Macmarine Services Pte Ltd

(Incorporated in the Republic of Singapore)
(Registration Number: 198905482N)

Financial Statements
for the financial year ended 31 December 2011

KK Tham & Associates
Certified Public Accountants
Singapore

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Corporate Data

Directors	Choy Youn Wah Zahari @ Zahari Bin Mohd Taib Zaid Bin Zahari Aung Naing
Company secretary	Tan Say Jan
Auditors	KK Tham & Associates 118 Aljunied Avenue 2 #04-102 Singapore 380118
Registered office	69J Tuas South Avenue 1 Seatown Industrial Centre Singapore 637508
Place of incorporation	Singapore
Date of incorporation	14 December 1989

Macmarine Services Pte Ltd

Directors' Report

for the financial year ended 31 December 2011

The directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31 December 2011.

Directors

The directors of the Company in office at the date of this report are:

Choy Youn Wah
Zahari @ Zahari Bin Mohd Taib
Zaid Bin Zahari
Aung Naing

Arrangements to Acquire Shares or Debentures

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object was to enable the directors to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

Directors' interest in Shares and Debentures

According to the register of directors' shareholdings kept by the Company for the purpose of Section 164 of the Companies Act, none of the directors holding office at the end of the financial year had any interest in the shares and debentures of the Company, except as follows:

	Number of ordinary shares held	
Name of directors	**At 31.12.10**	**At 31.12.11**
Choy Youn Wah	90,000	90,000
Zahari @ Zahari Bin Mohd Taib	90,000	90,000
Zaid Bin Zahari	10,000	10,000
Aung Naing	10,000	10,000

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related company with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Macmarine Services Pte Ltd

Directors' Report
for the financial year ended 31 December 2011 - Continued

Share options

There is presently no option scheme on unissued shares of the Company.

Auditors

The auditors, KK Tham & Associates have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Choy Youn Wah
Director

Zahari @ Zahari Bin Mohd Taib
Director

Singapore
21 NOV 2012

Macmarine Services Pte Ltd

Statement By Directors
for the financial year ended 31 December 2011

We, being the directors of Macmarine Services Pte Ltd, do hereby state that, in the opinion of the directors,

(a) the balance sheet, statement of comprehensive income, statement of changes in equity and statement of cash flows, together with the notes thereon, are properly drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2011 and of the results of the business, changes in equity and cash flows of the Company for the year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Choy Youn Wah
Director

Zahari @ Zahari Bin Mohd Taib
Director

Singapore

21 NOV 2012

Independent Auditors' Report to the members of

Macmarine Services Pte Ltd

for the financial year ended 31 December 2011

Report on the financial statements

We have audited the financial statements of Macmarine Services Pte Ltd, which comprise the balance sheet as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

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

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

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

Independent Auditors' Report to the members of

Macmarine Services Pte Ltd
for the financial year ended 31 December 2011 - Continued

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Company as at 31 December 2011 and the results, changes in equity and cash flows of the Company for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KK Tham & Associates
Public Accountants and
Certified Public Accountants
Singapore

21 NOV 2012

Macmarine Services Pte Ltd

Balance Sheet
as at 31 December 2011

	Note	2011 S$	2010 S$
ASSETS			
Non-Current Assets			
Property, plant & equipment	3	1,190,823	1,214,252
Current Assets			
Trade & other receivables	4	599,758	478,523
Fixed deposits	5	65,718	65,422
Cash & cash equivalents	6	11,172	122,954
		676,648	666,899
Total Assets		1,867,471	1,881,151
EQUITY AND LIABILITIES			
Non-Current Liabilities			
Deferred taxation	7	1,974	557
Loans & borrowings	8	865,676	861,952
		867,650	862,509
Current Liabilities			
Trade & other payables	9	342,446	471,188
Loans & borrowings	8	261,720	188,742
Provision for taxation		1,470	10,981
		605,636	670,911
Capital And Reserves			
Share capital	10	200,000	200,000
Accumulated profit		194,185	147,731
		394,185	347,731
Total Equity And Liabilities		1,867,471	1,881,151

The accompanying notes form an integral part of and should be read in conjunction with these audited financial statements.

