ASX Release

24 May 2017

Raffles Capital Limited (ASX: RAF)

Company Announcement Office
Australian Securities Exchange Limited

RAFFLES CAPITAL LIMITED TO ACQUIRE GASHUB COMPANIES

Raffles Capital Limited (ASX: RAF) (**Raffles, Listed Entity** or the **Company**) is pleased to announce it has entered into a binding 'Heads of Agreement' in relation to the acquisition of all the securities in Singapore domiciled GasHubin Engineering Private Limited and GasHubin Technology Private Limited (**GasHub Group**) (**Proposed Acquisition**).

The key terms of the Proposed Acquisition are set out in Schedule 1 of this announcement.

Overview of the GasHub Group

1. The GasHub Group is made up of GasHubin Engineering Private Limited (**Engineering**) and GasHubin Technology Private Limited (**Technology**).

   Engineering was formed 25 years ago and provides services commencing with the consultation and design phase to construction and installation of various project types relating to gas pipe installation, diversion, termination & capping off, re-commissioning, repair and extension for residential, commercial and industrial clients around Singapore.

   Projects completed by Engineering include condominiums such as Reflections at Keppel Bay, Spa Esta, One Canberra, Minton and others; commercial projects such as Ion Orchard, Wisma Atria and Kopitiam; healthcare institutions, Ng Teng Fong General Hospital and SengKang General Hospital; and hotels such as Genting Hotel and Windsor Hotel and many more.

   The Proposed Acquisition will enable the GasHub Group to expand its Technology and Engineering businesses throughout the Asia Pacific region commencing with Australia and New Zealand.

   Technology was formed in 2001 with a vision to focus on the integration and commercialisation of green technology, including Fuel Cell systems. Technology has successfully commercialised Proton Exchange Membrane Fuel Cells (PEMFC) and is currently expanding into Solid Oxide Fuel Cell (SOFC) technology. The existing product line will see a significant enhancement in the next few years.

Technology has formalised strategic partnerships with Nanyang Technological University, National University of Singapore and Temasek Polytechnic. All are world-class tertiary institutions in the global education network, reputed for their programs, applied research, managerial excellence and innovative corporate culture. They have been supporting Technology in the design, development, and innovation of hydrogen based PEMFC technologies and other renewable energy areas that are of mutual interest to the institutions and the Gashub Group.

Technology has an in-house R & D team to value-add to both its gas piping and technology business, developing the following range of products over the years:

- Fire-rated box-up design for gas piping which, has been granted a patent for gas detection of hydrogen gas, town gas, natural gas and liquid petroleum gas;
- Hydrogen based fuel cell to provide back-up to lift lighting and fans in Singapore domiciled public housing;
- Design, certification and outsource the manufacturing of gas piping materials like gas pipe to API5L Gr.B, seamless galvanize BSEN 1033 pipe, ball valves BSEN311 and galvanised fittings;
- Licensed technology from Temasek Polytechnic for portable handheld power pack operated by chemical fuel; and
- OEM LPG powered fuel cell for remote power and/or back up power application.

Technology is in the process of completing a fuel cell that can produce both heat and power for residential, commercial and industrial cogeneration use. Otherwise known as a Combined Heat and Power (CHP) System.

2. As at the date of this announcement the GasHub Group has 12 shareholders. The largest shareholder is Lim Shao-Lin, who controls approximately 55.2% of the Gas Hub Group's shares. As a consequence of the Proposed Acquisition, if approved, and post the completion of the Public Offer, Lim Shao-Lin is expected to hold approximately 40.2% of the Listed Entity.

3. Lim Shao-Lin is the Managing Director of the GasHub Group. Detailed information regarding Mr. Lim can be found below. Subject to the Proposed Acquisition being approved, Mr. Lim will become the Managing Director of the Listed Entity.

Capital Raising

4. To assist the Company to re-comply with Chapters 1 and 2 of the Listing Rules and to support its continued growth strategy post-completion of the Proposed Acquisition, the Company plans, subject to Shareholder approval, of the Proposed Acquisition, to conduct a capital raising under a full form prospectus to raise up to $10 million (**Public Offer**). The issue price is $0.20 per share in relation to the Public Offer.

5. The Public Offer will not be underwritten.

Control Issues

6. As provided in paragraph 2 above of this announcement, Mr. Lim will hold approximately 40.0% of the Company following completion of the Proposed Acquisition.

7. Currently Mr. Lim does not hold any shares in the Company. Accordingly, the change in voting power on completion of the Proposed Acquisition will be an increase from nil to 40.0%. The Company notes that shareholder approval will be sought to approve Mr. Lim's interest in the voting shares of the Company, in accordance with section 611 of the Corporations Act.

Effect of the Proposed Acquisition on the Company's consolidated assets and total equity interests

8. The principal effects on the Company's consolidated statement of financial position will be:
   (a) Current assets will increase by approximately $18.7 million comprised of the net proceeds from the Public Offer and GasHub Group's expected cash balance as at the completion of the Proposed Acquisition:
   (b) Non-current assets will increase by approximately $30.0 million comprised of the value of goodwill on acquisition; and
   (c) Total equity interests will increase by a corresponding amount.

Effect of the Proposed Acquisition on the Company's consolidated financial performance

9. The principal effects on the Company's consolidated statement of financial performance for the financial year ended 31 December 2017 will be:
   (a) Revenue will increase to approximately $12.0 million due to the operations acquired;
   (b) Expenditure will increase by approximately $10.5 million comprised principally of expenses relating to the operations acquired and additional corporate overheads of $275,000; and
   (c) Net profit (before tax) is expected to be approximately $1.0 million.

Pro Forma Share Capital Structure

10. The indicative share capital structure of the Company post acquisition of GasHub Group, based on the securities currently issued by the Company and including the Public Offer, will be as follows:

	$	%
Shares Currently on Issue	5,983,380	2.9
Shares to be issued to GasHub Group shareholders	150,000,000	72.8
Shares to be issued under the public offer @ $0.20	50,000,000	24.3
Total shares upon completion of the Proposed Acquisition	**205,983,380**	**100.0**

New Board and Management Team

11. Upon completion of the Proposed Acquisition Mr. Lim Shao-Lin, Mr. Roger Khoo, Mr. Sydney Kwan and Mr. Samuel Siaw will be appointed as directors (**New Directors**). The New Directors qualifications and experience are set out below. The existing directors all have offered their resignation.

    Currently GasHub Group is searching for two (2) Australian domiciled directors who are experienced in Energy Technology and who are also experienced public company directors. Both Ben Amzalak and Richard Holstein have given an undertaking to stay on until the search has completed.

    Sydney Kwan
    Non-Executive Chairman
    Mr. Kwan has accumulated a diversified range of engineering and business experience over the past 30 years. He began his career as a systems scientist developing real-time avionics systems within various military fighter jet programs for the US Government. He then transitioned to the commercial space to assist in the development of a document management system for a company who is now a division of IBM. At the same time, Mr. Kwan co-owned a small engineering company specialising in laboratory airflow control systems for many of the major pharmaceutical firms and educational institutions in the state of California. During his tenure of ownership, his interest began to focus on energy efficiency systems while interacting with the major utility providers in California. In the past six years, Mr Kwan assisted the Lippo Group to explore areas of investment in the renewable energy sector. He currently sits on the board of Proton Power, Inc, and also is the CEO of Proton Power Asia formed for the purpose of developing renewable energy projects in Asia.

    Mr. Kwan holds a Master's degree in Computer Architecture from University of California, Los Angeles, and a Bachelors of Engineering degree in Computer Engineering from University of California, Los Angeles.

    Aviers Lim
    Managing Director and Chief Executive Officer
    Mr. Lim is responsible for the overall performance as well as for the formulation of corporate strategies and the strategic future direction of the Group. Mr. Lim has over 25

years of industry experience in gas piping and installation business. He started off in the family business dealing with piping hardware in the oil & gas sector before founding the existing gas piping and installation business in the early 90s.

Mr. Lim is also the co-founder and Chief Operating Officer of Proton Power Asia Ltd, a green energy solution provider that converts biomass to a variety of energy products. He has more than 15 years of experience in green energy fields, including biomass, syngas, renewable fuel, biochar, hydrogen and fuel cells. He specialises in developing technology and commercialising them. He also has strong understanding and capability of techno-economics analysis, business strategies developing and company structuring.

Being an entrepreneur, Mr. Lim is a winner of Singapore Spirit of Enterprise Awards 2015 and his fuel cell company, Gashubin Technology Private Limited, is recipient of Singapore Green Technology Awards 2015.

Roger Khoo

Executive Director, Regional Business Development

Mr. Khoo currently leads the development of the Group's regional strategies and is responsible for enhancing existing business segments and developing potential markets in the Asia Pacific region. He started his career with British Telecom PLC in 1992 while pursuing a Bachelor of Science degree in Economics at the University of London.

In 1994, Mr. Khoo founded his first business in network solutions and hardware retail. In 1995, he invested into a second business in designing computer-based learning for primary schools in Singapore. In 2003, Mr. Khoo partnered Aviers Engineering Pte Ltd (now known as Gashubin Technology Private Limited) to venture into the renewable energy sector and succeeded in pioneering Singapore's first fuel cell company.

Between 2003 and 2009, he founded and developed an interior design and consultancy business with regional operations in China, Vietnam and Malaysia. The company was eventually acquired by a leading design practice firm, Ong&Ong Pte. Ltd., and he was appointed as their Regional Director for Interior Design, responsible for their Vietnam operations.

