	(875)	**(334)**	(875)
Total plant and equipment	**460**	794	**460**	794

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	**794**	1,128	**794**	1,128
Additions	**-**	-	**-**	-
Depreciation	**(334)**	(334)	**(334)**	(334)
Carrying amount at end of year	**460**	794	**460**	794

11. TRADE AND OTHER PAYABLES

	Consolidated		Parent entity	
	2014	2013	**2014**	2013
	$	$	**$**	$
Current				
Trade payables	**71,572**	21,586	**71,572**	21,586
Other payables and accruals	**11,800**	54,303	**11,800**	54,303
	83,372	75,889	**83,372**	75,889
Non-current				
Advance from other entities	**1,241,054**	2,316,386	**1,241,054**	2,316,386
2 years 8.8% convertible note (note)	**500,000**	-	**500,000**	-
Advance from controlled entities	**-**	-	**100**	-
	1,741,054	2,316,386	**1,741,154**	2,316,386

Note: 2 years convertible note is convertible to 5 million Raffles Capital Limited shares. The convertible note holder also receives 5 million option.

12. CONTRIBUTED EQUITY

	Consolidated and Parent entity		Consolidated and Parent entity	
	2014 Shares	2013 Shares	**2014 $**	2013 $
Share capital issued	**24,700,359**	23,700,359	**11,898,002**	11,698,002

a. Movements in ordinary share capital during the year

Consolidated

Date	Details	No. of shares	Issue Price $	$
31 Dec 2013	Balance	23,700,359	-	11,698,002
30 Sept 2014	Share placement	1,000,000	0.20	200,000
31 Dec 2014	Balance	24,700,359	-	11,898,002

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

There have been no options granted or issued over unissued shares.

d. Performance Options

No options were granted and issued during the year.

13. RETAINED PROFITS/(ACCUMULATED LOSSES)

	Consolidated		Parent entity	
	2014 $	2013 $	**2014** $	2013 $
Movements in retained profits/(accumulated losses)				
Balance at the beginning of the year	**2,289,127**	4,251,165	**2,372,158**	4,255,468
Net profit/(loss) for the year	**(11,109,847)**	(1,962,038)	**(11,112,312)**	(1,883,310)
Dividends	**-**	-	**-**	-
Balance at the end of the year	**(8,820,720)**	2,289,127	**(8,740,154)**	2,372,158

14. KEY MANAGEMENT PERSONNEL DISCLOSURE

a. Directors

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

Dr Charlie In	Executive Chairman	appointed 5 Dec 2014
Lucy Zhang Yi Ling	Executive Director	appointed 3 Mar 2015
Richard Holstein	Non-Executive Director	appointed 5 Dec 2014
Benjamin Amzalak	Non-Executive Director	
Tan Sri Ibrahim Menudin	Non-Executive Director	retired 3 Mar 2015
Vincent Tan	Managing Director	retired 5 Dec 2014
Richard Yap	Non-Executive Director	retired 5 Dec 2014

b. Other key management personnel

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

Julian Rockett	Joint Company Secretary
Henry Kinstlinger	Joint Company Secretary
Luisa Tan	Head, Corporate Finance
Francis Choy	Chief Financial Officer

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 11 to 12.

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.