Macmarine Services Pte Ltd

Statement Of Comprehensive Income
for the financial year ended 31 December 2011

	Note	2011 S$	2010 S$
Revenue	11	2,078,591	2,331,369
Other income	12	29,006	2,179
		2,107,597	2,333,548
Costs and expenses			
Bad debts written off		(87,233)	(56,448)
Cost of sales		(836,955)	(1,319,038)
Depreciation of property, plant & equipment	3	(39,188)	(36,036)
Finance costs	13	(44,943)	(40,414)
Staff costs	14	(858,458)	(738,175)
Other expenses		(190,202)	(206,022)
Total costs and expenses		(2,056,979)	(2,396,133)
Profit/(Loss) before taxation		50,618	(62,585)
Taxation	15	(4,164)	347
Profit/(Loss) after taxation		46,454	(62,238)
Other comprehensive income		-	-
Total comprehensive income for the financial year		46,454	(62,238)

The accompanying notes form an integral part of and should be read in conjunction with these audited financial statements.

Macmarine Services Pte Ltd

Statement Of Changes In Equity
for the financial year ended 31 December 2011

	Note	Share capital S$	Accumulated profit S$	Total S$
Balance at 1 January 2010		200,000	249,969	449,969
Dividends paid during the year	16	-	(40,000)	(40,000)
Total comprehensive income for the financial year		-	(62,238)	(62,238)
Balance at 31 December 2010		200,000	147,731	347,731
Total comprehensive income for the financial year		-	46,454	46,454
Balance at 31 December 2011		200,000	194,185	394,185

The accompanying notes form an integral part of and should be read in conjunction with these audited financial statements.

Macmarine Services Pte Ltd

Statement Of Cash Flows

for the financial year ended 31 December 2011

	Note	2011 S$	2010 S$
Cash Flows From Operating Activities			
Profit/(Loss) before taxation		50,618	(62,585)
Adjustments for			
Depreciation		39,189	36,036
Interest expenses		44,943	40,414
Interest income		(296)	(778)
Operating cash flow before working capital changes		134,454	13,087
Changes in operating working capital:			
Decrease/(increase) in trade & other receivables		(121,235)	376,137
(Decrease)/increase in trade & other payables		(110,843)	226,897
Cash (outflow)/inflow from operations		(97,624)	616,121
Tax paid		(12,258)	(13,306)
Net cash (used in)/generated from operating activities		(109,882)	602,815
Cash Flows From Investing Activities			
Purchase of property, plant & equipment		(15,760)	(1,250,281)
Fixed deposits		(296)	(778)
Interest income		296	778
Net cash used in investing activities		(15,760)	(1,250,281)
Cash Flows From Financing Activities			
Interest paid		(44,943)	(40,414)
Dividends paid		-	(40,000)
Net addition/(repayment) of directors		(17,899)	22,100
Net addition/(repayment) of term loan		(95,291)	684,161
Net addition/(repayment) of hire purchase payables		(1,139)	(5,434)
Net cash (used in)/generated from financing activities		(159,272)	620,413
Net decrease in cash and cash equivalents		(284,914)	(27,053)
Cash and cash equivalents at beginning of financial year		122,954	150,007
Cash and cash equivalents at end of financial year	6	(161,960)	122,954

The accompanying notes form an integral part of and should be read in conjunction with these audited financial statements

Notes To The Financial Statements
for the financial year ended 31 December 2011

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. CORPORATE INFORMATION

The financial statements of Macmarine Services Pte Ltd for the financial year ended 31 December 2011 were authorised for issue in accordance with a resolution of the directors on 21 NOV 2012

Macmarine Services Pte Ltd is a limited liability company incorporated and domiciled in Singapore.

The registered office and principal place of business is located at 69J Tuas South Avenue 1 Seatown Industrial Centre Singapore 637508.

The principal activities of the Company are those of repairs and engineering services.

There have been no significant changes in the nature of these activities during the financial year.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements, presented in Singapore dollars, have been prepared in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards ("FRS") including related interpretations to FRS ("INT FRS").

The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

(b) Significant Accounting Estimates and Judgements

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and disclosures made. These are made based on historical experience and other factors that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis.