Samuel Siaw

Executive Director, Chief Financial Officer

Mr. Siaw is responsible for the Group's finance related functions including financial strategy and budgeting, mergers and acquisitions, management and statutory reporting, tax and treasury. Prior to joining the Group, Mr. Siaw accumulated over 20 years of experience in public accounting and venture capital work. He started his career with KPMG Singapore and subsequently with various firms, involved in work ranging from public accounting, IPO and private equity investments to venture capital consulting.

Mr. Siaw holds a Bachelor of Commerce and Administration degree in Accountancy and Finance from Victoria University of Wellington, New Zealand. He is a member of Singapore Institute of Directors and an associate member of Chartered Accountants Australia and New Zealand. He is also a certified coach with Gallup Inc., in talent management.

Change of Name

12. Following completion of the Proposed Acquisition, the Company will change its name to "**GasHubUnited Holding Limited**".

Indicative Timetable

13. An indicative timetable for the Proposed Acquisition and associated events is set out below:

Event	Indicative Date
Despatch Notice of General Meeting to Raffles Capital Limited Shareholders	Friday, 23 June 2017
Lodge Prospectus with ASIC and ASX	Thursday, 13 July 2017
Opening date of Public Offer	Thursday, 13 July 2017
Hold Extraordinary General Meeting of Raffles Capital Limited	Wednesday, 26 July 2017
Closing date of Public Offer	Friday, 11 August 2017
Settlement date	Monday, 28 August 2017
Re-quotation date	Friday, 15 September 2017

GasHub Group Business Model

14. GasHub Group has two key strategies as corporate objectives:
    (a) Increase its share of the gas piping market in the Asia Pacific Region; and
    (b) Be the leading eco-friendly cost effective energy provider.

    The gas piping market in the Asia Pacific region is expanding significantly primarily due to changing energy needs of existing consumers and new construction of expanded infrastructure and development of larger multistorey buildings.

    The increased demand of energy in the Asia Pacific region provides the opportunity for the GasHub Group to show case their suite of technology for an ever increasing market.

    The GasHub Group technology division has access to innovative, established and tested eco-friendly, low cost, sustainable energy which will enable customers to rely less on traditional forms of existing energy.

    For example, the Australian LNG market provides good potential for the GasHub Group to capitalise on downstream opportunities in the gas piping business. That includes, LNG powered electricity generation using technology such as Stirling Engine, CHP and Hybrid NG power generation, all of which is suited to the Asia Pacific region.

Further, the Asia Pacific region's developing countries which have a population geographically diverse use a centralised power grid which is constrained in delivering efficient and cost effective power to the outlying rural areas. The GasHub Group's experience in gas piping coupled with patented technology and LNG supply, can provide alternative green energy to this segment of the population.

Finally, centralised power grid failures in developed countries have become a common phenomenon, primarily due to a single power supply source that cannot adequately meet the demand surge caused by a growing population. Governments are moving towards creating micro power generation units to address this problem. This creates potential opportunity for the GasHub Group to leverage its technology and gas supply to power these micro generation units.

15. In addition, to achieve the above GasHub Group will need access to additional capital and debt over the period of cautionary growth. To enable access to capital and debt GasHub Group needs to be listed on a globally considered reputable securities exchange. The New Directors are of the view the Australian Securities Exchange (ASX) is the appropriate securities exchange in the region.

    Low listing costs and strong performance are the ASX's competitive advantages. Two-thirds of ASX constituents are small and medium sized enterprises (SMEs) with market capitalisation under AU$100 million.

    Finally, the New Directors are of the view that capital from North America will play an important part in GasHub Group's future growth and that the ASX is in the most ideal position to capture this capital in the Asia Pacific region.

Key Risks and Dependencies

16. The key risk to successful transformation of the Company can be summarized as follows:

    (a) *Completion risk*
    Pursuant to the executed term sheet which is summarized in annexure 1, the Company has agreed to acquire 100% of the issued share capital of GasHub Group, completion of which is subject to the fulfilment of certain conditions. There is a risk that the conditions for completion of the Proposed Acquisition can't be fulfilled and, in turn, that completion of the acquisition does not occur.

    If the Proposed Acquisition is not completed, the Company will incur costs relating to advisors and other costs without any material benefit being achieved.

    (b) *Re-quotation of shares on ASX*
    As part of the Company's change in nature and scale of activities, ASX will require the company to re-comply with Chapters 1 and 2 of the listing rules. It is anticipated that the Company's securities will be suspended from the date of

the general meeting convened to seek shareholder approval for the Proposed Acquisition suspended until completion of the Proposed Acquisition, the public offer, re-compliance by the company with Chapters 1 and 2 of the listing rules and compliance with any further conditions ASX imposes on such reinstatement.

There is risk that the Company will not be able to satisfy one or more of those requirements and that its securities will consequently remain suspended from official quotation.

(c) *Liquidity Risk*

On completion of the Proposed Acquisition, the Company proposes to issue RAF Shares to the GasHub Group vendors. The company understands that ASX will treat some of these securities as restricted securities in accordance with Chapter 9 of the listing rules.

This could be considered an increased liquidity risk as a large portion of issued capital may not be able to be traded freely for a period of time.

(d) *Financial Market Risks*

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors which include:

(i) General economic outlook;
(ii) Introduction of tax reform or other new legislation;
(iii) Interest rates and inflation rates;
(iv) Changes in investment sentiment towards market sectors;
(v) The demand for, and supply of, capital; and
(vi) Terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology stocks in particular. Neither the company nor the Directors warrant the future performance of the company or any return on an investment in the Company.

(e) *Economic and Government Risks*

The future viability of the Company is also dependent on several other factors affecting performance of all industries and not just the industry the Company operates including, but not limited to, the following:

(i) General economic conditions in jurisdictions in which the Company operates:
(ii) Changes in government policies, taxation and other laws in jurisdictions in which the Company operates;

(iii) The strength of the equity markets in Australia and throughout the world, and in particular investor sentiment towards the technology sector;
(iv) Movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company operates; and
(v) Natural disasters, social disturbance or war in jurisdictions in which the Company operates.

(f) *Grant of Licences and Patents*

The Company's activities are dependent upon the grant, or the maintenance of appropriate patents, licences, permits and/or regulatory consents which may be withdrawn or made subject to limitations. The obtaining of renewals or getting patents granted, often depends on the Company being successful in obtaining the required statutory approvals for its proposed operations and that the renewals and/or patents will be renewed as and when required. There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection herewith.

(g) *Additional Requirements for Capital*

The funds to be raised under the Public Offer are considered sufficient to meet the immediate objectives of the Company. Additional funding may be required in the event costs exceed the Company's estimates and to effectively implement its business and operational plans in the future to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur. If such events occur, additional funding will be required.

Following the Public Offer, the Company may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangements, or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of their activities and potential development programs. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing may not be favourable to the Company and might involve substantial dilution to shareholders.

(h) *Reliance on Key Personnel*

The Company's future depends, in part, on its ability to attract and retain key personnel. It may not be able to hire and retain such personnel at compensation levels consistent with its existing compensation and salary structure. Its future also depends on the continued contributions of its executive management team and other key management and technical personnel, the loss of whose services would be difficult to replace. In addition, the inability to continue to attract appropriately qualified personnel could have a material adverse effect on the Company's business.

(i) *Litigation Risk*

The Company is exposed to possible litigation risks including contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claims or disputes if proven, may impact adversely the Company's operations, financial performance and financial position.

Neither the Company nor the GasHub Group is currently engaged in any litigation.

(j) *Reputational Risk*

The reputation of the Company and its individual products are important in retaining and increasing the number of clients that utilise the Company's technology and services as well as may prevent the Company from successfully implementing its business strategy. Any reputational damage could adversely impact the Company's business and its future growth and profitability.

(k) *Manufacturing*

The Company currently manufactures several of its products and has several products in development that are yet to be manufactured at full scale. There are risks associated with disruption to its manufacturing facilities and with scaling up manufacture of products in development. Any such disruptions or failures to scale up manufacture may impact the Company's financial performance.

Reliance on Suppliers

The Company relies on its suppliers to provide components used in the manufacture and assembly of its products. There is a risk the suppliers may not meet their obligations. Such failure to meet the Company's requirements may significantly impede the Company's ability to implement its business strategy therefore impact any future growth and profitability.

(l) *Future Acquisitions*

As part of its business strategy, the Company may make acquisitions of, or significant investments in, companies, products, technologies and/or products that are complementary to the GasHub Groups business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies, such as integrating cultures and systems of operation, relocation of operations, sort term strain on working capital requirements, achieving sales and margins anticipated and retaining key staff and customer and supplier relationships.

Pro Forma Accounts

17. The Company's pro forma statement of financial position as at 31 March 2017, is based on audited 31 December 2016 accounts for both the Company and GasHub Group, which is set out in Annexure 2. Attached are the audited financial accounts for both Engineering and Technology for the 12 months to 31 December 2016 and 2015.

Recent Issue of GasHub Group Securities

18. There have been no securities issued in relation to the GasHub Group in the last six (6) months.

Recent Changes to RAF Securities

19. On the 31 January 2017 Shareholders approved the cancellation of certain shares due to a buy-back, the issue of shares to directors in lieu of directors' fees and the consolidation on a 5:1 basis of the shares on issue. The Notice of Meeting and Explanatory Statement was sent to Shareholders and placed on the ASX platform on 3 January 2017.