14. KEY MANAGEMENT PERSONNEL DISCLOSURE continued

	Short term benefits		Post-employment benefits	Long term benefits		
Consolidated 2014	**Cash salary and fees**	**Non-monetary benefits**	**Super-annuation**	**Long Service Leave**	**Share based payments**	**Total**
Directors	**$**	**$**	**$**	**$**	**$**	**$**
Charlie In	-	-	-	-	-	-
Lucy Zhang Yi Ling	-	-	-	-	-	-
Richard Holstein	-	-	-	-	-	-
Benjamin Amzalak	-	8,100	-	-	-	8,100
Tan Sri Ibrahim Menudin	-	-	-	-	-	-
Vincent Tan	180,000	8,100	-	-	-	188,100
Richard Yap	-	-	-	-	-	-
Directors - Total	180,000	16,200	-	-	-	196,200
Other KMP						
Julian Rockett	-	-	-	-	-	-
Henry Kinstlinger	-	-	-	-	-	-
Luisa Tan	183,120	-	-	-	-	183,120
Francis Choy	-	-	-	-	-	-
KMP - Total	183,120	-	-	-	-	183,120
Consolidated 2013	$	$	$	$	$	$
Directors						
Tan Sri Ibrahim Menudin	-	-	-	-	-	-
Vincent Tan	-	10,800	-	-	-	10,800
Richard Yap	-	-	-	-	-	-
Benjamin Amzalak	-	10,800	-	-	-	10,800
Directors - Total	-	21,600	-	-	-	21,600
Other KMP						
Julian Rockett	-	-	-	-	-	-
Henry Kinstlinger	-	-	-	-	-	-
David L Hughes	-	-	-	-	-	-
Luisa Tan	183,120	-	-	-	-	183,120
Francis Choy	-	-	-	-	-	-
KMP - Total	183,120	-	-	-	-	183,120

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

(i) 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 2014	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				
Charlie In	-	-	-	-
Lucy Zhang Yi Ling	-	-	-	-
Richard Holstein	-	-	-	-
Benjamin Amzalak	-	-	-	-
Tan Sri Ibrahim Menudin	-	-	-	-
Vincent Tan	-	-	-	-
Richard Yap	-	-	-	-
Ordinary shares - Indirect Interest				
Charlie In	-	-	-	-
Lucy Zhang Yi Ling	-	-	-	-
Richard Holstein	-	-	-	-
Benjamin Amzalak	-	-	-	-
Tan Sri Ibrahim Menudin	-	-	-	-
Vincent Tan	**11,933,084**	**1,149,998**	-	**13,083,082**
Richard Yap	-	-	-	-

Directors of Raffles Capital Limited 2013	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				
Tan Sri Ibrahim Menudin	-	-	-	-
Vincent Tan	-	-	-	-
Richard Yap	-	-	-	-
Benjamin Amzalak	-	-	-	-
Ordinary shares - Indirect Interest				
Tan Sri Ibrahim Menudin	-	-	-	-
Vincent Tan*[1]	11,933,084	-	-	11,933,084
Richard Yap	-	-	-	-
Benjamin Amzalak*[1]	-	-	-	-

*[1] Ordinary shares are registered to a related company of the Director

14. KEY MANAGEMENT PERSONNEL DISCLOSURE continued

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		Parent Entity	
	2014	2013	**2014**	2013
	$	$	**$**	$
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	**21,190**	27,505	**21,190**	27,505
	21,190	27,505	**21,190**	27,505
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	**1,150**	8,545	**1,150**	8,545
Other advisory services	**-**	1,980	**-**	1,980
	1,150	10,525	**1,150**	10,525

16. EARNINGS/(LOSS) PER SHARE

	Consolidated	
	2014	2013
	Cents	Cents
Basic earnings/(loss) per share	**(46.39)**	(8.28)
Diluted earnings/(loss) per share	**(32.72)**	(8.28)

Reconciliations of earnings used in calculating earnings per share

	Consolidated	
	2014	2013
	$	$
Profit/(loss) from operations	**(11,109,847)**	(1,962,038)
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating basic earnings per share and diluted earnings per share	**(11,109,847)**	(1,962,038)

Earnings used to calculate basic earnings per share are equal to net profit / (losses), therefore no reconciliation is required.

Weighted average number of shares used as the denominator	Consolidated	
	2014	2013
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share and diluted earnings per share	**23,950,359**	23,700,359
Adjustments for calculation of diluted earnings per share:		
Options issued	**5,000,000**	-
2 years convertible note	**5,000,000**	-
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	**33,950,359**	23,700,359

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**
		2014	2013	
		%	%	
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
RafflesCo Limited*	Ordinary	**100**	-	Australia

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

*Incorporated to hold group investment portfolio.

