

DRAFT
SUBJECT TO PARTNERS' REVIEW

**Audited Financial Statements
And Other Financial Information**

**FANFIL SECURITY ASIA PTE. LTD.
(Incorporated in Singapore)
(Company Registration No.: 201022957D)**

30TH SEPTEMBER 2012

**Audited Financial Statements
And Other Financial Information**

**FANFIL SECURITY ASIA PTE. LTD.
(Incorporated in Singapore)
(Company Registration No.: 201022957D)**

30TH SEPTEMBER 2012

C O N T E N T S

	PAGE -----
Director's Report	1 - 2
Statement by Director	3
Independent Auditors' Report	4
Statement of Comprehensive Income	5
Balance Sheet	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9 - 21

FANFIL SECURITY ASIA PTE. LTD.
(Incorporated in Singapore)

DIRECTOR'S REPORT

The director presents his report to the members together with the audited financial statements of Fanfil Security Asia Pte. Ltd. for the financial year ended 30th September 2012.

1. DIRECTOR

The director of the company in office at the date of this report is:

Tay Teck Leong

2. ARRANGEMENTS TO ENABLE DIRECTOR TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the company a party to any arrangement whose object is to enable the director of the company to acquire benefits by means of the acquisitions of shares or debentures of the company or any other body corporate.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors holding office at the end of the financial year and their interests in the share capital of the company as recorded in the register of directors' shareholdings were as follows:

<u>Name of directors</u>	<u>At beginning of financial year</u>	<u>At end of financial year</u>
	(Ordinary shares)	
Chia Mia Hun	15,000	15,000
Tay Teck Leong	45,000	45,000

Mr Chia Mia Hun, who was appointed to the Board on 27th April 2010, resigned on 13th March 2013.

FANFIL SECURITY ASIA PTE. LTD.
(Incorporated in Singapore)

4. DIRECTOR'S CONTRACTUAL BENEFITS

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 corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

5. OPTIONS

No director who held office at the end of the financial year had interests in share options, warrants or debentures of the company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

The director:

TAY TECK LEONG
Director

Singapore

FANFIL SECURITY ASIA PTE. LTD.
(Incorporated in Singapore)

STATEMENT BY DIRECTOR

In the opinion of the director,

- (a) the accompanying financial statements of the company, together with the notes thereto, are drawn up so as to give a true and fair view of the state of affairs of the company as at 30th September 2012 and of the results of the business, changes in equity and cash flows of the company for the financial year then ended, 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.

The director:

TAY TECK LEONG
Director

Singapore

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FANFIL SECURITY ASIA PTE. LTD.**

Report on the Financial Statements

We have audited the accompanying financial statements of Fanfil Security Asia Pte. Ltd., which comprise the balance sheet as at 30th September 2012, 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 (the "Act") and Singapore Financial Reporting Standard, 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; 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.

Auditors' 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.

Opinion

In our opinion, the financial statements of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at 30th September 2012 and changes in equity and cash flows of the company for the financial 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.

STRATEGIC AUDIT ALLIANCE PAC
Public Accountants and Certified Public Accountants
Singapore

DRAFT
SUBJECT TO PARTNERS' REVIEW

FANFIL SECURITY ASIA PTE. LTD.
(Incorporated in Singapore)

**STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED
30TH SEPTEMBER 2012**

	NOTE	01/10/11 TO 30/09/12 \$	27/10/10 TO 30/09/11 \$
Revenue	4	119,734	74,881
Cost of sales		<u>(27,134)</u>	<u>(60,185)</u>
Gross profit		92,600	14,696
Administrative expenses		(115,537)	(4,695)
Other operating expense	5	<u>(2,165)</u>	<u>(115)</u>
(Loss)/profit from ordinary activities	6	(25,102)	9,886
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive (loss)/income		<u><u>(25,102)</u></u>	<u><u>9,886</u></u>

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

FANFIL SECURITY ASIA PTE. LTD.
(Incorporated in Singapore)

BALANCE SHEET AS AT 30TH SEPTEMBER 2012

	NOTE	2012 \$	2011 \$
CURRENT ASSETS			
Trade and other receivables	8	151,880	28,155
Cash and cash equivalents	9	<u>13,908</u>	<u>140,932</u>
		<u>165,788</u>	<u>169,087</u>
CURRENT LIABILITIES			
Trade and other payables	10	<u>31,004</u>	<u>9,201</u>
NET CURRENT ASSETS			
		<u>134,784</u>	<u>159,886</u>
NET ASSETS			
		<u>134,784</u>	<u>159,886</u>
EQUITY			
Share capital	12	150,000	150,000
Accumulated (loss)/revenue reserve		<u>(15,216)</u>	<u>9,886</u>
		<u>134,784</u>	<u>159,886</u>