20. The above changes to RAF securities are reflected in the pro forma accounts in Annexure 2.

Re-compliance with ASX Listing Rules Chapters 1 and 2

21. Since the Proposed Acquisition will result in a significant change to the scale of the Company's activities, the Proposed Acquisition will require the RAF Shareholders' approval under Listing Rule 11.1.2 and will also require RAF to re-comply with Chapters 1 and 2 of the Listing Rules in accordance with ASX Listing Rule 11.1.3.

Shareholder Approval

22. A notice of meeting seeking shareholder approval for the resolutions required to give effect to the Proposed Acquisition will be sent to RAF shareholders in due course. It is expected that RAF will convene a general meeting in July 2017 to facilitate shareholder approval for matters in respect of the Proposed Acquisition. Those approvals will include:

    (a) The change in scale of the Company's activities;
    (b) The issue of RAF shares to GasHub Group shareholders (including for the purposes of Chapter 6D of the Corporations Act;
    (c) The issue of RAF shares in connection with the Public Offer;
    (d) The change of the Company's name to GasHubUnited Holding Limited; and
    (e) The appointment of new directors.

23. The Company is currently suspended from quotation on the ASX and will remain suspended until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and the Proposed Acquisition has completed.

ASX Waivers

24. The Company does not intend to apply for any waiver from any ASX Listing Rule.

Regulatory Requirements Generally

25. The Company notes that:
    (a) The Proposed Acquisition requires Shareholder approval under the Listing Rules and therefore may not proceed if that approval is not forthcoming;
    (b) The Company is required to re-comply with ASX's requirements for admission and quotation and therefore the Proposed Acquisition may not proceed if those requirements are not met;
    (c) ASX has an absolute discretion in deciding whether or not to re-admit the Company to the Official List and to quote its securities and therefore the Proposed Acquisition may not proceed if ASX exercises that discretion; and
    (d) Investors should take account of these uncertainties in deciding whether to invest or not in the Company's securities.

26. Furthermore, the Company notes that ASX takes no responsibility for the contents of this announcement and that the Company is in compliance with its continuous disclosure obligations under the Listing Rules.

Other information

27. The Company announced on 28th April 2017 that it has raised $120,000 to enable continued progress of the Proposed Acquisition.

For further information, please do not hesitate to contact:

Richard Holstein
Non-Executive Director
Raffles Capital Limited
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Annexure 1 – Key Terms to Heads of Agreement

The key terms of the Heads of Agreement to complete the Proposed Acquisition are as follows:

Conditions Precedent

1. Completion of the proposed Acquisition is subject to and conditional upon a number of conditions precedent, including:
    - (a) Completion of due diligence investigations by the parties;
    - (b) GasHub Group Shareholders entering into a binding sale agreement with RAF on terms consistent with the provisions of the Heads of Agreement or otherwise acceptable to RAF;
    - (c) RAF receiving conditional approval by ASX to reinstate its securities and those conditions being satisfied to the reasonable approval of RAF and GasHub Group;
    - (d) RAF to commence a capital raising;
    - (e) RAF to hold a meeting of shareholders to obtain all necessary approvals under the Corporations Act and the ASX Listing Rules.

Consideration

2. Subject to satisfaction of the conditions precedent, at completion RAF will issue 150 million RAF shares to GasHub Group Shareholders.

Board Composition

3. At completion of the Proposed Acquisition, RAF will appoint Sydney Kwan, Aviers Lim, Roger Khoo and Samuel Siaw as Directors of RAF. The current directors will offer their resignation. The offer will not be accepted until directors with the appropriate experience domiciled in Australia have been appointed to the Company to replace the current Australian domiciled Directors.

Change of Name

4. Following successful completion of the Proposed Acquisition, RAF will change its name to GasHubUnited Holding Limited.

The Heads of Agreement otherwise contains clauses typical for non-binding agreements of this nature.

Annexure 2 – Pro Forma Statement of Financial Position

Balance Sheet	Raffles Capital Limited 31 December 2016 Audited	Raffles Capital Limited 31 March 2017 (Proforma)	GasHub Group Balance Sheet 31 December 2016 Audited	GasHub Group Balance Sheet 31 March 2017 (Proforma)	Raffles Capital Limited Consolidated at completion of transaction (Proforma)
Current Assets					
Cash	4,390	4,840	291,247	450,000	8,954,840
Other (WIP)	-	-	4,156,930	4,200,000	4,200,000
Debtors	-	-	5,595,369	5,600,000	5,600,000
Prepayments	6,009	6,009	-	-	6,009
Total Current Assets	10,399	10,849	10,043,546	10,250,000	18,760,849
Non Current Assets					
Total Plant & Equipment	-	-	4,142,101	4,142,101	4,142,101
Accum. Depreciation	-	-	(1,478,163)	(1,628,163)	(1,628,163)
Debtors	-	-	1,281,907	1,100,000	1,100,000
Goodwill on Acquisition	-	-	-	-	26,476,065
Total Non Current Assets	-	-	3,945,845	3,613,938	30,090,003
Total Assets	10,399	10,849	13,989,391	13,863,938	48,850,852
Current Liabilities					
Trade Creditors	260,954	310,954	5,070,089	4,750,000	5,060,954
Provision for taxation	-	-	433,763	433,763	433,763
Borrowings - 1	-	-	84,190	84,190	84,190
Borrowings - 2	-	-	807,958	807,958	807,958
Total Current Liabilities	260,954	310,954	6,396,000	6,075,911	6,386,865
Non Current Liabilities					
Creditors	-	-	80,898	80,898	80,898
Borrowings	-	-	2,629,861	2,629,861	2,629,862
Deferred tax liability	-	-	53,332	53,332	53,332
Total Non-Current Liabilities	-	-	2,764,091	2,764,091	2,764,092
Total Liabilities	260,954	310,954	9,160,091	8,840,002	9,150,957
Net Assets	(250,555)	(300,105)	4,829,300	5,023,936	39,699,895
Shareholders Equity					
Equity	9,641,897	9,641,897			49,641,897
Equity (Subsidiary)	-	-	2,080,000	2,080,000	-
Reserve	4,525	4,525			4,525
Opening Balance Retained Earnings	(8,858,904)	(9,896,977)	2,103,951	2,749,300	(9,896,977)
Current Year Profit/(Loss)	(1,038,073)	(49,550)	645,349	194,636	(49,550)
Total Retained Earnings	(9,896,977)	(9,946,527)	2,749,300	2,943,936	(9,946,527)
Total Shareholders Equity	(250,555)	(300,105)	4,829,300	5,023,936	39,699,895

GASHUBIN ENGINEERING PRIVATE LIMITED

Incorporated in the Republic of Singapore
Company Registration No. 200514507H

ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2016

Lee & Jonathan PAC
Public Accountants and
Chartered Accountants

CONTENT

The director is pleased to present the statement to the member together with the audited financial statements of Gashubin Engineering Private Limited (the "Company") for the financial year ended 31 December 2016.

1. Opinion of the director

In the opinion of the director,

a) the financial statements 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 2016 and the financial performance, 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.

2. Director

The director of the Company in office at the date of this statement is:

Lim Shao-Lin

3. 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 objects are, or one of whose objects is, to enable the director 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. Director's interests in shares or debentures

According to the register of director's shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), the director of the Company who held office at the end of the financial year had any interests in the shares or debentures of the Company and its related corporations except as detailed below:

	Number of ordinary shares held in the name of director	
	1 January 2016	31 December 2016
Lim Shao-Lin	630,000	630,000

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 under options in the Company as at the end of the financial year.

6. Auditor

Lee & Jonathan PAC has expressed their willingness to accept re-appointment as auditor.

By the Sole Director

LIM SHAO-LIN
Director

Singapore, 26 APR 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF GASHUBIN ENGINEERING PRIVATE LIMITED

Opinion

We have audited the accompanying financial statements of Gashubin Engineering Private Limited (the "Company"), which comprise the statement of financial position as at 31 December 2016, 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 notes.

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 financial position of the Company as at 31 December 2016 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Director's Statement.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Director 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 Act and FRSs, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The director's responsibilities include overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

L+ J PAC

LEE & JONATHAN PAC
Public Accountants and
Chartered Accountants

Singapore, 26 APR 2017

140 Paya Lebar Road #07-20
AZ@Paya Lebar Singapore 409015
Tel: 6298 3059 Fax: 6291 9389

GASHUBIN ENGINEERING PRIVATE LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 $	2015 $
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,300,615	1,358,160
Trade and other receivables	6	1,200,367	674,954
		2,500,982	2,033,114
Current assets			
Due from customers for contract work-in-progress	5	3,879,697	2,652,536
Trade and other receivables	6	4,359,400	3,332,578
Cash and cash equivalents	7	222,645	710,016
		8,461,742	6,695,130
Total assets		10,962,724	8,728,244
EQUITY AND LIABILITIES			
Equity			
Share capital	8	630,000	630,000
Retained earnings		4,179,029	3,397,668
Equity attributable to owners of the company		4,809,029	4,027,668
Non-current liabilities			
Borrowings	9	1,273,125	1,110,152
Deferred tax liabilities	10	53,332	53,332
		1,326,457	1,163,484
Current liabilities			
Due to customers for contract work-in-progress	5	758,067	625,568
Trade and other payables	11	3,099,955	2,128,030
Borrowings	9	535,453	393,320
Provision for taxation		433,763	390,174
		4,827,238	3,537,092
Total equity and liabilities		10,962,724	8,728,244

