

AUCTORIZIUM PTE. LTD.
(Company Registration Number: 201210684C)

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

AUCTORIZIUM PTE. LTD.

DIRECTORS' STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The directors present their statement to the members together with the audited financial statements of Auctorizium Pte. Ltd. (the "Company") for the financial year ended 31 December 2015.

1. Opinion of the directors

In the opinion of the directors,

- (a) the financial statement of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Company for the year then ended; and
- (b) at the end 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.

2. Directors

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

Raja Rajeshkumar
Foo Jong Ai

3. Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

4. Directors' interests in shares or debentures

According to the register of director's shareholding kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), particulars of interest of the director who held office at the end of the financial year in shares in the Company and in related corporations are as follows:-

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

AUCTORIZIUM PTE. LTD.

**DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

4. Directors' interests in shares or debentures (continued)

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 year.

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

5. Share options

There were no share options granted during the financial year to subscribe for unissued shares of the Company.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.


There were no unissued shares of the Company under option at the end of the financial year.

6. Auditor

Business Assurance has expressed its willingness to accept re-appointment as auditor.



Raja Rajeshkumar
Director



Foo Jong Ai
Director

Singapore,

12 JUL 2016



BUSINESS ASSURANCE
AUDIT AND ADVISORY

**INDEPENDENT AUDITOR'S REPORT TO
THE MEMBERS OF AUCTORIZIUM PTE. LTD.
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

Report on the Financial Statements

We have audited the accompanying financial statements of Auctorizium Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial 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, Chapter 50 (the "Act") and the 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 financial statements 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 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.

BUSINESS ASSURANCE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUCTORIZIUM PTE. LTD. FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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 financial position of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

Other matters

The financial statements of the Company for the financial year ended 31 December 2014 were audited by another firm of auditors who expressed an unqualified opinion on those financial statements on 28 May 2015.

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.

BUSINESS ASSURANCE

BUSINESS ASSURANCE

Public Accountants and
Chartered Accountants

Singapore

12 July 2016

AUCTORIZIUM PTE. LTD.

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	Note	<u>2015</u> \$	<u>2014</u> \$
Revenue	4	1,774,900	1,771,659
Other income	5	247,031	73,435
Hardware and software expenses		(10,539)	-
Employee benefits expenses	6	(1,124,791)	(1,078,549)
Depreciation of plant and equipment	9	(107,898)	(120,381)
Operating lease expenses		(164,040)	(155,389)
Repairs and maintenance		(67,281)	(41,264)
Travelling expenses		(7,264)	(18,881)
Other operating expenses		<u>(157,900)</u>	<u>(204,767)</u>
Profit before tax	7	382,218	225,863
Income tax (expense)/credit	8	<u>(10,432)</u>	<u>4,768</u>
Profit for the year, representing total comprehensive income for the year		<u>371,786</u>	<u>230,631</u>

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

AUCTORIZIUM PTE. LTD.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

	Note	<u>2015</u> \$	<u>2014</u> \$
ASSETS			
Non-current assets			
Plant and equipment	9	-	107,898
Current assets			
Trade and other receivables	10	380,307	381,299
Cash and cash equivalents	11	1,034,149	564,520
Income tax recoverable		16,230	70,459
Total current assets		<u>1,430,686</u>	<u>1,016,278</u>
Total assets		<u>1,430,686</u>	<u>1,124,176</u>
EQUITY AND LIABILITY			
Equity			
Share capital	12	777,000	776,680
Retained earning		592,904	221,118
Equity attributable to owners of the Company		<u>1,369,904</u>	<u>997,798</u>
Current liability			
Trade and other payables	13	60,782	126,378
Total equity and liabilities		<u>1,430,686</u>	<u>1,124,176</u>

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

AUCTORIZIUM PTE. LTD.

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	Share capital	Retained earnings	Total
	\$	\$	\$
<u>2015</u>			
Balance at 1 January 2015	776,680	221,118	997,798
Adjustment of share capital	320	-	320
Profit for the year, representing total comprehensive income for the year	-	371,786	371,786
Balance at 31 December 2015	<u>777,000</u>	<u>592,904</u>	<u>1,369,904</u>

	Share capital	Retained earnings	Total
	\$	\$	\$
<u>2014</u>			
Balance at 1 January 2014	99,680	667,487	767,167
Capitalisation of unappropriated profits	677,000	(677,000)	-
Profit for the year, representing total comprehensive income for the year	-	230,631	230,631
Balance at 31 December 2014	<u>776,680</u>	<u>221,118</u>	<u>997,798</u>

