

**AUCTORIZIUM PTE LTD
FORMERLY KNOWN AS R SQUARE SOLUTIONS PTE. LTD.
(COMPANY REGISTRATION NUMBER: 201210684C)**

**FINANCIAL STATEMENTS
FOR THE PERIOD FROM APRIL 30, 2012
(DATE OF INCORPORATION) TO DECEMBER 31, 2012
TOGETHER WITH REPORTS OF DIRECTORS AND AUDITORS**

Auctorizium Pte. Ltd.
Directors' Report
For the period ended December 31, 2012

The directors present this report to the members together with the financial statements of the Company for the financial period from April 30, 2012 (date of incorporation) to December 31, 2012.

Directorate

The directors in office at the date of this report are as follows:-

Raja Rajeshkumar (appointed on April 30, 2012)
Foo Jong Ai (appointed on May 9, 2012)

Registered Office

The registered office of the Company as at the date of this report is as follows:-

20 Cecil Street,
#13-02 Equity Plaza
Singapore 049705

Arrangements for Directors to Acquire Shares and Debentures

At no time during the financial period was the Company a party to any arrangements to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Interests in Shares and Debentures

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, particulars of interest of the director who held office at the end of the financial period in shares in the Company and in related corporations are as follows:-

	Holdings at beginning of the period/ date of appointment	Holdings at end of the period
<u>Immediate and ultimate holding company</u>		
Netrust Pte Ltd		
Ordinary shares each fully paid		
- Foo Jong Ai	6,400,000	6,400,000
<u>Related corporations</u>		
R Square Pte Ltd		
Ordinary shares each fully paid		
- Raja Rajeshkumar	100,000	100,000

Auctorizium Pte. Ltd.
Directors' Report
For the period ended December 31, 2012

By virtue of their shareholding in ultimate holding company and/or related corporation, Raja Rajeshkumar and Foo Jong Ai are deemed to have interests in the shares in the Company, both directly and indirectly, at their respective dates of appointment and at end of the financial period.

Except as disclosed in this report, no director who held office at the end of the financial period had interests in shares or debentures of the Company or of related corporations either at the appointment date or end of the financial period.

Directors' Interests in Contracts

Since the date of incorporation, except as disclosed in the accompanying financial statements, no director 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 he is a member or with a Company in which he has a substantial financial interest.

Share Options

During the financial period, there were:-

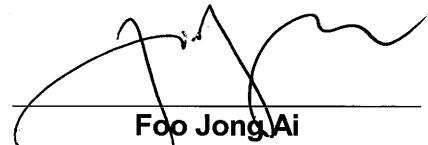
- (i) no options granted by the Company to any person to take up unissued shares in the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial period, there were no unissued shares of the Company under option.

By the Board of Directors



Raja Rajeshkumar
Director



Foo Jong Ai
Director

Singapore,

28 MAY 2013

Auctorizium Pte. Ltd.
Statement by Directors
For the period ended December 31, 2012

We, Raja Rajeshkumar and Foo Jong Ai, being directors of Auctorizium Pte. Ltd., do hereby state that in our opinion:-

- (a) the accompanying financial statements are drawn up so as to give a true and fair view of the state of affairs of the Company as at December 31, 2012 and the results, changes in equity and cash flows of the Company for the period from April 30, 2012 (date of incorporation) to December 31, 2012 in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; 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.

By the Board of Directors



Raja Rajeshkumar
Director



Foo Jong Ai
Director

Singapore,

28 MAY 2013



Reliance Audit LLP

CERTIFIED PUBLIC ACCOUNTANTS
A Limited Liability Partnership

INDEPENDENT AUDITORS' REPORT

Only to the Members of Auctorizium Pte. Ltd.

(Company Registration Number: 201210684C)

Report on the financial statements

We have audited the accompanying financial statements of Auctorizium Pte. Ltd. (the "Company") which comprise the balance sheet as at December 31, 2012, the statement of comprehensive income, statement of changes in equity and cash flow statement for the period from April 30, 2012 (date of incorporation) to December 31, 2012, 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, Chapter 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.

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 opinion.

Opinion

In our opinion, the financial statements 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 December 31, 2012 and the results, changes in equity and cash flows of the Company for the period from April 30, 2012 (date of incorporation) to December 31, 2012.