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

GASHUBIN ENGINEERING PRIVATE LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 $	2015 $
Revenue	12	9,854,713	10,218,372
Cost of sales		(7,062,329)	(6,710,579)
Gross profit		2,792,384	3,507,793
Other operating income	13	197,478	141,571
Expenses:			
Distribution and marketing expenses		(65,257)	(48,309)
Administrative expenses		(1,954,360)	(1,642,244)
Finance costs	15	(94,276)	(67,398)
Other operating expenses		(55,993)	(33,007)
		(2,169,886)	(1,790,958)
Profit before tax	14	819,976	1,858,406
Income tax expense	16	(38,615)	(235,383)
Profit for the financial year, representing total comprehensive income for the year		781,361	1,623,023

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Share capital $	Retained earnings $	Total $
At 1 January 2015		300,000	1,774,645	2,074,645
Profit for the financial year, representing total comprehensive income		-	1,623,023	1,623,023
Issue of shares during the financial year		330,000	-	330,000
At 31 December 2015		630,000	3,397,668	4,027,668
At 1 January 2016		630,000	3,397,668	4,027,668
Profit for the financial year, representing total comprehensive income		-	781,361	781,361
At 31 December 2016		630,000	4,179,029	4,809,029

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016	2015
	$	$
Cash flows from operating activities		
Profit before tax	819,976	1,858,406
Adjustments for:		
Depreciation of property, plant and equipment	245,479	257,448
Finance costs	94,276	67,398
Gain on disposal	(562)	-
Operating profit before working capital changes	1,159,169	2,183,252
Due from/to customers for contract work-in-progress	(1,094,662)	(692,809)
Trade and other receivables	(1,552,235)	(1,725,516)
Trade and other payables	971,925	830,818
Cash (used in)/generated from operations	(515,803)	595,745
Interest expenses paid	(94,276)	(67,398)
Income tax refund / (paid)	4,974	(35,911)
Net cash (used in) / generated from operating activities	(605,105)	492,436
Cash flows from investing activities		
Purchase of plant and equipment	(198,940)	(18,352)
Proceeds from disposal of plant and equipment	11,568	-
Net cash used in investing activities	(187,372)	(18,352)
Cash flows from financing activities		
Proceeds from borrowings	1,545,146	133,380
Repayment of borrowings	(1,240,040)	(332,629)
Net cash generated from / (used in) financing activities	305,106	(199,249)
Net (decrease) / increase in cash and cash equivalents	(487,371)	274,835
Cash and cash equivalents at the beginning of the financial year	710,016	435,181
Cash and cash equivalents at the end of the financial year	222,645	710,016

Significant non-cash transaction:

In 2015, there was an issuance of additional share capital to Mr. Lim Shao-Lin in the amount of $330,000. The issuance was made through the settlement of the director's loan account by the same amount.

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

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

1. General corporate information

Gashubin Engineering Private Limited (the "Company") is incorporated and domiciled in Singapore with its registered office and its principal place of business at 8 New Industrial Road #06-02 LHK 3 Singapore 536200.

The principal activities of the Company are those of water and gas pipeline and sewer construction and engineering services.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been drawn up in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ($), which is the Company's functional currency. All financial information presented in Singapore Dollars has been rounded to the nearest dollar, unless otherwise indicated.

2.2 Adoption of new and revised standards

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 January 2016. The adoption of these standards did not have any material effect on the financial statements.

2.3 Standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are issued but effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. The Company does not plan to early adopt these standards.

2. Summary of significant accounting policies (Continued)

2.3 Standards issued but not yet effective (Continued)

The following standards that have been issued but not yet effective are as follows:

Description	Effective for annual periods beginning on or after
FRS 115: Revenue from Contracts with Customers	1 Jan 2018
Amendment to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	date to be determined
FRS 109 Financial Instruments	1 Jan 2018
Amendments to FRS 1: Disclosure Initiative	1 Jan 2016
Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 Jan 2017
Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 Jan 2018
FRS 116 Leases	1 Jan 2019
Amendments to FRS 102: Classification and Measurement of Share-Based Payment Transactions	1 Jan 2018

Except for FRS 115, the director expects that the adoption of the standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 is described below:

FRS 115 *Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018)*

This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Management is currently assessing the effects of applying the new standard on the Company's financial statements and at this stage, the Company is not able to estimate the impact of the new rules on the Company's financial statements. The Company will make more detailed assessment of the impact over the next twelve months.

2. Summary of significant accounting policies (Continued)

2.4 Foreign currency transactions and balances

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting period are recognised in profit or loss.

2.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Years
Leasehold land and building	46
Motor vehicles	5
Plant and machinery	5
Office equipment, fittings, and computers	3-5
Renovation	5

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate. During the year, the estimated useful life of the leasehold land and building was changed from 20 to 46 years.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.6 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

2. Summary of significant accounting policies (Continued)

2.6 Impairment of non-financial assets (Continued)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised

2.7 Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets are recognised 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 assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables comprise trade and other receivables, gross amount due from customers for contract work-in-progress and cash and cash equivalents.

Cash and cash equivalents comprise cash at banks and on hand.

De-recognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.7 Financial instruments (Continued)

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised 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 plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Such financial liabilities comprise trade and other payables and bank borrowings.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition 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.

2.8 Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.8 Impairment of financial assets (Continued)

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and banks and are subject to an insignificant risk of changes in value.

2.10 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.11 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.12 Employee benefits

a) Defined contribution plans

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

b) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2. Summary of significant accounting policies (Continued)

2.13 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

b) Rendering of services

Revenue from rendering of services and handling fees is recognised when the services have been performed and rendered.

c) Construction contract

Revenue from construction contracts is recognised as disclosed in Note 2.15 "Construction contract".

2.14 Taxes

a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax asset is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

2. Summary of significant accounting policies (Continued)

2.14 Taxes (Continued)

b) Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.15 Construction contract

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

The stage of completion is measured either by reference to the professional or customer's certification of value of work done to date or by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

Where the stage of completion is measured by reference to the professional or customer's certification of value of work done to date, at the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as "due from customers on construction contracts" within "current assets". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as "due to customers on construction contracts" within "current liabilities".

2. Summary of significant accounting policies (Continued)

2.15 Construction contract (Continued)

Where the stage of completion is measured by reference to the proportion of contract costs incurred to date compared to the estimated total costs for the contract, at the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as "accrued billings on construction contracts" within "trade receivables".

Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as "advance billings on construction contracts" within "trade payables."

Progress billings not yet paid by customers and retentions by customers are included within "trade receivables". Advances received and retentions withheld from subcontractors are included within "trade payables"

At the reporting date, the cumulative costs incurred plus recognised profit (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts within "current assets". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within "current liabilities".

Progress billings not yet paid by customers are included within "trade receivables". Advances received are included within "trade payables".

2.16 Leases

Operating leases as lessee

Finance leases which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.17 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2. Summary of significant accounting policies (Continued)

2.18 Related parties

A related party is defined as follows:

a) A person or a close member of that person's family is related to the group and Company if that person:

- Has control or joint control over the Company;

- Has significant influence over the Company; or

- Is a member of the key management personnel of Company or of a parent company.

b) An entity is related to the Company if any of the following conditions applies:

- The entity and the Company are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others).

- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a company of which the other entity is a member).

- Both entities are joint ventures of the same third party.

- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

- The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

- The entity is controlled or jointly controlled by a person identified in (a);

- A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting judgments and estimates

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgments made in applying accounting policies

Determination of functional currency

In determining the functional currency of the Company, judgment is used by the Company to determine the currency of the primary economic environment in which the Company operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The financial statements are presented in Singapore dollars, which is the functional currency of the Company.

3. Significant accounting estimates and judgments (Continued)

3.2 Construction contracts

The Company recognises contract revenue and contract costs using the percentage-of-completion method. The stage of completion is measured by reference to the professional's certification of value of work done to-date or by reference to the proportion of contract costs incurred to date. Please refer to Note 2.15 "Construction contract" for the Company's accounting policy on construction contract work-in-progress.

Significant assumptions are required to estimate the total contract costs which affect the contract cost recognised to-date based on the percentage of completion. Total contract revenue also includes estimation of the variation works that are recoverable from customers. In making these estimates, management has relied on past experience and the work of specialists. If the remaining estimated contract costs increase/decrease by 10% (2015: 10%) from management estimates, the Company's profit before income tax will decrease/increase by approximately $312,163 (2015: $202,696 as restated).

3.3 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) Useful lives of property, plant and equipment

The useful life of an item of property, plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. The carrying amount of the Company's property, plant and equipment as at 31 December 2016 was $1,300,615 (2015: $1,358,160).

b) Impairment of loans and receivables

The impairment of trade and other receivables is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Company's trade and other receivables as at 31 December 2016 were $5,599,767 (2015: $4,007,532).

c) Income taxes

Significant judgements are involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters differs from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the financial year in which such determination is made. The carrying amount of the Company's current income tax payable as at 31 December 2016 was $433,763 (2015: $390,174 as restated).