18. COMMITMENTS

	Consolidated		Parent Entity	
	2014	2013	**2014**	2013
	$	$	$	$
Exploration expenditure commitments				
Tenement exploration expenditure	-	411,600	-	-
Tenement lease payment	-	68,642	-	-
	-	480,242	-	-

	Consolidated		Parent Entity	
Remuneration commitments				
Salary and other remuneration commitments under long-term employment contracts existing at reporting date not recognised as liabilities				
Within one year	-	-	-	-
Later than one year but not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
	-	-	-	-

Executive Service Agreement

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.

Corporate Services Agreement

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

The term of the Corporate Services Agreement is two years and the fee payable is that amount agreed between the parties from time to time. The terms of the Service Agreement provide that Hudson Corporate Limited shall act in accordance with the directions of the Board.

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

19. 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.

20. EVENTS OCCURRING AFTER BALANCE SHEET DATE

On 27 February shareholders approved:

The issue on convertible notes to an aggregate value of $1.5 million (Resolutions 1-3); The acquisition of Sequoia Capital (Hong Kong) Limited (Resolution 4);

Reduction of issued share capital by approximately $5,184,277 (Resolution 5); Issue of 4 million shares (before consolidation) to Mile Oak Investments Limited (Resolution 6); and

Consolidation of shares on the basis of 1 Share for every 2 Shares held (Resolution 7). The effect of the overall transactions when considered together is:

Raffles	Number of Shares on Issue	Current Raffles Shareholder interest	New Raffles Shareholder Interest	Issued Capital	Net Assets	NTA
Current	24,700,359	100%	0%	$11,898,002	$4,040,671	$0.170
Resolutions 1 -3 – Convertible Notes	38,700,359	61.24%	38.76%	$13,398,002	$5,540,671	$0.143
Resolution 4 – Acquisition of Sequoia	48,700,359	48.67%	51.33%	14,398,002	$7,107,040	$0.146
Resolution 5 – Reconstruction (In specie distribution of RafflesCo shares to existing shareholders)	48,700,359	48.67%	51.33%	$9,213,725	$1,922,763	$0.039
Resolution 6 – issue of shares to Advisor	52,700,359	44.97%	55.03%	$9,613,725	$1,922,763	$0.036
Resolution 7 – Consolidation (reduction of shares)	26,350,180	44.97%	55.03%	$9,613,725	$1,922,763	$0.073

RafflesCo	Number of Shares on Issue	Current Raffles Shareholder	New Raffles Shareholder Interest	Issued Capital	Net Assets	NTA
Following	24,700,359	100%	0%	$5,184,277	$5,184,277	$0.210

Details are contained in the Notice of Meeting and Explanatory Memorandum dated 21 January 2015.

On 20 February 2015, the Company's shares were consolidated on a 1 for 2 basis.

At the date of this report there are no other matters or circumstances, which have arisen since 31 December 2014 that have significantly affected or may significantly affect:

- The operations, financial years subsequent to 31 December 2014 of the Group:
- The results of those operations; or
- The state of affairs, in financial years subsequent to 31 December 2014 of the Group.

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

	Consolidated		Parent entity	
	2014	2013	**2014**	2013
	$	$	**$**	$
Profit/(loss) after income tax expense	**(11,109,847)**	(1,962,038)	**(11,112,312)**	(1,883,310)
Gain/(loss) on disposal of investment	**(693,702)**	462,151	**(693,702)**	462,151
Change in fair value of investment	**12,749,054**	849,261	**12,749,042**	849,261
Provision for doubtful debt	**78,000**	-	**78,000**	-
Change in operating assets and liabilities				
(Increase)/decrease in receivables	**144,142**	(41,324)	**128,170**	(33,825)
(Increase)/decrease in other receivable	**-**	-	**-**	-
Increase /(decrease) in payable	**7,483**	(44,504)	**7,483**	(44,503)
Increase /(decrease) in other payable	**-**	-	**-**	-
(Increase)/decrease in deferred tax assets	**185,092**	-	**185,092**	-
Increase /(decrease) in deferred tax liabilities	**(2,596,323)**	-	**(2,596,323)**	-
Net cash used in operating activities	**(1,236,101)**	(736,454)	**(1,254,550)**	(650,226)