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.

Peliano Audit LLP

Public Accountants and
Certified Public Accountants

Singapore,

28 MAY 2013

Auctorizium Pte Ltd
Balance Sheet
As at December 31, 2012

	Note	2012 US\$
ASSETS		
Non-Current Assets		
Plant and equipment	3	<u>20,039</u>
Current Assets		
Other receivables	4	25,835
Cash and cash equivalents	5	<u>589,540</u>
		<u>615,375</u>
Total Assets		<u>635,414</u>
LIABILITIES		
Non-Current Liabilities		
Deferred tax	8	<u>3,407</u>
Current Liabilities		
Trade and other payables	6	212,291
Current tax liabilities		<u>3,598</u>
		<u>215,889</u>
Total Liabilities		<u>219,296</u>
NET ASSETS		<u>416,118</u>
EQUITY		
Share capital	7	80,000
Unappropriated profit		<u>336,118</u>
TOTAL EQUITY		<u>416,118</u>

See accompanying notes to the financial statements.

Auctorizium Pte Ltd**Statement of Comprehensive Income**

For the period from April 30, 2012 (date of incorporation) to December 31, 2012

	Note	Period from 30.04.2012 to 31.12.2012 US\$
Revenue		1,046,276
Other income		<u>177</u>
		1,046,453
Staff cost		(307,466)
Depreciation of plant and equipment	3	(10,019)
Hardware and software expenses		(46,874)
Professional fees		(28,590)
Operating lease expense		(30,400)
Repairs and maintenance		(75,707)
Travelling expense		(132,194)
Other operating expenses		<u>(72,080)</u>
Profit before income tax	9	343,123
Income tax expense	10	(7,005)
Profit for the period		<u>336,118</u>
Other comprehensive income		-
Total comprehensive income for the period		<u><u>336,118</u></u>

Statement of Changes in Equity

For the period from April 30, 2012 (date of incorporation) to December 31, 2012

	Share capital US\$	Unappropriated profit US\$	Total equity US\$
Issue of ordinary shares upon incorporation	1	-	1
Issue of additional ordinary shares	79,999	-	79,999
Total comprehensive income for the period	-	336,118	336,118
At December 31, 2012	<u>80,000</u>	<u>336,118</u>	<u>416,118</u>

See accompanying notes to the financial statements.

Auctorizium Pte Ltd**Cash Flow Statement****For the period from April 30, 2012 (date of incorporation) to December 31, 2012**

	Period from 30.04.2012 to 31.12.2012 US\$
Cash flows from operating activities	
Profit before income tax	343,123
Adjustments for:	
Depreciation	10,019
	<u>353,142</u>
Changes in working capital:-	
Other receivables	(25,835)
Trade and other payables	24,323
Cash generated from operations	<u>351,630</u>
Income tax paid	-
<i>Net cash from operating activities</i>	<u>351,630</u>
Cash flow from investing activities	
Purchases of plant and equipment	<u>(30,058)</u>
<i>Cash flows used in investing activities</i>	<u>(30,058)</u>
Cash flows from financing activities	
Non-trade balances with immediate and ultimate holding company	146,088
Non-trade balances with Director	41,880
Proceeds from issue of shares	80,000
<i>Net cash from financing activities</i>	<u>267,968</u>
Cash and cash equivalents at end of period	<u><u>589,540</u></u>

See accompanying notes to the financial statements.

Auctorizium Pte. Ltd.
Notes to the Financial Statements
For the period ended December 31, 2012

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

The financial statements were authorised for issue by the Board of Directors on the date of the accompanying Statement by Directors.

1 Principal Activities

Auctorizium Pte. Ltd. (the "Company") is a limited liability company incorporated and domiciled in Singapore. The principal activities of the Company are those relating to providing services and products in relation to digital security such as e-passport validation solutions including public key directory business.

The immediate and ultimate holding company is Netrust Pte Ltd, a company incorporated and domiciled in Singapore.

2 Summary of Significant Accounting Policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") and are presented in United States dollar which is the Company's functional currency. 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 make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Certain new and revised FRS and interpretations have been issued as of the balance sheet date and are mandatory for subsequent accounting periods of the Company. The Company has assessed those standards and interpretations. The initial application of these standards and interpretations is not expected to have any material impact on the Company's financial statements. The Company has not considered the impact of FRS and interpretations issued after the balance sheet date.