4. Property, plant and equipment

	Leasehold land and building	Motor vehicles	Plant and machinery	Office equipment, fittings and computers	Renovation	Total
	$	$	$	$	$	$
Cost						
At 1 January 2015	1,050,000	717,145	177,674	103,189	17,218	2,065,226
Additions	-	-	5,600	12,752	-	18,352
At 31 December 2015	1,050,000	717,145	183,274	115,941	17,218	2,083,578
Additions	-	125,625	65,588	7,727	-	198,940
Disposals	-	(59,400)	-	-	-	(59,400)
At 31 December 2016	1,050,000	783,370	248,862	123,668	17,218	2,223,118
Accumulated depreciation						
At 1 January 2015	100,625	263,491	51,993	47,850	4,011	467,970
Charges for the financial year	52,500	142,206	36,108	23,190	3,444	257,448
At 31 December 2015	153,125	405,697	88,101	71,040	7,455	725,418
Charges for the financial year	20,858	157,803	42,924	20,451	3,443	245,479
Disposals	-	(48,394)	-	-	-	(48,394)
At 31 December 2016	173,983	515,106	131,025	91,491	10,898	922,503
Net book value						
At 31 December 2015	896,875	311,448	95,173	44,901	9,763	1,358,160
At 31 December 2016	876,017	268,264	117,837	32,177	6,320	1,300,615

The carrying amounts of motor vehicles held under finance leases are $244,964 (2015: $305,133) at the reporting date (Note 9).

The land and building held by the Company as at 31 December 2016 is as follows:

Description and location	Existing use
10 Admiralty Street #02-65 Singapore 757695	Operations and office

The above property with net book value of $876,017 (2015: $896,875) is mortgaged to secure the bank borrowings (Note 9).

Depreciation expense classification:

	2016	2015
	$	$
Distribution and marketing expenses	42,924	36,108
Administrative expenses	202,555	221,340
	245,479	257,448

4. Property, plant and equipment (Continued)

Change in estimate

During the year ended 31 December 2016, the Company conducted a review of its leasehold land and building, which resulted in changes in the expected usage of the leasehold land and building. These leasehold land and building, which management previously expected to be in use for a period of 20 years from the date of purchase, are now expected to be in use for a period of 46 years from the date of purchase. As a result, the estimated useful lives of such plant and machinery have been revised from 20 years to 46 years. The director is of the view that the revised useful lives better reflect the estimated period of usage of the leasehold land and building by the Company.

The change has been applied prospectively, and comparatives have not been restated. The effect of this change on depreciation expense, recognised in cost of sales in current financial year is as follows:

	2016
	$
Decrease in depreciation expense	(31,642)

Management is of the view that it is impracticable to estimate the amount of the effect of the change in useful lives in the future periods.

5. Due from/(to) customers for contract work-in-progress

	2016	2015
	$	$
Cost incurred and attributable profits	28,716,588	17,883,423
Less: progress billings received/receivable	(25,594,958)	(15,856,455)
	3,121,630	2,026,968
Represented by:		
Gross amount due from customers for contract work-in-progress	3,879,697	2,652,536
Gross amount due to customers for contract work-in-progress	(758,067)	(625,568)
	3,121,630	2,026,968

6. Trade and other receivables

	2016	2015
	$	$
Non-current		
Retention money receivable - third parties	1,200,367	674,954
	1,200,367	674,954
Current		
Trade receivables - related parties	633,182	588,322
Trade receivables - third parties	462,730	227,268
	1,095,912	815,590
Retention money receivable - related parties	81,911	80,968
Retention money receivable - third parties	971,108	1,059,973
Accrued revenue - related parties	1,324,114	971,799
Accrued revenue - third party	221,945	-
	3,694,990	2,928,330
Less: allowance for doubtful accounts	(8,656)	(8,656)
	3,686,334	2,919,674
Other receivables:		
Deposit	127,590	125,420
Other receivables - third parties	51,890	-
Prepayments	14,098	4,047
Staff loan	25,579	19,529
Amount due from related parties	453,909	263,908
	673,066	412,904
Total current	4,359,400	3,332,578
Total trade and other receivables	5,599,767	4,007,532

The trade receivables – third parties are non-interest bearing and are generally on 30 to 90 days' term.

The non-current trade receivables from third parties and related parties are presented at amortised cost and computed based on cash flows discounted at market borrowing rates. The market borrowing rates used is 4.70% (2015: 4.48%)

The amounts due from related parties, both trade and non-trade, are unsecured, non-trade in nature, interest-free and repayable on demand. However, it is the intention of both parties that the amount will not be repayable within the foreseeable future.

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The carrying amounts of trade and other receivables approximate their fair values.

All trade and other receivables are denominated in Singapore dollar.

6. Trade and other receivables (Continued)

Receivables that are past due but not impaired

The Company had trade receivables amounting to $825,815 (2015: $572,510) that were past due at the reporting date but not impaired. These receivables were unsecured and the analysis of their aging at the reporting date was as follows:

	2016	2015
	$	$
Trade receivables past due but not impaired:		
Not past due	270,097	243,080
1-30 days	86,553	66,692
31-60 days	29,492	18,175
Over 60 days	709,770	487,643
	1,095,912	815,590

	2016	2015
	$	$
Movement in allowance account:		
At 1 January	8,656	17,313
Reversal of allowance	-	(8,657)
At 31 December	8,656	8,656

7. Cash and cash equivalents

	2016	2015
	$	$
Cash at banks	222,645	710,016
Total cash and cash equivalents	222,645	710,016

The carrying amounts of the cash and cash equivalents approximate their fair values.

Cash and cash equivalents are denominated in Singapore dollar.

8. Share capital

	2016		2015	
	No of Shares	$	No of Shares	$
Issued and fully paid:				
At 1 January	630,000	630,000	300,000	300,000
Issuance of shares	-	-	330,000	330,000
At 31 December	630,000	630,000	630,000	630,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

9. Borrowings

	2016	2015
	$	$
Non-current		
Finance leases	363,633	350,796
Term loan	909,492	759,356
	1,273,125	1,110,152
Current		
Finance leases	81,592	86,523
Term loan	453,861	306,797
	535,453	393,320
Total borrowings	1,808,578	1,503,472

Term loans consist of the following:

(i) $656,010 (2015: $700,547) refer to property term loan repayable at bank's prevailing interest rate minus rates ranging from 3.00% to 3.97% p.a. (2015: 3.00% to 3.65% p.a.) on daily rests basis for a tenure of 180 months. The loan is secured by a legal mortgage over the Company's property located at 10 Admiralty Street #02-65 Northlink Building Singapore 757695 and a personal guarantee from the director.

(ii) $22,222 (2015: $88,889) term loan repayable at fixed interest rate of 4.00% p.a. (2015: 4.00% p.a.) for a tenure of 36 months. This loan is secured by a personal guarantee from the director.

(iii) $13,350 (2015: $45,564) working loan facility repayable at fixed interest rate of 5.50% p.a. (2015: 5.50% p.a.) for a tenure of 36 months. This loan is secured by a personal guarantee from the director.

(iv) $6,094 (2015: $40,547) working loan facility repayable at fixed interest rate of 8.00% p.a. (2015: 8.00% p.a.) for a tenure of 36 months. This loan is secured by a personal guarantee from the director.

(v) $21,156 (2015: $60,443) term loan repayable at bank's prevailing rate plus 2.00% p.a. ranging from 8.00% to 10.00% (2015: 8.00% to 10.00%) for a tenure of 36 months. This loan is secured by a personal guarantee from the director.

(vi) $89,519 (2015: 130,163) term loan repayable at bank's prevailing rate plus 1.50% p.a. ranging from 8.00% to 10.00% (2015: 8.00% to 10.00%) for a tenure of 36 months. This loan is secured by a personal guarantee from the director.

(vii) $174,162 (2015: nil) term loan repayable at flat rate of 4.75% p.a. (2015: Nil) for a tenure of 36 months. This loan is secured by a personal guarantee from the director.

(viii) $164,976 (2015: nil) term loan repayable at flat rate of 5.145% p.a. (2015: Nil) for a tenure of 35 months. This loan is secured by a personal guarantee from the director.

(ix) $215,864 (2015: nil) term loan repayable at flat rate of 8% p.a. (2015: Nil) for a tenure of 36 months. This loan is secured by a personal guarantee from the director.

9. Borrowings (Continued)

Finance lease obligations:

	Minimum lease payments		Present value of minimum lease payment	
	2016	2015	2016	2015
	$	$	$	$
Minimum obligations due:				
Within one year	102,676	107,434	81,592	86,523
After one year but not more than five years	387,370	398,186	324,421	345,173
After five years	41,070	16,296	39,212	5,623
Total minimum lease payments	531,116	521,916	445,225	437,319
Less: Amounts representing finance charges	(85,891)	(101,527)	-	
Present value of finance lease liabilities	445,225	420,389	445,225	437,319

Finance lease financing bears effective interest rates ranging from 3.50% to 6.50% (2015: 3.50% to 6.50%) per annum.

Finance lease liabilities of the Company are effectively secured over the leased motor vehicles (Note 4), as the legal title is retained by the lessor and will be transferred to the Company upon full settlement of the finance lease liabilities. The director of the Company also issued a letter of guarantee in favour of the lessor.

10. Deferred tax liabilities

Movements in deferred tax assets/(liabilities) during the financial year were as follows:

	At 1 January 2015	Recognised in profit or loss	At 31 December 2015	Recognised in profit or loss (Note 15)	At 31 December 2016
	$	$	$	$	$
Deferred tax assets / (liabilities)					
Differences in depreciation for tax purposes	53,332	-	53,332	-	53,332
	53,332	-	53,332	-	53,332

11. Trade and other payables

	2016	2015
	$	$
Trade payables - related parties	1,911,170	1,093,642
Trade payables - third parties	792,735	479,091
GST payables	66,754	99,772
	2,770,659	1,672,505
Other payables:		
Accruals	243,740	359,231
Amount owing to director	37,532	49,644
Other creditors	48,024	46,650
	329,296	455,525
Total trade and other payables	3,099,955	2,128,030

These amounts are non-interest bearing. Trade payables are normally settled on 30-120 days' terms.