22. RELATED PARTY DISCLOSURES

a. Parent entities

The parent entity within the Group is Raffles Capital Limited. The ultimate parent entity is Pacific Portfolio Investment Pty Ltd which at 31 December 2014 owns 48.31% (2013 – 50.35%) of the issued ordinary shares in 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		Parent entity	
	2014	2013	**2014**	2013
	$	$	$	$
Repayment from controlled entities	**-**	-	**18,349**	-
Repayment to controlled entities	**-**	-	**-**	1,988,593
Advance from controlled entities	**-**	-	**-**	-
Advance to controlled entities	**-**	-	**-**	2,087,206
Interest Revenue				
Related entities	**-**	**-**	**-**	**-**
Interest Expense				
Related entities	**(95,935)**	(106,055)	**(95,935)**	(106,055)
Other Transactions				
Management fee received	**-**	77,300	**-**	77,300
Corporate services fee paid	**(380,767)**	(408,000)	**(380,767)**	(408,000)
Directors fee	**-**	**-**	**-**	-

Hudson Corporate Limited (**HCL**) is a wholly owned subsidiary of Hudson Investment Group Ltd. (ASX:**HGL**).

Consolidated and parent entity

- The Company received management fee $nil (2013: 77,300) from HCL for services rendered.
- The Company paid corporate services fee $380,767 (2013: 408,000) to HCL as payment of sharing rent, administration, accounting, secretarial and compliance cost incurred by HCL on behalf of the group.
- The Company paid interest $95,935 (2013: $106,055) to Hudson Corporate Limited and Hudson Resources Limited on fund advanced.

e. Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated		Parent entity	
	2014	**2013**	**2014**	2013
	$	$	$	$
Non-Current Assets				
Receivables controlled entities	-	-	**80,265**	98,614
Non-Current Liabilities				
Payable controlled entities	-	-	**100**	-
Advance from related entities	**1,241,054**	2,316,386	**1,241,054**	2,316,386

Consolidated and parent entities

The company borrowed an interest bearing secured advance from HCL $1,178,373 (2013:$2,259,758) and another interest bearing advance from Hudson Resources Limited of $62,681 (2013: $56,628). Advance from HCL was secured by shares.

Advance to / advance from controlled entities are non-interest bearing, no securitites and no fixed term on repayment.

f. Loans to/from related parties

	Consolidated		Parent entity	
	2014	2013	**2014**	**2013**
	$	$	**$**	**$**
Advances to controlled entities				
Beginning of the year	-	-	**98,614**	(1,987,614)
Loan advanced	-	-	**-**	97,635
Loan repayments received	-	-	**18,349**	1,988,593
End of year	-	-	**80,265**	98,614

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	
	2014	**2013**
	$	**$**
Revenue		
- Interest income	11,936	48
- Net gain/(loss) on disposal	693,702	(462,150)
- Others	43,174	77,331
Total Revenue	748,812	(384,771)
Expenses	(1,520,502)	(912,764)
Depreciation & amortisation expenses	(334)	(334)
Segment results	**(772,024)**	**(1,297,869)**
Assets		
Current assets	1,171,648	5,169,600
Plant & equipment	460	794
Other non-current assets	3,729,600	13,805,333
Total assets	4,901,708	18,975,727
Current liabilities	(83,372)	(75,889)
Non-current liabilities	(1,741,054)	(4,912,709)
Net assets	**3,077,282**	**13,987,129**

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 2014 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 11 to 12 of the Directors Report (as part of audited Remuneration Report) for the year ended 31 December 2014, 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