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

AUCTORIZIUM PTE. LTD.**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	<u>2015</u>	<u>2014</u>
	\$	\$
Cash flows from operating activities		
Profit before tax	382,218	225,863
Adjustments for:		
Depreciation of plant and equipment	107,898	120,381
Operating gain before working capital changes	490,116	346,244
Prepayments	-	(9,483)
Trade and other receivables	37,872	(114,579)
Trade and other payables	(76,028)	18,969
Cash generated from operating activities	451,960	241,151
Income tax paid	-	(90,601)
Net cash generated from operating activities	451,960	150,550
Cash flows from financing activities		
Non-trade balances with immediate and ultimate holding company	17,349	(71,758)
Non-trade balances with director	-	(163,184)
Adjustment of share capital	320	-
Net cash generated from/(used in) financing activity	17,669	(234,942)
Net increase/(decrease) in cash and cash equivalents	469,629	(84,392)
Cash and cash equivalents at beginning of year	564,520	648,912
Cash and cash equivalents at end of year (Note 11)	1,034,149	564,520

Significant non-cash transactions

In year 2014, the Company applied its unappropriated profits amounting to \$677,000 to fully pay for the additional ordinary shares issued to its existing shareholders in accordance with their respective shareholdings.

AUCTORIZIUM PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

1. General

The Company is incorporated as a limited liability company and domiciled in the Republic of Singapore. The Company's registered office and principal place of business is at 1 Coleman Street, #05-10 The Adelphi, Singapore 179803.

The Company's principal activities 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.

The financial statements of the Company for the financial year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Directors on the date of the Statement by Directors.

2. Summary of 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 these 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 disclosure in Note 3 to the financial statements.

Interpretations and amendments to published standards effective in 2015

On 1 January 2015, the Company adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in any substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

AUCTORIZIUM PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

2. Summary of significant accounting policies (continued)

2.2 Financial assets

(a) Classification

(i) 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 presented as current assets, except for those maturing later than 12 months after the end of the reporting period which are presented as non-current assets. Loans and receivables are presented as "other receivables" (Note 9) on the statements of financial position.

(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 carrying amount and the sale proceeds is recognised in profit or loss. Any amount in other comprehensive income relating to that asset is reclassified 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.

(d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(e) Impairment

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

AUCTORIZIUM PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. Summary of significant accounting policies (continued)

2.2 Financial assets (continued)

(e) Impairment (continued)

(i) 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. Subsequent 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 Cash and cash equivalents

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

2.4 Trade and other payables

Trade and other payables represent liabilities for services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

2.5 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past events, it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

AUCTORIZIUM PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. Summary of significant accounting policies (continued)

2.6 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.

2.7 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.

2.8 Government grants

A government grant is recognised when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received.

Grants in respect of specific expenses are taken in profit or loss in the same period as the relevant expenses. Grants related to depreciable assets are allocated to profit or loss in equal monthly instalments over the estimated useful lives of the assets.

2.9 Income taxes

Current income tax expense for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the financial year end date.

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.

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.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the financial year end date; and

AUCTORIZIUM PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

2. Summary of significant accounting policies (continued)

2.9 Income taxes (continued)

- (ii) based on the tax consequence that will follow from the manner in which the Company expects, at the financial year end date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss.

2.10 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar, which is the Company's functional currency.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing 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 closing rates at the end of the reporting period are recognised in profit or loss.

2.11 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 on plant and equipment is calculated on a straight-line basis to allocate their depreciable amount over their estimated useful lives of 3 years.

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

AUCTORIZIUM PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

2. Summary of significant accounting policies (continued)

2.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

3. Critical accounting estimates, assumption 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.

(i) Critical judgements in applying the Company's accounting policies

In the process of applying the Company's accounting policies, which are described in Note 2 to the financial statements, management is not aware of any judgements that have significant effect on the amounts recognised in the financial statements.

(ii) Critical accounting estimates and assumptions

The Company does not have any material key sources of estimation uncertainty and assumptions at the financial year end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Revenue

Revenue represents the net invoiced value of services rendered to the holding company.

5. Other income

	<u>2015</u>	<u>2014</u>
	\$	\$
Foreign exchange gain	156,303	65,262
Miscellaneous income	90,728	8,173
	<u>247,031</u>	<u>73,435</u>

AUCTORIZIUM PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

6. Employee benefits expenses

	<u>2015</u>	<u>2014</u>
	\$	\$
Director's salaries	435,600	515,264
Director's bonus	124,283	34,000
Director's CPF	14,585	13,736
Staff salaries	380,970	398,806
Staff bonus	108,620	61,290
Staff CPF	60,479	54,521
Staff amenities	254	932
	<u>1,124,791</u>	<u>1,078,549</u>

7. Profit before tax

Profit before tax has been arrived at after charging/(crediting):

	<u>2015</u>	<u>2014</u>
	\$	\$
Unrealised exchange gain	(156,303)	(65,262)
Employee benefits expenses (Note 6)	<u>1,124,791</u>	<u>1,078,549</u>