The amounts owing to director and the related parties are current, unsecured, non-interest bearing and repayable on demand. However, it is the intention of both parties that the amount will not be repayable within the foreseeable future.

The carrying amounts of trade and other payables approximate their fair values.

All trade and other payables are denominated in Singapore dollar.

12. Revenue

	2016	2015
	$	$
Sales-contract and progress billing	8,989,074	9,844,473
Sales-supply and service	310,703	115,677
Supply of labour	25,380	118,026
Sales-term contract	529,416	-
Sales of goods	140	140,196
	9,854,713	10,218,372

13. Other operating income

	2016	2015
	$	$
Bad debts recover	-	8,656
Insurance claims	17,535	-
Gain or loss on disposal	562	4,000
Government grants	105,350	48,575
Interest income	24	-
Services and supply	-	4,140
Office rental	24,000	24,000
Other income	43,952	-
Vehicle rental	-	12,600
Worker dormitory	6,055	39,600
Total other income	197,478	141,571

14. Profit before taxation

	2016	2015
	$	$
Profit before tax has been arrived at after charging/(crediting):		
Employee benefits expense:		
Director Central Provident Fund	12,240	11,560
Director remuneration	96,000	104,000
Staff salaries and other costs	504,887	486,670
Central Provident Fund contributions	62,689	47,289
	675,816	649,519
Other operating expenses include:		
Depreciation of property, plant and equipment	245,479	257,448
Office and vehicle rental	113,700	87,950
Transportation and travel	103,417	87,136
Service charges and subscription fee	172,410	95,952
Upkeep of motor vehicle	119,749	79,412

15. Finance costs

	2016	2015
	$	$
Loan interest	18,320	16,930
Interest expense on finance lease obligations	75,956	50,468
	94,276	67,398

16. Income tax expense

The major components of income tax expense recognised in profit or loss for the financial years ended 31 December 2016 and 2015 were:

	2016	2015
	$	$
Current income tax		
- Current tax	38,615	235,383

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2016 and 2015 were as follows:

	2016	2015
	$	$
Profit before income tax	819,976	1,858,406
Income tax using the statutory tax rate of 17% (2015: 17%)	139,396	315,929
Tax effects of:		
Income not subject to tax	(5,603)	(3,396)
Non-deductible expenses	62,473	56,936
Enhanced deductions	(83,371)	(71,040)
Utilisation of current year capital allowances	(23,355)	(17,121)
Statutory exempted amount	(25,925)	(25,925)
CIT rebate	(25,000)	(20,000)
Income tax expense recognised in profit or loss	38,615	235,383

The Singapore Government has announced that for Years of Assessment ("YA") 2016 and 2017, all companies will receive a 50% Corporate Income Tax ("CIT") rebate that is subject to a cap of $25,000 per YA (YA 2013 to YA 2015: cap of $30,000 per YA).

17. Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with related parties took place at terms agreed between the parties during the financial year:

	2016	2015
	$	$
Compensation of key management personnel		
- Director's remuneration	96,000	104,000
- Director's Central Provident Fund Contributions	12,240	11,560

17. Significant related party transactions (Continued)

Sale and purchase of goods and services

	2016	2015
	$	$
Transactions with related parties		
- Sales - contract and progress billing	-	955,626
- Supply of labour	25,380	118,026
- Sales of goods	32,021	140,196
- Purchases / subcontractor charges	1,255,305	915,386
- Other income	37,380	76,199
- Other expenses	17,700	-

18. Financial risk management

The Company's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

The director reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

<u>Excessive risk concentration</u>

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

18. Financial risk management (Continued)

Credit risk (Continued)

Exposure to credit risk

The Company has no significant concentration of credit risk other than those balances with related companies comprising 55% (2015: 45%) of trade receivables. The Company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Financial assets that are neither past due nor impaired

Trade and other receivables and gross amount due from customers for contract work-in-progress that are neither past due nor impaired are with creditworthy debtors with good payment record with the Company. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 6.

Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Company's operations are financed mainly through equity. The director is satisfied that funds are available to finance the operations of the Company.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year	Within 2 to 5 years	After five years
	$	$	$	$	
At 31 December 2016					
Trade and other payables	3,099,955	(3,099,955)	(3,099,955)	-	-
Term loans	1,363,353	(1,363,353)	(453,861)	(519,041)	(390,451)
Finance lease obligations	445,225	(531,116)	(102,676)	(387,370)	(41,070)
	4,908,533	(4,994,424)	(3,656,492)	(906,411)	(431,521)
At 31 December 2015					
Trade and other payables	2,128,030	(2,128,030)	(2,128,030)	-	-
Term loans	1,066,153	(1,066,153)	(306,797)	(377,347)	(382,009)
Finance lease obligations	437,319	(521,916)	(107,434)	(398,186)	(16,296)
	3,631,502	(3,716,099)	(2,542,261)	(775,533)	(398,305)

18. Financial risk management (Continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from their cash and cash equivalents.

The Company does not expect any significant effect on the Company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was as follows:

	Profit after tax	
	2016	2015
Fixed rate instruments	$	$
Financial liabilities	1,041,893	612,320
Variable rate instruments		
Financial liabilities	766,685	891,152

At the reporting date, if the interest rates had been 100 (2015: 100) basis points higher/lower with all other variables held constant, the Company's profit before tax would have been $7,667 (2015: $8,911) higher/lower, arising mainly as a result of higher/lower interest income/expenses on floating rate cash at bank and floating rate bank borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(ii) Foreign currency risk

The Company's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Company does not have any formal policy for hedging against currency risk. The Company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

As at reporting date, the Company is not exposed to significant foreign currency risk.

19. Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Cash and cash equivalents, other receivables and other payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

19. Fair values (Continued)

Trade receivables and trade payables

The carrying amounts of these receivables and payables (including trade balances) approximate their fair values as they are subject to normal trade credit terms.

Gross amounts due from / (to) customers for contract work-in-progress

The carrying amounts of these gross amounts due from customers for contract work-in-progress approximate their fair values as they are subject to normal trade credit terms.

Borrowings

The carrying amounts of borrowings approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

20. Fair value hierarchy

As at the reporting date, there are no financial instruments carried at fair value by valuation method.

21. Operating lease commitment

The Company leases office and workers' accommodation under non-cancellable operating lease agreements. This leases have varying terms, escalation clauses and renewal rights.

The future minimum rental payable under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	2016	2015
	$	$
Within 1 year	284,400	284,400
	284,400	284,400

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2016 amounted to $ $565,081 (2015: $ 574,461) for the accommodation and office rental.

22. Financial instruments by category

At the reporting date, the aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost were as follows:

	2016	2015
	$	$
Loans and receivables		
Due from customers for contract work-in-progress	3,879,697	2,652,536
Trade and other receivables (excluding prepayments)	5,585,669	4,003,485
Cash and cash equivalents	222,645	710,016
Total loans and receivables	9,688,011	7,366,037
Financial liabilities measured at amortised cost		
Gross amount due to customers for contract work-in-progress	758,067	625,568
Trade and other payables	3,099,955	2,128,030
Borrowings	1,808,578	1,503,472
Total financial liabilities measured at amortised cost	5,666,600	4,257,070
Total net undiscounted financial assets	4,021,411	3,108,967

23. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Company comprises issued share capital and retained earnings.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2016 and 31 December 2015.

The Company is not subject to any externally imposed capital requirements. The Company's overall strategy remains unchanged from 2015.

24. Comparative information

In 2015, the Company had erroneously classified certain revenue as net of cost of sales. The comparative amounts have been recalculated and restated to rectify this error. As a result, $692,809 was reclassified from 'cost of sales' to 'revenue'.

In 2016, the Company modified the classification of the worker dormitory expenses to reflect more appropriately the way in which economic benefits are derived. Comparative amounts in the statement of profit or loss and other comprehensive income were restated for consistency. As a result, $488,461 recorded in 2015 was reclassified from 'administrative and other expenses' to 'cost of sales'.

Since the amounts are reclassifications within operating activities in the statement of profit or loss and other comprehensive income, these reclassifications did not have any effect on the statements of financial position and cash flows.

25. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Sole Director of the Company on the date of Director's Statement.

GASHUBIN ENGINEERING PRIVATE LIMITED

DETAILED PROFIT OR LOSS ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016	2015
	$	$
Sales-contract and progress billing	8,989,074	9,844,473
Sales-supply and service	310,703	115,677
Sales-term contract	529,416	-
Sold of goods	140	140,196
Supply labour	25,380	118,026
	9,854,713	10,218,372
Less: Cost of sales		
Carriage inwards	3,138	8,246
Construction staff salaries	585,410	454,922
Foreign worker levy	1,372,782	1,305,456
Hiring of machinery	140,184	123,901
Purchases	2,281,007	2,235,406
Subcontractor expenses	949,205	883,183
Workers' dormitory	451,381	488,461
Workers' wages	1,279,222	1,211,004
	7,062,329	6,710,579
Gross profit	2,792,384	3,507,793
Add: Other income		
Bad debts recovered	-	8,656
Car rental	-	12,600
Gain on disposal	562	4,000
Government grants	105,350	48,575
Insurance claims	17,535	-
Interest income	24	-
Office rental	24,000	24,000
Other income	43,952	-
Services and supply	-	4,140
Worker dormitory	6,055	39,600
	2,989,862	3,649,364
Less: Operating Expenses	2,169,886	1,790,958
Profit before tax	819,976	1,858,406

THE DETAILED PROFIT AND LOSS ACCOUNTS HAS BEEN PREPARED FOR MANAGEMENT PURPOSES ONLY AND DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS.