Benjamin Amzalak
Director

30 March 2015
Sydney

Level 6, 350 Kent Street
Sydney NSW 2000

87- 89 Lyons Road
Drummoyne NSW 2047

KS Black & Co

Chartered Accountants

ABN: 57 446 398 808

20 Grose Street
North Parramatta NSW 2151

PO Box 2210
Parramatta NSW 1750

Independent Auditor's Report
To the Members of
Raffles Capital Limited
A.B.N. 66 009 106 049
And Controlled Entities

Report on the Financial Report

We have audited the accompanying financial report of Raffles Capital Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended 31 December 2014, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The director's of the company 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 to preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements* that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of Raffles Capital Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

a. The financial report of Raffles Capital Limited is in accordance with the *Corporations Act 2001,* including:

   i. Giving a true and fair view of the company and consolidated entity's financial positions as at 31 December 2014 and of their performance for the year ended on that date; and
   ii. Complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

b. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included on pages 11-12 of the attached report for the year ended 31 December 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 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.

Auditor's Opinion

In our opinion the remuneration report of Raffles Capital Limited for the year ended 31 December 2014 complies with s 300A of the *Corporations Act 2001*.

K.S. Black & Co
Chartered Accountants

Phillip Miller
Partner

30 March 2015

SHAREHOLDER INFORMATION

As at 27 February 2015 *

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	11,933,084	48.31%
2	Code Nominees Pty Ltd <Mata>	2,785,040	11.28%
3	Ta Financial Services Pty Ltd	1,644,607	6.66%
4	Raffles Nominees Pty Limited	1,500,000	6.07%
5	Hudson Corporate Limited	1,449,110	5.87%

B. Distribution of Equity Securities

Range	Total Holders	Units	% of Issued Capital
1 - 100	18	543	0.00
101 - 1,000	9	5,235	0.02
1,001 - 5,000	394	1,555,474	6.30
5,001 - 10,000	27	225,930	0.91
10,001 - 50,000	20	592,385	2.40
50,001 - 100,000	3	136,210	0.55
100,001 - 500,000	2	2,481,851	10.05
500,001 – 12,000,000	7	19,702,731	79.77
Rounding			**0.00**
Total	**480**	**24,700,359**	**100.00**

C. Unmarketable Parcels

	Minimum Parcel size	Holders	Units
Minimum $ 500.00 parcel at $ 0.20 per unit	2500	38	24564

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	11,933,084	48.31%
2	Code Nominees Pty Ltd <Mata>	2,785,040	11.28%
3	Ta Financial Services Pty Ltd	1,644,607	6.66%
4	Raffles Nominees Pty Limited	1,500,000	6.07%
5	Hudson Corporate Limited	1,449,110	5.87%
6	Sing Capital Pty Ltd	1,149,998	4.66%
7	Union Pacific Trading Pty Ltd	1,000,000	4.05%
8	Lai Ting Kweh	500,000	2.02%
9	LP Hwang	197,500	0.80%
10	Dos Equis Pty Ltd	144,353	0.58%
11	Bell Superannuation Pty Ltd	52,100	0.21%
12	Yanping Wu	50,000	0.20%
13	Ms Mao Ying Zhang	50,000	0.20%
14	John Sydney Dawkins + Margaret Alannah Dawkins <Dawkins Super Fund A/C>	40,000	0.16%
15	Tempranillo Investments Pty Ltd <Running With Bulls S/F A/C>	40,000	0.16%
16	Ms Xiu Fen Yang	40,000	0.16%
17	Hung Fei Ho	36,000	0.15%
18	Wagtail Pty Ltd <El & Kb Hancock S/F A/C>	35,000	0.14%
19	Dmg & Partners Securities Pte Ltd <Clients A/C>	32,500	0.13%
20	Mrs Weiying Zhang	30,000	0.12%
Totals: Top 20 holders of FULLY PAID SHARES		**22,709,292**	**91.91%**
Total Remaining Holders Balance		**1,991,067**	**8.09%**

*Consolidation of Raffles securities pursuant to the General Meeting dated 27th February 2015 occurred after this date.

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 27 February 2015.

Raffles Capital Limited

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Sydney, NSW 2000 Australia

ACN 009 106 049

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