Critical judgements in applying the Company's accounting policies

In the process of applying the Company's accounting policies, management is of the opinion that any instances of application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements (apart from those involving estimates).

2. SIGNIFICANT ACCOUNTING POLICIES

(b) Significant Accounting Estimates and Judgements - continued

Keys sources of estimation uncertainty

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

(i) Depreciation of property, plant & equipment

The cost of property, plant & equipment are depreciated on a straight-line basis over the expected useful lives. Management estimates the useful lives of these assets to be within 1 to 50 years. These are common life expectancies in the industry. The carrying amount of the Company's property, plant & equipment as at 31 December 2011 was S$1,190,823 {2010: S$1,214,252}. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore future depreciation charges could be revised.

(ii) Impairment of trade and other receivables

The Company assesses at the end of each financial year, whether there is any objective evidence that a financial asset is impaired and considers factors such as the financial health and credibility of the debtor and the past collection history of each debtor. These involve significant judgement. If any objective evidence exists to suggest that the receivables may be impaired, the Company estimates and records the impairment loss accordingly.

2. SIGNIFICANT ACCOUNTING POLICIES

(c) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the item can be reliably measured. Other subsequent expenditure is recognised as repair and maintenance expense in the income statement during the financial year in which it is incurred.

When an item of property, plant and equipment is disposed, the difference between the net disposal proceeds and its carrying amount is taken to the income statement.

Depreciation is calculated on the straight line basis to write off the costs of property, plant and equipment over their estimated useful lives as follows:

Workshop equipment	-	5 years
Furniture & fittings	-	5 years
Office equipment	-	5 years
Motor vehicles	-	5 years
Machinery	-	5 years
Computers	-	1 year
Renovation	-	5 years
Property	-	50 years

The residual values and useful lives of property, plant and equipment are reviewed and adjusted as appropriate at each balance sheet date.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge is made for depreciation in respect of these assets.

2. SIGNIFICANT ACCOUNTING POLICIES

(d) Financial Assets

Financial assets are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument. The Company's financial assets are classified according to the categories as specified in FRS 39.

The Company has only financial assets under the category of loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process. A loan and receivable is derecognised when the contractual rights to receive cash flows from the assets have expired which usually coincides with receipt of payments for the asset.

As at 31 December 2011, the Company carries financial assets as loans and receivables on its balance sheet.

Trade and other receivables

Trade and other receivables are classified and accounted for as loans and receivables. These are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Receivables of short duration are not discounted.

An allowance is made for estimated irrecoverable amounts when there is objective evidence that the Company will not be able to recover the debt. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank deposits which are readily convertible to a known amount of cash, subject to an insignificant risk of changes in value.

2. SIGNIFICANT ACCOUNTING POLICIES

(e) Impairment

At the end of each financial year, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

(f) Financial Liabilities

Financial liabilities issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Trade and other payables are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. They are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost, using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process. A financial liability is derecognised when the obligations under the liability is extinguished. Liabilities of short duration are not discounted.

(g) Leases

(i) *Finance leases*

Where assets are financed by lease agreements that give rights approximating to ownership, the assets are capitalised as if they had been purchased outright at values equivalent to the lower of the fair values of the leased assets and the present value of the total minimum lease payments during the periods of the leases. The corresponding lease commitments are included under liabilities. The excess of the lease payments over the recorded lease obligations is treated as finance charges which are amortised over each lease term to give a constant effective rate of charge on the remaining balance of the obligation. The assets are depreciated over their estimated useful lives.

2. SIGNIFICANT ACCOUNTING POLICIES

(g) **Leases** - continued

(ii) *Operating leases*

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Rentals on operating leases are charged to the income statement on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in the income statement when incurred.

(h) **Interest Bearing Loans and Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received less direct attributable transaction costs, if any. These are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of any transaction costs) and the redemption value is taken to the profit or loss over the period of the borrowings using the effective interest method.

(i) **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other borrowing costs are recognised as an expense in the period in which they were incurred.

(j) **Functional And Foreign Currency**

Functional currency

The management has determined the currency of the primary economic environment in which the Company operates ("the functional currency") to be Singapore dollars. Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuation in Singapore dollars.