2.2 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are recognised as a deduction from equity, net of any tax effects.

Auctorizium Pte. Ltd.
Notes to the Financial Statements
For the period ended December 31, 2012

2.3 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals is capitalised and expenditure for maintenance and repairs is charged to profit or loss.

When assets are sold or retired, their costs, accumulated depreciation and accumulated impairment losses are removed from the financial statements and any gains or losses resulting from their disposal are included in profit or loss.

Depreciation is provided on a straight-line basis so as to write off the computers and testing equipment over their estimated useful lives of 3 years.

The useful lives and residual values of plant and equipment, if not insignificant, are reassessed annually.

2.4 Impairment of non-financial assets

Non-financial assets other than inventories are tested for impairment whenever there is objective evidence or indication that these assets may be impaired. For the purpose of impairment testing, the recoverable amount (which is the higher of the fair value less cost to sell and the value-in-use) is determined on an individual basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of impairment is also recognised in profit or loss.

Auctorizium Pte. Ltd.
Notes to the Financial Statements
For the period ended December 31, 2012

2.5 Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. All impairment losses are recognised in profit or loss. Impairment losses in respect of financial assets measured at amortised cost are reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised.

2.6 Non-derivative financial instruments

Non-derivative financial instruments comprise other receivables, cash and cash equivalents, and trade and other payables.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, which is the date the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Loans and receivables are financial assets with fixed or determinable payments that are not directly quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents comprise bank balances which are non-interest bearing.

2.7 Foreign currency translation

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Auctorizium Pte. Ltd.
Notes to the Financial Statements
For the period ended December 31, 2012

2.8 Employee benefits

Defined contribution plans

Contributions to defined contribution pension plans are recognised as an expense in profit or loss as incurred.

2.9 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Company's activities. The Company recognises revenue when the amount of revenue and related cost can be reliably measured and it is probable that future economic benefits will flow to the entity and when the specific criteria of the Company's activities are met.

2.10 Operating leases

Where the Company has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease. Contingent rents are recognised as an expense in profit or loss in the period in which they are incurred.

2.11 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not provided for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Auctorizium Pte. Ltd.
Notes to the Financial Statements
For the period ended December 31, 2012

3 Plant and Equipment

	Computers US\$	Testing equipment US\$	Total US\$
Cost			
At April 30, 2012 (date of incorporation)	-	-	-
Additions	21,370	8,688	30,058
At December 31, 2012	<u>21,370</u>	<u>8,688</u>	<u>30,058</u>
Accumulated depreciation			
At April 30, 2012 (date of incorporation)	-	-	-
Charge for the period	7,123	2,896	10,019
At December 31, 2012	<u>7,123</u>	<u>2,896</u>	<u>10,019</u>
Net book value			
At April 30, 2012 (date of incorporation)	-	-	-
At December 31, 2012	<u>14,247</u>	<u>5,792</u>	<u>20,039</u>

4 Other Receivables

	2012 US\$
Deposits	19,163
Prepayments	6,672
	<u>25,835</u>

Deposits as at balance sheet date are not past due. Deposits and prepayments are all denominated in Singapore dollar.

5 Cash and Cash Equivalents

Cash and cash equivalents are denominated in the following currencies:-

	2012 US\$
Singapore dollar	91,769
United States dollar	497,771
	<u>589,540</u>

Auctorizium Pte. Ltd.
Notes to the Financial Statements
For the period ended December 31, 2012

6 Other Payables

	2012 US\$
Other payables	4,220
Accrued operating expenses	20,103
Due to director (non-trade)	41,880
Due to immediate and ultimate holding company (non-trade)	146,088
	<u>212,291</u>

The contractual undiscounted cash outflows of other payables are payable within 1 year from the balance sheet date and approximate the carrying amounts.

The amounts due to director and immediate and ultimate holding company are unsecured, interest-free and repayable on demand.

7 Share Capital

This comprises 100,000 fully paid ordinary shares with no par value issued on incorporation.