GASHUBIN ENGINEERING PRIVATE LIMITED

DETAILED PROFIT OR LOSS ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016	2015
	$	$
Distribution and marketing expenses		
Advertisement	120	1,000
Depreciation of property, plant and equipment	42,924	36,108
Entertainment expense	18,457	7,966
Gifts and hampers	3,756	3,235
	65,257	48,309
Finance costs		
Finance lease interest	18,320	16,930
Term loan interest	75,956	50,468
	94,276	67,398
Administrative expenses		
Bank charge	3,202	7,573
Consultancy and professional fee	42,138	19,738
Courier service	2,267	1,138
Depreciation of property, plant and equipment	202,555	221,340
Director Central Provident Fund	12,240	11,560
Director remuneration	96,000	104,000
Filing, documentation and registration fee	5,634	8,155
Finance charge	800	10
Insurance	73,241	86,855
Leasing of equipment	3,696	3,080
Local and oversea travelling	894	12,262
Local transport and travelling	1,746	1,312
Management and membership fees	8,440	8,702
Medical expenses	31,610	31,707
Patent	1,705	2,955
Postage, newspaper and periodical	4,193	815
Printing	11,749	8,731
Professional fee	19,931	19,440
Property tax	5,718	6,314
Recruitments	6,525	4,820
Rental - office	96,000	86,000
Rental-motor vehicle	17,700	1,950
Research and development	70,363	-
Service charges and subscription fee	172,410	95,952
Site expenses and refreshment	45,854	-
Skill development levy	5,667	-
Staff Central Provident Fund	62,689	47,289
Staff salaries	504,887	486,670
Staff welfare	85,453	64,177
Stamp duty	1,207	706
Stationery	9,696	9,457

THE DETAILED PROFIT AND LOSS ACCOUNTS HAS BEEN PREPARED FOR MANAGEMENT PURPOSES ONLY AND DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS.

GASHUBIN ENGINEERING PRIVATE LIMITED

DETAILED PROFIT OR LOSS ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016	2015
	$	$
Telecommunication	28,192	27,544
Training of employees	32,820	60,181
Transport charges	98,925	-
Transportation	4,492	87,136
Upkeep of machinery	18,095	-
Upkeep of motor vehicles	119,749	79,412
Upkeep of office	15,175	16,375
Water and electricity	30,702	18,888
	1,954,360	1,642,244
Other operating expenses		
Fines	5,051	(1,591)
General expenses	1,104	300
Impairment loss on other financial assets	49,838	34,298
	55,993	33,007
	2,169,886	1,790,958

THE DETAILED PROFIT AND LOSS ACCOUNTS HAS BEEN PREPARED FOR MANAGEMENT PURPOSES ONLY AND DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS.

GASHUBIN TECHNOLOGY PRIVATE LIMITED

Incorporated in the Republic of Singapore
Company Registration No. 200500294D

ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2016

Lee & Jonathan PAC
Public Accountants and
Chartered Accountants

CONTENT

The director is pleased to present the statement to the members together with the audited financial statements of Gashubin Technology Private Limited (the "Company") for the financial year ended 31 December 2016.

1. Opinion of the director

In the opinion of the director,

a) the financial statements 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 2016 and the financial performance, 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.

2. Director

The director of the Company in office at the date of this statement is:

Lim Shao-Lin

3. 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 objects are, or one of whose objects is, to enable the director 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. Director's interests in shares or debentures

According to the register of director's shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), the director of the Company who held office at the end of the financial year had any interests in the shares or debentures of the Company and its related corporations except as detailed below:

	Number of ordinary shares held in the name of director	
	1 January 2016	**31 December 2016**
Lim Shao-Lin	750,005	750,005

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 under options in the Company as at the end of the financial year.

6. Auditor

The auditors, Lee & Jonathan PAC, have expressed their willingness to accept re-appointment as auditor.

The Sole Director,

LIM SHAO-LIN
Director

Singapore, 26 APR 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GASHUBIN TECHNOLOGY PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Gashubin Technology Private Limited (the "Company"), which comprise the statement of financial position as at 31 December 2016, 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 notes.

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 financial position of the Company as at 31 December 2016 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Director's Statement.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Director 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 Act and FRSs, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The director's responsibilities include overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

L + J PAC

LEE & JONATHAN PAC
Public Accountants and
Chartered Accountants

Singapore, 26 APR 2017

140 Paya Lebar Road #07-20
AZ@Paya Lebar Singapore 409015
Tel: 6298 3059 Fax: 6291 9389

GASHUBIN TECHNOLOGY PRIVATE LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 $	2015 $
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,363,323	91,598
Trade and other receivables	7	81,540	96,011
		1,444,863	187,609
Current assets			
Inventories	5	263,233	41,601
Due from customers for contract work-in-progress	6	14,000	123,462
Trade and other receivables	7	1,235,969	714,084
Cash and cash equivalents	8	68,602	424,789
		1,581,804	1,303,936
Total assets		3,026,667	1,491,545
EQUITY AND LIABILITIES			
Equity			
Share capital	9	1,450,000	1,450,000
Accumulated losses		(1,429,730)	(1,293,718)
Equity attributable to owner of the Company		20,270	156,282
Non-current liabilities			
Borrowings	10	1,356,737	12,473
Trade and other payables	11	80,898	80,898
		1,437,635	93,371
Current liabilities			
Borrowings	10	356,695	15,618
Trade and other payables	11	1,212,067	1,226,274
		1,568,762	1,241,892
Total equity and liabilities		3,026,667	1,491,545

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

GASHUBIN TECHNOLOGY PRIVATE LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 $	2015 $
Revenue	12	990,074	2,019,205
Cost of sales		(769,874)	(1,597,127)
		220,200	422,078
Other operating income	13	147,066	158,057
Administrative expenses		(430,988)	(433,196)
Distribution and marketing expenses		(24,871)	(22,165)
Finance costs	15	(47,419)	(1,170)
Other operating expenses		-	(50,727)
		(356,212)	(349,201)
(Loss)/profit before tax	14	(136,012)	72,877
Income tax expense		-	-
(Loss)/profit for the financial year, representing total comprehensive income for the year		(136,012)	72,877

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

	Share capital	Accumulated losses	Total
	$	$	$
At 1 January 2015	1,450,000	(1,366,595)	83,405
Profit for the financial year, representing total comprehensive income for the year	-	72,877	72,877
At 31 December 2015	1,450,000	(1,293,718)	156,282
At 1 January 2016	1,450,000	(1,293,718)	156,282
Loss for the financial year, representing total comprehensive income for the year	-	(136,012)	(136,012)
At 31 December 2016	1,450,000	(1,429,730)	20,270

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

GASHUBIN TECHNOLOGY PRIVATE LIMITED
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 $	2015 $
Cash flows from operating activities			
(Loss)/Profit before tax		(136,012)	72,877
Adjustments for:			
Depreciation expenses		74,932	36,907
Bad debts expenses		-	50,727
Operating (loss)/profit before working capital changes		(61,080)	160,511
Due from customers for contract work-in-progress		109,462	298,359
Inventories		(221,632)	(41,040)
Trade and other receivables		(507,414)	(636,846)
Trade and other payables		(14,207)	581,919
Net cash (used in)/generated from operating activities		(694,871)	362,903
Cash flows from investing activity			
Acquisition of property, plant and equipment		(1,346,657)	(32,056)
Net cash used in investing activity		(1,346,657)	(32,056)
Cash flows from financing activities			
Proceeds from borrowings		1,811,566	-
Payments for borrowings		(126,225)	(15,618)
Net cash generated from/(used in) financing activities		1,685,341	(15,618)
Net (decrease)/increase in cash and cash equivalents		(356,187)	315,229
Cash and cash equivalents at the beginning of the financial year		424,789	109,560
Cash and cash equivalents at the end of the financial year		68,602	424,789

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

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

1. General corporate information

Gashubin Technology Private Limited (the "Company") is incorporated and domiciled in Singapore with its registered office and its principal place of business at 8 New Industrial Road #06-02 LHK 3 Building, Singapore 536200.

The principal activities of the Company are those of relating to water and gas pipeline and sewer construction.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been drawn up in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ($), which is the Company's functional currency. All financial information presented in Singapore Dollars has been rounded to the nearest dollar, unless otherwise indicated.

2.2 Adoption of new and revised standards

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 January 2016. The adoption of these standards did not have any material effect on the financial statements.

2.3 Standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are issued but effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. The Company does not plan to early adopt these standards.