2. SIGNIFICANT ACCOUNTING POLICIES

(j) Functional And Foreign Currency - continued

Foreign currency transactions and balances

Transactions in foreign currencies measured in the respective functional currencies of the Company are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction rates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the income statement.

(k) Income Tax

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

Tax expense is determined on the basis of tax effect accounting, using the liability method. Current taxation is provided at the current taxation rate based on the tax payable on the income for the financial year that is chargeable to tax. Deferred taxation is provided at the current taxation rate on all temporary differences existing at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except that a deferred tax asset is not carried forward unless it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rate (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case, the deferred tax is also dealt with in equity.

(l) Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event where it is probable that the obligation will result in an outflow of economic benefits that can be reasonably estimated.

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

2. SIGNIFICANT ACCOUNTING POLICIES

(m) Related Parties

Related parties are entities with one or more common direct/indirect shareholders and/or directors and in which one party has the ability to control or exercise significant influence over the other party in making financial and operating decisions.

(n) Revenue Recognition

(i) *Sale of goods*

Revenue from sale of goods is recognised when goods have been delivered and the related risk and rewards of ownership have been transferred to the customer and the customer invoiced.

(ii) *Services*

Revenue from the rendering of services is recognised over the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as proportion of the total services to be performed.

(o) Employee Benefits

Defined contribution pension scheme

As required by law, the Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension scheme are recognised as an expense in the period in which the related service is performed.

Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave are recognised, and are measured as the amount unpaid at the balance sheet date at current pay rates in respect of employees' services up to that date.

(p) Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest rate basis for debt instruments.

Macmarine Services Pte Ltd

Notes To The Financial Statements
for the financial year ended 31 December 2011

3. PROPERTY, PLANT & EQUIPMENT

	Workshop equipment S$	Furniture & fittings S$	Office equipment S$	Motor vehicles S$
Cost				
At 1.1.2010	6,802	7,807	19,769	191,441
Additions	25,210	2,531	-	-
Disposals	-	-	-	-
At 31.12.2010	32,012	10,338	19,769	191,441
At 1.1.2011	32,012	10,338	19,769	191,441
Additions	-	-	-	15,760
Disposals	-	-	-	-
At 31.12.2011	32,012	10,338	19,769	207,201
Depreciation				
At 1.1.2010	6,801	7,806	19,768	191,440
Depreciation for the year	5,042	506	-	-
Disposals	-	-	-	-
At 31.12.2010	11,843	8,312	19,768	191,440
At 1.1.2011	11,843	8,312	19,768	191,440
Depreciation for the year	5,042	506	-	3,152
Disposals	-	-	-	-
At 31.12.2011	16,885	8,818	19,768	194,592
Net book value				
At 31.12.2011	15,127	1,520	1	12,609
At 31.12.2010	20,169	2,026	1	1

3. PROPERTY, PLANT & EQUIPMENT - continued

	Machinery S$	Computers S$	Renovation S$
Cost			
At 1.1.2010	15,050	6,245	625
Additions	-	-	33,540
Disposals	-	-	-
At 31.12.2010	15,050	6,245	34,165
At 1.1.2011	15,050	6,245	34,165
Additions	-	-	-
Disposals	-	-	-
At 31.12.2011	15,050	6,245	34,165
Depreciation			
At 1.1.2010	15,049	6,244	624
Depreciation for the year	-	-	6,708
Disposals	-	-	-
At 31.12.2010	15,049	6,244	7,332
At 1.1.2011	15,049	6,244	7,332
Depreciation for the year	-	-	6,709
Disposals	-	-	-
At 31.12.2011	15,049	6,244	14,041
Net book value			
At 31.12.2011	1	1	20,124
At 31.12.2010	1	1	26,833

3. PROPERTY, PLANT & EQUIPMENT - continued

Cost	Property S$	Total S$
At 1.1.2010	-	247,739
Additions	1,189,000	1,250,281
Disposals	-	-
At 31.12.2010	1,189,000	1,498,020
At 1.1.2011	1,189,000	1,498,020
Additions	-	15,760
Disposals	-	-
At 31.12.2011	1,189,000	1,513,780
Depreciation		
At 1.1.2010	-	247,732
Depreciation for the year	23,780	36,036
Disposals	-	-
At 31.12.2010	23,780	283,768
At 1.1.2011	23,780	283,768
Depreciation for the year	23,780	39,189
Disposals	-	-
At 31.12.2011	47,560	322,957
Net book value		
At 31.12.2011	1,141,440	1,190,823
At 31.12.2010	1,165,220	1,214,252

The carrying values of property, plant & equipment are reviewed for impairment when there are indicators of impairment. The assessment now led to management's conclusion that no impairment loss is required to be recognised.