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

FANFIL SECURITY ASIA PTE. LTD.
(Incorporated in Singapore)

**STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30TH
SEPTEMBER 2012**

	Share Capital \$	Revenue Reserve/ Accumulated (Loss) \$	Total \$
At date of incorporation	100,000	-	100,000
Issue of shares	50,000	-	50,000
Total comprehensive income for the financial period	-	9,886	9,886
Balance at 30 September 2011	150,000	9,886	159,886
Balance at 1 October 2011	150,000	9,886	159,886
Total comprehensive (loss) for the financial year	-	(25,102)	(25,102)
Balance at 30 September 2012	150,000	(15,216)	134,784

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

FANFIL SECURITY ASIA PTE. LTD.
(Incorporated in Singapore)

**STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30TH
SEPTEMBER 2012**

	01/10/11 TO 30/09/12 \$	27/10/10 TO 30/09/11 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit from ordinary activities	(25,102)	9,886
Changes in working capital:		
Receivables	10,975	(28,105)
Payables	21,003	4,701
	31,978	(23,404)
Net cash provided by/(used in) operating activities	6,876	(13,518)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payables	800	4,500
Proceeds from issuance of ordinary shares	-	150,000
Receivables	(134,700)	(50)
Net cash (used in)/provided by financing activities	(133,900)	154,450
Net change in cash and cash equivalents	(127,024)	140,932
Cash and cash equivalents at beginning of the year/date of incorporation	140,932	-
Cash and cash equivalents at end of financial year/period (Note 9)	13,908	140,932

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

FANFIL SECURITY ASIA PTE. LTD.
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 2012

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

1. GENERAL CORPORATE INFORMATION

The company is incorporated and domiciled in Singapore. The address of its registered office and its principal place of business is as follows: 60, Kaki Bukit Place, #05-04 Eunos Techpark, Singapore 415979.

The principal activities of the company are those businesses of retail sale of security and fire-fighting equipment.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

In 2012, the company adopted the amended FRS and Interpretations to FRS that are applicable in the current financial year. The 2012 financial statements have been prepared in accordance with the relevant transitional provisions in the respective FRS. The followings are the amended FRS that is relevant to the company:

FRS 1 (Amendment) Presentation of Financial Statements
FRS 12 (Amendment) Income Taxes

The adoption of the above FRS did not result in any substantial changes to the company's accounting policies nor any significant impact on these financial statements.

FANFIL SECURITY ASIA PTE. LTD.
(Incorporated in Singapore)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Financial Assets

(a) Classification

The company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale. The classification depends on the nature of assets and purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables are presented as 'trade and other receivables' and 'cash and cash equivalents' on the balance sheet.

(b) Recognition and Derecognition

Regular way purchases and sales of financial assets are recognised on trade-date - the date on which the company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the net sale proceeds and carrying amount is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is transferred to profit or loss.

(c) Initial Measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) Subsequent Measurement

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and financial assets, held-to-maturity are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of financial assets, at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

Interest and dividend income on financial assets, available-for-sale are recognised separately in profit or loss.

FANFIL SECURITY ASIA PTE. LTD.
(Incorporated in Singapore)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Financial Assets (Cont'd)

(e) Impairment

The company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and Receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequently recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

2.3 Financial Liabilities

(a) Recognition

Financial liabilities are recognised on the balance sheet when, and only when, the company becomes a party to the contractual provisions of the financial instrument. The company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of other financial liabilities, plus directly attributable transaction costs.

(b) Subsequent Measurement

The measurement of financial liabilities depends on their classification as follows:

Other Financial Liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

FANFIL SECURITY ASIA PTE. LTD.
(Incorporated in Singapore)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Financial Liabilities (Cont'd)

(c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another form the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modifications is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognised in profit or loss.

2.4 Cash and Cash Equivalents

For the purpose of the presentation in the statement of cash flows, cash and cash equivalents include deposits with financial institutions which are subject to an insignificant risk of change in value.

2.5 Trade and Other Payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.6 Income Tax

(a) Current income tax for current and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

(b) Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

FANFIL SECURITY ASIA PTE. LTD.
(Incorporated in Singapore)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the company's activities. Revenue is presented, net of rebates and discounts.

Sale of Goods

Revenue from these sales is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer which generally coincides with delivery and acceptance of the goods sold.

2.8 Employee Benefits

(a) Defined Contribution Plan

The company's contributions to defined contribution plans are recognised as employee compensation expense when the contributions are due, unless they can be capitalised as an asset.

(b) Employee Leave Entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.9 Share Capital

Ordinary shares are classified as equity.