8. Income tax expense/(credit)

The income tax expense varied from the amount of income tax expense by applying the Singapore statutory income tax rate of 17% (2014: 17%) to profit before tax as a result of the following differences:

	<u>2015</u>	<u>2014</u>
	\$	\$
Profit before tax	<u>382,218</u>	<u>225,863</u>
Income tax benefit at statutory rate	64,977	38,397
Effect of expenses not deductible for tax purposes	18,343	26,942
Effect of income and gains not subject to tax	(38,164)	(19,157)
Effect of tax incentives and rebates	(3,223)	(3,102)
Enhanced allowance under PIC	(3,672)	(5,898)
Utilisation of capital allowance	(30,742)	(29,946)
Effect of under/(over) provision from prior year	2,832	(9,173)
Deferred tax assets not recognised	81	(2,831)
	<u>10,432</u>	<u>(4,768)</u>

AUCTORIZIUM PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

9. Plant and equipment

	<u>Computers</u> \$	<u>Testing equipment</u> \$	<u>Renovation</u> \$	<u>Total</u> \$
Cost:				
At 1 January 2014, 31 December 2014 and 31 December 2015	255,539	10,826	94,779	361,144
Accumulated depreciation:				
At 1 January 2014	94,055	7,217	31,593	132,865
Depreciation for the year	85,179	3,609	31,593	120,381
At 31 December 2014	179,234	10,826	63,186	253,246
Depreciation for the year	76,305	-	31,593	107,898
At 31 December 2015	255,539	10,826	94,779	361,144
Carrying amount:				
At 31 December 2014	76,305	-	31,593	107,898
At 31 December 2015	-	-	-	-

10. Trade and other receivables

	<u>2015</u> \$	<u>2014</u> \$
Trade receivables:		
Immediate and ultimate holding company	329,330	346,679
Third party	157	-
GST Receivables	11,777	-
	<u>341,264</u>	<u>346,679</u>
Other receivables:		
Deposits	29,560	23,878
Prepayments	9,483	9,483
Others	-	1,259
	<u>39,043</u>	<u>34,620</u>
	<u>380,307</u>	<u>381,299</u>

AUCTORIZIUM PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

10. Trade and other receivables (continued)

The age analysis of trade receivables as at the reporting date is as follows:-

	<u>2015</u>	<u>2014</u>
	\$	\$
Past due:		
- More than 2 months	<u>329,487</u>	<u>346,679</u>

Based on historical default rates, the Company believes that no impairment allowance is necessary in respect of trade and other receivables.

Trade and other receivables as at the balance sheet date are denominated in the following currencies:-

	<u>2015</u>	<u>2014</u>
	\$	\$
Singapore dollar	50,977	34,620
United States dollar	<u>329,330</u>	<u>346,679</u>
	<u>380,307</u>	<u>381,299</u>

11. Cash and cash equivalents

	<u>2015</u>	<u>2014</u>
	\$	\$
Cash at banks	1,021,679	562,575
Cash on hand	<u>12,470</u>	<u>1,945</u>
Cash and cash equivalents per statement of cash flows	<u>1,034,149</u>	<u>564,520</u>

12. Share capital

	<u>2015</u>		<u>2014</u>	
	No. of shares	\$	No. of shares	\$
Issued and fully paid:				
At beginning of financial year	777,000	777,000	100,000	99,680
Issuance of new shares by capitalization of unappropriated profit	<u>-</u>	<u>-</u>	<u>677,000</u>	<u>677,000</u>
At end of the financial year	<u>777,000</u>	<u>777,000</u>	<u>777,000</u>	<u>776,680</u>

AUCTORIZIUM PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

12. Share capital (continued)

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.

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

13. Trade and other payables

	<u>2015</u>	<u>2014</u>
	\$	\$
Trade payable:		
Third parties	-	31,982
Other payable:		
Accrued operating expenses	<u>60,782</u>	<u>94,396</u>
Trade and other payables	<u>60,782</u>	<u>126,378</u>

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

AUCTORIZIUM PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

14. Significant related party transactions

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.

Key management personnel compensation comprised:-

	<u>2015</u>	<u>2014</u>
	\$	\$
Salary, bonus and allowance	559,883	549,264
Defined contribution plans expense	14,585	13,726
	<u>574,468</u>	<u>562,990</u>

The key management personnel is also director of the Company.