4. TRADE & OTHER RECEIVABLES

	2011 S$	2010 S$
Trade receivables	553,590	521,428
Less: Impairment	-	(56,448)
	553,590	464,980
Other receivables	6,641	450
Amount due from directors	-	2,900
Deposits	4,020	5,940
	10,661	9,290
Total trade & other receivables	564,251	474,270
Prepayment	35,507	4,253
	599,758	478,523

Trade receivables are non-interest bearing and are generally on 30 - 90 days' term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The ageing of trade & other receivables at reporting date is:

	2011 S$	2010 S$
Not past due	242,583	33,209
31 – 60 days	167,823	110,095
61 – 90 days	53,427	158,184
Over 91 days	100,418	172,782
	564,251	474,270

The carrying amount of trade & other receivables impaired by credit losses is reduced through the use of an allowance account unless on the date the impairment loss is recognised, the Company ascertains the amount to be uncollectible whereby it would be reduced directly. In subsequent periods when a trade receivable is ascertained to be uncollectible, it is written off against the allowance account.

Significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy or financial reorganisation, and the default or delinquency in payments (more than 120 days ageing of receivable balances) are considered indicators that the trade receivable is impaired. Individual trade receivable is written off when management deems the amount not to be collectible.

Trade receivables that are impaired at the balance sheet date amounted to S$87,233 {2010: S$56,448}.

4. **TRADE & OTHER RECEIVABLES** - continued

The Company has trade receivables amounting to S$100,418 {2010: S$172,782} that are past due at the balance sheet date but not impaired.

Trade receivables are denominated in Singapore dollars.

Other receivables are unsecured, non-interest bearing and is repayable on demand.

There is no concentration of credit risk with respect to trade receivables as the Company has a large number of customers.

5. **FIXED DEPOSITS**

Fixed deposits have an average maturity period of 1 month {2010: 1 month} from the end of the financial year at an interest rate of 0.0375% {2010: 0.0375%}.

6. **CASH & CASH EQUIVALENTS**

For the purpose of statement of cash flows, cash and cash equivalents comprise the following:

	2011	**2010**
	S$	S$
Cash at bank	11,172	122,954
Bank overdraft (Note 8)	(173,132)	-
	(161,960)	122,954

Cash and cash equivalents are denominated in Singapore dollars.

7. **DEFERRED TAXATION**

The deferred tax liability arises mainly as a result of excess of net book value over tax written down value of property, plant & equipment:

	2011	**2010**
	S$	S$
Balance at beginning	557	904
Origination of temporary differences charged/(credited) to income statement	1,417	(347)
Balance at end	1,974	557

8. LOANS & BORROWINGS

	2011 S$	2010 S$
Current		
Bank overdraft	173,132	-
Hire purchase payables	2	1,141
Term loan	88,586	187,601
	261,720	188,742
Non-current		
Term loan	865,676	861,952
Total loans and borrowings	1,127,396	1,050,694

The bank overdraft is secured by a pledge of fixed deposit and joint and several guarantees by two directors.