2.10 Fair Value Estimation of Financial Assets and Liabilities

The fair value of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

FANFIL SECURITY ASIA PTE. LTD.
(Incorporated in Singapore)

3. CRITICAL ACCOUNTING POLICIES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment of Loans and Receivables

Management reviews its loan and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economics or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded in the statement of comprehensive income. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

4. REVENUE

	01/10/11 TO 30/09/12 \$	27/10/10 TO 30/09/11 \$
Revenue from sale of goods	119,734	74,881

5. OTHER OPERATING EXPENSE

	01/10/11 TO 30/09/12 \$	27/10/10 TO 30/09/11 \$
Bank charges	265	115
Impairment loss on trade receivable	1,900	-
	2,165	115

FANFIL SECURITY ASIA PTE. LTD.
(Incorporated in Singapore)

6. (LOSS)/PROFIT FROM ORDINARY ACTIVITIES

The following items have been included in arriving at (loss)/profit from ordinary activities:

		01/10/11 TO 30/09/12 \$	27/10/10 TO 30/09/11 \$
	Note		
Impairment loss on trade receivable		1,900	-
Staff costs	7	110,700	-

7. STAFF COSTS

		01/10/11 TO 30/09/12 \$	27/10/10 TO 30/09/11 \$
	Note		
CPF contribution		800	-
Salaries and bonuses		109,000	-
Wages		900	-
	6	110,700	-

8. TRADE AND OTHER RECEIVABLES

	2012 \$	2011 \$
Trade receivables	17,130	28,105
Other receivable:		
- shareholder	133,500	-
Deposit	1,200	-
Prepaid operating expense	50	50
	151,880	28,155

The average credit period on sale of goods is 30 days (2011: 30 days). No interest is charged on the trade receivables. Trade receivables more than 30 days past due are provided for based on estimated irrecoverable amounts from the sales of goods determined by reference to past default experience.

FANFIL SECURITY ASIA PTE. LTD.
(Incorporated in Singapore)

8. TRADE AND OTHER RECEIVABLES (CONT'D)

The table below is an analysis of trade receivables as at balance sheet date:

	2012	2011
	\$	\$
Not past due and not impaired	-	5,300
Past due but not impaired	17,130	22,805
Total	<u>17,130</u>	<u>28,105</u>

Ageing of trade receivables that are past due but not impaired:

	2012	2011
	\$	\$
- 31 to 60 days	2,730	22,205
- 61 to 90 days	13,800	-
More than 90 days	600	600
Total	<u>17,130</u>	<u>22,805</u>

The amounts owing by a shareholder is non-trade in nature, unsecured, interest-free and is expected to be repayable within the next twelve months.

9. CASH AND CASH EQUIVALENTS

	2012	2011
	\$	\$
Bank balance	<u>13,908</u>	<u>140,932</u>

10. TRADE AND OTHER PAYABLES

	2012	2011
	\$	\$
Trade payables	25,704	4,701
Other payables:		
- director	1,200	-
- third party	-	1,900
Accrued operating expenses	4,100	2,600
	<u>31,004</u>	<u>9,201</u>

The average credit period on purchases of goods is 30 days (2011: 30 days). The company has financial risk management policies in place to ensure that all payables are within the credit time frame.

FANFIL SECURITY ASIA PTE. LTD.
(Incorporated in Singapore)

10. TRADE AND OTHER PAYABLES (CONT'D)

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs.

The amount owing to a director is non-trade in nature, unsecured, interest-free and has no fixed terms of repayment.

11. INCOME TAX

No provision for current income tax has been made in the financial statements.

A reconciliation between the income tax expense and the product of accounting loss/profit multiplied by the applicable tax rate for the year/period ended 30th September were as follows:

	01/10/11 TO 30/09/12 \$	27/10/10 TO 30/09/11 \$
(Loss)/profit before income tax	(25,102)	9,886
Tax at the statutory tax rate of 17%	(4,267)	1,681
Tax effect of expenses that are not deductible in determining taxable income	27	-
Tax effect on current year's loss not recognised	4,240	-
Full tax exemption	-	(1,681)
	-	-

Deferred income tax (liabilities) not recognised as at 30th September are as follows:

	01/10/11 TO 30/09/12 \$	27/10/10 TO 30/09/11 \$
Unabsorbed tax loss	4,240	-
	4,240	-

As at 30th September 2012, the company has unabsorbed tax loss estimated at \$24,942 (2011: Nil) available for offsetting against future taxable income subject to the compliance of certain provisions of Singapore Income Tax Act agreement with the tax authorities.