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

	<u>2015</u>	<u>2014</u>
	\$	\$
Service revenue to holding company	1,774,900	1,771,658
Recharges of expenses from holding company	81,957	85,167
	<u>1,856,857</u>	<u>1,856,825</u>

15. Lease commitments

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

	<u>2015</u>	<u>2014</u>
	\$	\$
Within 1 year	100,080	100,080
After 1 year but within 5 years	-	8,340
	<u>100,080</u>	<u>108,420</u>

AUCTORIZIUM PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

16. Financial risk management

The Company's activities expose it to variety of financial risk. The Company's overall business strategies, tolerance of risk and general risk management philosophy are determined by directors in accordance with prevailing economic and operating conditions.

(i) Market risk

(a) Currency risk

Currency risk arises from a change in foreign currency exchange rate, which is expected to have adverse effect on the Company in the current reporting year and in future years.

The Company's exposure to foreign currencies as at reporting date is as follows:

	<u>USD</u> \$	<u>SGD</u> \$	<u>Total</u> \$
<u>At 31 December 2015</u>			
Cash and cash equivalents	720,316	313,833	1,034,149
Trade and other receivables (excl. prepayments)	329,330	41,494	370,824
Trade and other payables	-	(60,782)	(60,782)
	<u>1,049,646</u>	<u>294,545</u>	<u>1,344,191</u>
<u>At 31 December 2014</u>			
Cash and cash equivalents	365,354	199,166	564,520
Trade and other receivables (excl. prepayments)	346,679	25,137	371,816
Trade and other payables	(7,111)	(119,267)	(126,378)
	<u>704,922</u>	<u>105,036</u>	<u>809,958</u>

Sensitivity analysis

If the USD against the SGD by 10% (2014: 10%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial assets position will be as follows:

	Increase/(Decrease) Impact on net profit	
	<u>2015</u> \$	<u>2014</u> \$
USD against SGD		
- strengthened	87,121	58,509
- weakened	(87,121)	(58,509)
	<u> </u>	<u> </u>

AUCTORIZIUM PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS
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16. Financial risk management (continued)

(i) Market risk (continued)

(b) Interest risk

The Company's exposure to market risk for changes in interest rates relates to interest on quoted securities. It is the Company's policy to obtain the most favourable interest rates available.

As at financial year end, Company is not expose to interest risk.

(ii) Credit risk

Credit risk refers to the risk that a counter party will default on its obligations resulting in financial loss to the Company.

The Company trades only with recognised and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

At the end of the financial year, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheet.

Cash at bank are placed with banks that are creditworthy and regulated by a supervisory body.

(iii) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Company maintains sufficient cash balances to provide flexibility in meeting its day to day funding requirements.

(iv) Capital risk

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.

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

The Company is not subject to externally imposed capital requirements for the financial year ended 31 December 2015.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

16. Financial risk management (continued)

(v) Fair value

The fair value of financial instrument is the amount at which the instrument can be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments whose carrying amount approximate fair value

Management has determined that the carrying amount of cash and bank balances, current other receivables and current other payables reasonably approximate their fair values because these are mostly short term in nature.

Fair value of financial instruments

Set out below is a comparison by category of carrying amounts of all the Company's financial instruments that are carried in the financial statements:

	<u>2015</u>	<u>2014</u>
	\$	\$
<i>Financial assets</i>		
Loans and receivables		
- Trade and other receivables	380,307	381,299
- Cash and cash equivalents	1,034,149	564,520
	<hr/>	<hr/>
<i>Financial liabilities</i>		
At amortised cost		
- Trade and other payables	60,782	126,378
	<hr/>	<hr/>

17. Changes and adoption of financial reporting standards

For the current reporting year new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below.

<u>FRS No.</u>	<u>Title</u>
FRS 1	Amendments to FRS 1: Disclosure Initiative (early application)

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**NOTES TO THE FINANCIAL STATEMENTS
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18. New or amended standards in issue but not yet effective

For the future reporting years new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

<u>FRS No.</u>	<u>Title</u>	<u>Effective date for periods beginning on or after</u>
FRS 16 & 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (*)	1 Jan 2016
FRS 16 & 41	Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants (*)	1 Jan 2016
FRS 27	Amendments to FRS 27: Equity Method in Separate Financial Statements (*)	1 Jan 2016
FRS 110 & 28	Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (*)	1 Jan 2016
FRS 110, 112 & 28	Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception (*)	1 Jan 2016
FRS 111	Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations (*)	1 Jan 2016
FRS 114	Regulatory Deferral Accounts (*)	1 Jan 2016
Various	Improvements to FRSs (Issued in November 2014) (*) FRS 105 Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal FRS 107 Financial Instruments: Disclosures - Servicing contracts FRS 19 Employee Benefits - Discount rate: regional market issue FRS 34 Interim Financial Reporting - Disclosure of information elsewhere in the interim financial report	1 Jan 2016
FRS 115	Revenue from Contracts with Customers (*)	1 Jan 2018
FRS 109	Financial Instruments (*)	1 Jan 2018

(*) – not applicable

----- *End of audited financial statements* -----