Obligations under finance lease

The Company has acquired motor vehicles under finance lease for a lease term of 7 years.. The average discount rate implicit in the lease is 0.0213% to 0.0634% {2010: 0.0213% to 0.0634%} per annum. Future minimum lease payments under finance lease together with the present value of net minimum lease payments are as follows:

	Minimum lease payments 2011 S$	Present value of payments 2011 S$	Minimum lease payments 2010 S$	Present value of payments 2010 S$
Not later than one year	2	2	1,403	1,141
Later than one year but not later than five years	-	-	-	-
Total minimum lease payments	2	2	1,403	1,141
Less: Amounts representing finance charges	-	-	(262)	-
Present value of minimum lease payments	2	2	1,141	1,141

8. LOANS & BORROWINGS - continued

Term loan

	2011 S$	2010 S$
Term loan A	66,746	117,300
Term loan B	-	102,494
Term loan C	887,516	829,759
	954,262	1,049,553
Less: Amount due for settlement within 12 months (shown under current liabilities)	(88,586)	(187,601)
Amount due for settlement after 12 months	865,676	861,952

Term loan A is secured by personal guarantee of two directors, and bears interest at LEFS fixed rate of 5% per annum on a monthly rest basis. The loan is repayable over 48 monthly instalments.

Term loan B is secured by personal guarantee of two directors, and bears interest at LEFS fixed rate of 5% per annum on a monthly rest basis. The loan is repayable over 24 monthly instalments.

Term loan C is secured by personal guarantee of all directors, mortgage of the property and bears interest at EFR rate of 5% per annum, whereby the first and second year is 2.12% below EFR whilst the subsequent years is 0.25% above EFR. The loan is repayable over 20 years.

Management is of the opinion that the fair values of the Company's long term bank loans, by discounting their future cash flows at market rates, approximate their carrying values as shown in the financial statements.

9. TRADE & OTHER PAYABLES

	2011 S$	2010 S$
Trade payables	266,926	319,810
Sundry payables	36,647	98,935
Accruals	34,672	30,343
Amount owing to directors	4,201	22,100
	342,446	471,188

Trade payables are denominated in Singapore dollars.

The amount owing to sundry payables and directors is unsecured, non-interest bearing and is repayable on demand.

Notes To The Financial Statements
for the financial year ended 31 December 2011

10. SHARE CAPITAL

	2011 S$	2010 S$
Issued and fully paid with no par value:		
200,000 ordinary shares	200,000	200,000

The Company has one class of ordinary shares. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

11. REVENUE

Revenue represents total invoiced sales less trade discounts.

12. OTHER INCOME

	2011 S$	2010 S$
Interest income	296	778
Miscellaneous income	12,183	1,401
Trade creditors written off	16,527	-
	29,006	2,179

13. FINANCE COSTS

	2011 S$	2010 S$
Hire purchase interest	264	1,263
Overdraft interest	11,667	3,853
Term loan interest	33,012	35,298
	44,943	40,414

14. STAFF COSTS

	2011 S$	2010 S$
Staff costs (including directors' remuneration)		
CPF contribution	102,269	87,068
Salary, bonus and other costs	756,189	651,107
	858,458	738,175

15. TAXATION

The tax charge in the financial statements is made up as follows:

	2011 S$	2010 S$
Income tax		
- current year	2,747	-
Deferred tax (Note 7)	1,417	(347)
	4,164	(347)

The taxation charge for the Company is higher than that arrived at by applying the standard rate of tax to the profit for the year due to certain expenses which are not allowable for tax purposes.

A numerical explanation of the relationship between accounting profit or loss and tax income or expense is as follows:

	2011 S$	2010 S$
Profit before taxation	50,618	-
Taxation at statutory tax rate of 17%	8,605	-
Adjustment		
Expenses not deductible for tax purposes	3,767	-
Partial exemption	(3,596)	-
Utilisation of losses	(6,942)	-
Utilisation of wear & tear allowances	(2,573)	-
Others	4,903	(347)
Tax charge as per income statement	4,164	(347)

16. DIVIDENDS

	2011 S$	2010 S$
In respect of financial year ended 31 December 2010:		
- Final one-tier tax exempt dividend of 20 cents per share	-	40,000

17. FINANCIAL RISK MANAGEMENT AND POLICIES

The Company's financial instruments are exposed to mainly liquidity, credit and interest risks. The Company reviews and agrees policies for managing the financial risks regularly on an ongoing basis to minimise the potential material adverse financial impact of those exposures.

Liquidity risk

The Company's exposure to liquidity risk arises in the general funding of the Company's business activities. The Company's objective is to maintain a balance between continuity of funding and flexibility through diverse sources of committed and uncommitted credit facilities from various banks.