FANFIL SECURITY ASIA PTE. LTD.
(Incorporated in Singapore)

12. SHARE CAPITAL

	2012	2011
	\$	\$
150,000 ordinary shares issued and fully paid with no par value	<u>150,000</u>	<u>150,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

13. OPERATING LEASE COMMITMENTS

As at the balance sheet date, the company is committed to make the following payments in respect of operation leases with a term of more than one year:

	2012	2011
	\$	\$
Within one year	4,200	3,150
Between one to five years	<u>9,450</u>	<u>13,650</u>

14. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The main risks arising from the company's financial instruments are cash flow and fair value interest rate risk, credit risk and foreign currency risk. The company does not use derivatives and other instruments in its risk management activities. The company does not hold or issue derivatives financial instruments for trading purposes. The management reviews and agrees policies for managing each of these risks and they are summarised below:

14.1 Cash Flow and Fair Value Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the company has no significant interest-bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates.

FANFIL SECURITY ASIA PTE. LTD.
(Incorporated in Singapore)

14. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

14.1 Cash Flow and Fair Value Interest Rate Risk (Cont'd)

	Non-interest bearing \$	Total \$
At 30 September 2012		
Assets		
Trade and other receivables	151,880	151,880
Cash and cash equivalents	13,908	13,908
Total assets	165,788	165,788
Liabilities		
Trade and other payables	31,004	31,004
Total liabilities	31,004	31,004
At 30 September 2011		
Assets		
Trade and other receivables	28,155	28,155
Cash and cash equivalents	140,932	140,932
Total assets	169,087	169,087
Liabilities		
Trade and other payables	9,201	9,201
Total liabilities	9,201	9,201

14.2 Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. For trade receivables, the company adopts the policy of dealing only with customers of appropriate credit history. The credit risk and amount outstanding are monitored on an ongoing basis. The company is not exposed to significant concentration of credit risk.

As the company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The company's major classes of financial assets are bank deposits and trade and other receivables. Bank deposits are mainly placed with financial institutions which have high credit ratings.

FANFIL SECURITY ASIA PTE. LTD.
(Incorporated in Singapore)

14. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

14.2 Credit Risk (Cont'd)

- (i) Financial assets that are neither past due nor impaired
Bank deposits that are neither past due nor impaired are mainly deposits with bank with high credit ratings assigned by international credit rating agencies.

Trade and other receivables that are neither past due nor impaired are substantially companies with good collection track records with the company.

- (i) Financial assets that are past due and/or impaired
There is no other class of financial assets that is past due and/or impaired except for trade receivables.

14.3 Foreign Currency Risk

The company is not exposed to foreign currency risk as all its transactions are denominated in Singapore Dollars.

The company does not engage in trading of or speculation in foreign currencies as the company's exposure to foreign currency exchange risk is minimal.

14.4 Fair Values

The carrying amounts of financial assets and liabilities are approximate to their fair values.

15. CAPITAL MANAGEMENT

The company's objectives when managing capital are:

- a) To safeguard the company's ability to continue as a going concern;
- b) To support the company's stability and growth; and
- c) To provide capital for the purpose of strengthening the company's risk management capability.

The company actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders returns, taking into consideration the future capital requirements of the company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditure and projected strategic investment opportunities.

FANFIL SECURITY ASIA PTE. LTD.
(Incorporated in Singapore)

16. COMPARATIVE FIGURES

Comparative figures covered a period of twelve months from 27th October 2010 to 30th September 2011.

17. NEW ACCOUNTING STANDARDS AND FRS INTERPRETATIONS

Certain new accounting standards, amendments and interpretations to existing standards have been published and they are mandatory for the company's accounting periods beginning on or after 1 October 2012 or later periods which the company has not early adopted. The company does not expect that adoption of these accounting standards or interpretations will have a material impact on the company's financial statements.

18. AUTHORISATION OF FINANCIAL STATEMENTS

The board of director has authorised these financial statements for issue on the date of the statement by director.

FANFIL SECURITY ASIA PTE. LTD.
(Incorporated in Singapore)

**DETAILED PROFIT AND LOSS ACCOUNT FOR THE FINANCIAL YEAR ENDED
30TH SEPTEMBER 2012**

	01/10/11 TO 30/09/12 \$	27/10/10 TO 30/09/11 \$
REVENUE	119,734	74,881
LESS: COST OF SALES		
Consultancy for maintenance and project work	-	29,476
Purchases	27,134	30,709
	27,134	60,185
GROSS PROFIT	92,600	14,696
LESS: EXPENSES		
Accountancy fee	800	1,100
Auditors' remuneration	1,800	1,500
Bank charges	265	115
Commission	200	600
CPF contribution	800	-
General expenses	250	50
Impairment loss on trade receivable	1,900	-
Printing, postages and stationery	1,487	1,195
Salary & bonuses	109,000	-
Secretarial fee	300	250
Wages	900	-
	117,702	4,810
OPERATING (LOSS)/PROFIT FOR THE YEAR/PERIOD	(25,102)	9,886

This schedule does not form part of the audited statutory financial statements.