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 meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

The Company is not subject to externally imposed capital requirements. Accordingly, management has not deemed it necessary for the Company to adopt any capital management objectives other than to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings. Management regards capital to comprise the total equity of the Company.

8 Deferred Tax Liabilities

Deferred tax liabilities comprise the tax effect of temporary differences arising from plant and equipment.

Auctorizium Pte. Ltd.
Notes to the Financial Statements
For the period ended December 31, 2012

9 Profit Before Income Tax

This is arrived at after charging:-

	Period from 30.04.2012 to 31.12.2012 US\$
Pre-incorporation expense	23,043
Unrealised exchange loss	14,121
Define contribution plan expense included in staff cost	<u>17,715</u>

10 Income Tax Expense

	Period from 30.04.2012 to 31.12.2012 US\$
Current tax expense	3,598
Deferred tax expense - (Note 8)	<u>3,407</u>
	<u>7,005</u>

The reconciliation of effective tax rate is as follows:-

	Period from 30.04.2012 to 31.12.2012 %
Applicable Singapore corporate tax rate	17.0
Effect of expenses not deductible for tax purposes	1.1
Effect of income and gains not subject to tax	(9.9)
Effect on tax incentives	(5.8)
Effect on tax rebate	(0.4)
Effective tax rate	<u>2.0</u>

11 Significant Related Party Transactions

Parties are considered to be related to the Company if the directors or shareholders have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions or vice versa. Related parties may be entities or individuals.

Auctorizium Pte. Ltd.
Notes to the Financial Statements
For the period ended December 31, 2012

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The directors are considered to be the key management personnel of the Company.

During the financial period, significant related party transactions on terms agreed between the Company and its related parties are as follows:-

	Period from 30.04.2012 to 31.12.2012 US\$
Service revenue	972,034
Internet charges	15,279
Office rental	30,400
System maintenance	<u>66,676</u>

Key management personnel compensation comprised:-

	Period from 30.04.2012 to 31.12.2012 US\$
Short-term employment benefits of key management personnel	
- Salary, bonus and allowance	193,920
Post-employment benefits of key management personnel	
- Defined contribution plans expense	<u>8,499</u>

12 Lease Commitments

The future minimum lease rentals payable under non-cancellable operating leases of the Company as at the end of the financial period are as follows:-

	2012 US\$
Within 1 year	100,188
After 1 year but within 5 years	<u>200,376</u>

Auctorizium Pte. Ltd.
Notes to the Financial Statements
For the period ended December 31, 2012

13 Financial Instruments and Financial Risks Management

The categories of financial instruments as at the end of the financial year are as follows:-

	2012
	US\$
Financial assets	
Receivables (including cash and cash equivalents)	615,375
Financial liabilities	
Payables measured at amortised cost	<u>212,291</u>

The main risks arising from the Company's financial instruments are foreign currency, credit and liquidity risks. The policies for managing each of these risks are summarised below.

Foreign currency risk

The Company has exposure to foreign currency risk as a result of engaging in transactions denominated in foreign currencies that arise from its trading activities in the course of business. The main foreign currency that gives rise to such risk is Singapore dollar.

The Company monitors exchange rate movements to ensure that this risk is kept within an acceptable level. This exposure is not hedged by any financial instruments.

The strengthening of the Singapore dollar against the United States dollar at the balance sheet date would not materially affect profit or loss.

Credit risk

Credit risk, or the risk of counter-parties defaulting, is managed through the application of credit approvals, credit limits and monitoring procedures. Surplus cash is placed only with financial institutions which are regulated.

The carrying amounts of other receivables and bank balances represent the Company's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

Liquidity risk

This is the risk of the Company being unable to meet its cash flow obligations as and when they fall due.

The Company monitors and maintains a level of cash and cash equivalents deemed practicable and achievable by management to finance its operations and meet its financing needs.

Fair value

The carrying amounts of current financial assets and current financial liabilities approximate their fair values due to their short-term nature.

Auctorizium Pte. Ltd.
Notes to the Financial Statements
For the period ended December 31, 2012

14 Comparatives

No comparative figures are available as this is the first set of financial statements prepared by the Company since its incorporation. The financial statements cover the period from April 30, 2012 (date of incorporation) to December 31, 2012.