The tables below summarise the maturity profile of the Company's financial liabilities at the balance sheet date based on contractual undiscounted payments.

			2011		
	Note	Carrying amount S$	Contractual cash flows S$	Less than 1 year S$	2 to 5 years S$
Bank overdraft	8	173,132	173,132	173,132	-
Hire purchase payables	8	2	2	2	-
Term loan	8	954,258	954,258	88,586	865,672
Trade & other payables	9	303,573	303,573	303,573	-
Accruals	9	34,672	34,672	34,672	-
		1,465,637	1,465,637	599,965	865,672

			2010		
	Note	Carrying amount S$	Contractual cash flows S$	Less than 1 year S$	2 to 5 years S$
Hire purchase payables	8	1,141	1,403	1,403	-
Term loan	8	1,049,553	1,049,553	187,601	861,952
Trade & other payables	9	418,745	418,745	418,745	-
Accruals	9	30,343	30,343	30,343	
		1,499,782	1,500,044	638,092	861,952

Credit risk

Credit risk refers to the risk that receivables will default on their obligation to repay the amounts owing to the Company, resulting in a loss to the Company. It is the Company's policy to provide credit terms to creditworthy and reputable customers. These receivables are continually monitored to ensure that issues arising from non-collectability are minimised. Therefore, the Company does not expect material credit losses on its debts with customers.

17. FINANCIAL RISK MANAGEMENT AND POLICIES - continued

Interest risk

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's banking facilities and term loan taken up from reputable financial institutions. Surplus funds are placed with bank.

Interest rate sensitivity

The Company's borrowings at variable rates, upon which effective hedges have not been entered into, are denominated mainly in Singapore dollars (SGD). If the SGD interest rates increased/decreased by 0.5% {2010: 0.5%} with all other variables including tax rate being held constant, the net profit would be lower/higher by S$4,438 {2010: S$4,148} as a result of higher/lower interest expense on these borrowings.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The following methods and assumptions are used to estimate the fair value of each class of financial instrument:

Bank balances, other liquid funds and short-term receivables

The carrying amount approximates fair value due to the relatively short-term maturity of these instruments.

Short-term borrowings and other current liabilities

The carrying amount approximates fair value because of the short period to maturity of these instruments.

19. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to have a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company manages its capital to ensure it will be able to continue as a going concern while maximising the return to shareholders through optimization of the debt to equity balance. The Company manages the capital structure and makes adjustments to it in the light of changes to economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholder, return capital to shareholders, issue new shares, or sell assets to reduce debt.

There are no changes in the Company's approach to capital management during the year.

20. RELATED PARTIES DISCLOSURES

There are transactions and arrangements between the Company and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The current related party balances are unsecured, non-interest bearing and repayable on demand.

(i) *Key management compensation*

	2011 S$	**2010** S$
Salaries and other short term employee benefits	244,580	241,260

Included in the above amounts are the following items:

	2011 S$	**2010** S$
Directors' CPF	18,980	15,660
Directors' remuneration	225,600	225,600
	244,580	241,260

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

21. NEW ACCOUNTING STANDARDS AND FRS INTERPRETATIONS

Certain FRS and INT FRS have been revised and issued but not yet effective. The Company has assessed that these FRS and INT FRS are not relevant to the Company and do not anticipate any material impact on the accounting policies and the financial statements.

Except for the revised FRS 24 and Amendments to FRS 1, the directors expect that the adoption of the other standards and interpretations will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policies on adoption of the revised FRS 24 and Amendments to FRS 1 are described below.

Revised FRS 24, *Related Party Disclosures*

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities.

Management is currently considering the revised definition whether any additional disclosures will be required and has yet to put systems in place to capture the necessary information, it is therefore not possible to disclose the financial impact, if any, of the revision on the related party disclosures.

Amendments to FRS 1, *Presentation of Items of Other Comprehensive Income*

The Amendments to FRS 1 changes the grouping of items presented in Other Comprehensive Income ("OCI"). Items that could be classified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the Amendments only affect the presentation of items that are already recognised in OCI, the Company does not expect any impact on its financial position or performance upon adoption of this standard.