2. Summary of significant accounting policies (Continued)

2.3 Standards issued but not yet effective (Continued)

The following standards that have been issued but not yet effective are as follows:

Description	**Effective for annual periods beginning on or after**
FRS 115: Revenue from Contracts with Customers	1 Jan 2018
Amendment to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	date to be determined
FRS 109 Financial Instruments	1 Jan 2018
Amendments to FRS 1: Disclosure Initiative	1 Jan 2016
Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 Jan 2017
Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 Jan 2018
FRS 116 Leases	1 Jan 2019
Amendments to FRS 102: Classification and Measurement of Share-Based Payment Transactions	1 Jan 2018

Except for FRS 115, the director expects that the adoption of the standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 is described below:

<u>FRS 115 *Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018)*</u>

This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Management is currently assessing the effects of applying the new standard on the Company's financial statements and at this stage, the Company is not able to estimate the impact of the new rules on the Company's financial statements. The Company will make more detailed assessment of the impact over the next twelve months.

2. Summary of significant accounting policies (Continued)

2.4 Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

The stage of completion is measured either by reference to the professional or customer's certification of value of work done to date or by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

Where the stage of completion is measured by reference to the professional or customer's certification of value of work done to date, at the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as "due from customers on construction contracts" within "current assets". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as "due to customers on construction contracts" within "current liabilities".

Where the stage of completion is measured by reference to the proportion of contract costs incurred to date compared to the estimated total costs for the contract, at the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as "accrued billings on construction contracts" within "trade receivables".

Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as "advance billings on construction contracts" within "trade payables."

Progress billings not yet paid by customers and retentions by customers are included within "trade receivables". Advances received and retentions withheld from subcontractors are included within "trade payables".

At the reporting date, the cumulative costs incurred plus recognised profit (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts within "current assets". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within "current liabilities".

2. Summary of significant accounting policies (Continued)

2.4 Construction contracts (Continued)

Progress billings not yet paid by customers are included within "trade receivables". Advances received are included within "trade payables".

2.5 Foreign currency transactions and balances

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting period are recognised in profit or loss.

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Years
Computers	3
Laboratory equipment	5
Motor vehicles	5
Office equipment	5
Leasehold property	43

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.7 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

2. Summary of significant accounting policies (Continued)

2.7 Impairment of non-financial assets (Continued)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.8 Financial instruments

a) **Financial assets**

Initial recognition and measurement

Financial assets are recognised 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 assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables comprise trade and other receivables, gross amount due from customers for contract work-in-progress and cash and cash equivalents.

Cash and cash equivalents comprise cash at banks and on hand.

De-recognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.8 Financial instruments (Continued)

b) **Financial liabilities**

Initial recognition and measurement

Financial liabilities are recognised 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 plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Such financial liabilities comprise trade and other payables and bank borrowings.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition 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.

2.9 Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.9 Impairment of financial assets (Continued)

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and banks and are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Company's cash management.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in first-out method and includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

When necessary, allowance in provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

2.12 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.13 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.14 Employee benefits

a) Defined contribution plans

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

2. Summary of significant accounting policies (Continued)

2.14 Employee benefits (Continued)

b) **Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.15 Finance costs

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

2.16 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

a) **Sale of goods**

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

b) **Rendering of services**

Revenue from rendering of services and handling fees is recognised when the services have been performed and rendered.

c) **Construction contract**

Revenue from construction contracts is recognised as disclosed in Note 2.5 "Construction contracts".

2.17 Taxes

a) **Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. Summary of significant accounting policies (Continued)

2.17 Taxes (Continued)

b) **Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax asset is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

c) **Sales tax**

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.18 Leases

Operating leases as lessee

Finance leases which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

2. Summary of significant accounting policies (Continued)

2.18 Leases (Continued)

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.19 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.20 Related parties

A related party is defined as follows:

a) A person or a close member of that person's family is related to the group and Company if that person:

- Has control or joint control over the Company;

- Has significant influence over the Company; or

- Is a member of the key management personnel of Company or of a parent company.

b) An entity is related to the Company if any of the following conditions applies:

- The entity and the Company are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others).

- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a company of which the other entity is a member).

- Both entities are joint ventures of the same third party.

- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

- The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

- The entity is controlled or jointly controlled by a person identified in (a);

- A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting judgments and estimates

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgments made in applying accounting policies

Determination of functional currency

In determining the functional currency of the Company, judgment is used by the Company to determine the currency of the primary economic environment in which the Company operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

3.2 Construction contracts

The Company recognises contract revenue and contract costs using the percentage-of-completion method. The stage of completion is measured by reference to the professional's certification of value of work done to-date or by reference to the proportion of contract costs incurred to date. Please refer to Note 2.5 "Construction contract" for the Company's accounting policy on construction contract work-in-progress.

Significant assumptions are required to estimate the total contract costs which affect the contract cost recognised to-date based on the percentage of completion. Total contract revenue also includes estimation of the variation works that are recoverable from customers. In making these estimates, management has relied on past experience and the work of specialists. If the remaining estimated contract costs increase/decrease by 10% (2015: 10%) from management estimates, the Company's profit before income tax will decrease/increase by approximately $1,400 (2015: $12,346).

3.3 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) Useful lives of property, plant and equipment

The useful life of an item of property, plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. The carrying amount of the Company's property, plant and equipment as at 31 December 2016 was $1,363,323 (2015: $91,598).

3. Significant accounting judgments and estimates (Continued)

3.3 Key sources of estimation uncertainty (Continued)

b) Inventory valuation method

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines. The realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available and inherently involves estimates regarding the future expected realisable value. The carrying amount of the Company's inventories as at 31 December 2016 was $263,233 (2015: $41,601).

c) Impairment of loans and receivables

The impairment of trade and other receivables is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Company's trade and other receivables as at 31 December 2016 were $1,317,509 (2015: $810,095) respectively.

d) Income taxes

Significant judgements are involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters differs from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the financial year in which such determination is made. The carrying amount of the Company's current income tax payable as at 31 December 2016 was nil.

4. Property, plant and equipment

	Computers	Laboratory equipment	Motor vehicles	Office equipment	Leasehold property	Total
	$	$	$	$	$	$
Cost						
At 1 January 2015	46,585	359,255	85,500	48,930	-	540,270
Additions	2,056	30,000	-	-	-	32,056
At 31 December 2015	48,641	389,255	85,500	48,930	-	572,326
Additions	1,522	26,800	186,554	3,681	1,128,100	1,346,657
At 31 December 2016	50,163	416,055	272,054	52,611	1,128,100	1,918,983
Accumulated depreciation						
At 1 January 2015	37,680	343,582	13,629	48,930	-	443,821
Charges for the financial year	4,096	7,472	25,339	-	-	36,907
At 31 December 2015	41,776	351,054	38,968	48,930	-	480,728
Charges for the financial year	4,280	12,152	43,013	184	15,303	74,932
At 31 December 2016	46,056	363,206	81,981	49,114	15,303	555,660
Net book value						
At 31 December 2015	6,865	38,201	46,532	-	-	91,598
At 31 December 2016	4,107	52,849	190,073	3,497	1,112,797	1,363,323

The carrying amounts of motor vehicles held under finance leases are $190,073 (2015: $46,532) at the reporting date (Note 10).

The details of the leasehold property are as follows:

Description and location	**Existing use**
10 Admiralty Street, #01-36, Singapore 757695	Operations and warehouse

The above property with net book value of $1,112,797 is mortgaged to secure the bank borrowings (Note 10).

4. Property, plant and equipment (Continued)

Depreciation expenses are classified in the statement of profit or loss and other comprehensive income as follows:

	2016	2015
	$	$
Statement of profit or loss:		
Distribution and marketing expenses	15,303	-
Administrative expenses	59,629	36,907
	74,932	36,907

5. Inventories

	2016	2015
	$	$
Statement of financial position:		
Raw materials and finished goods	234,192	41,601
Materials in transit	29,041	-
	263,233	41,601
Statement of profit or loss:		
Inventories recognised as an expense in cost of sales	263,336	58,026

6. Due from/(to) customers for contract work-in-progress

	2016	2015
	$	$
Cost incurred and attributable profits	2,754,814	2,651,473
Allowance for foreseeable losses	-	-
	2,754,814	2,651,473
Less: **progress billings received/receivable**	(2,740,814)	(2,528,011)
	14,000	123,462

Represented by:	2016	2015
	$	$
Gross amount due from customers for contract work-in-progress	14,000	123,462
	14,000	123,462

7. Trade and other receivables

	2016	2015
	$	$
Trade receivables – non-current		
- Retention monies	81,540	96,011
Trade receivables – current		
- Third parties	4,340	19,292
- Related parties	535,492	126,116
- Retention monies	36,495	96,010
- Accrued revenue – related party	591,664	411,925
	1,167,991	653,343
Other receivables:		
- Deposit	12,622	8,222
- Prepayments	-	1,416
- Staff loan	500	100
- Amount due from related party	50,393	39,401
- Income tax recoverable	4,463	11,602
	67,978	60,741
Non-current	81,540	96,011
Current	1,235,969	714,084
Total trade and other receivables	1,317,509	810,095

The trade receivables – third parties are non-interest bearing and are generally on 30 to 90 days' term.

The amounts due from related parties, both trade and non-trade, are unsecured, interest-free and repayable on demand. However, it is the intention of both parties that the amount will not be repayable within the foreseeable future.

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The carrying amounts of trade and other receivables approximate their fair values.

All trade and other receivables are denominated in Singapore Dollars.

7. Trade and other receivables (Continued)

Receivables that are past due but not impaired

The Company had trade receivables amounting to $149,752 (2015: $51,338) that were past due at the reporting date but not impaired. These receivables were unsecured and the analysis of their aging at the reporting date was as follows:

	2016	2015
	$	$
Trade receivables past due but not impaired:	390,080	94,070
Not past due		
1-30 days	11,670	1,391
31-60 days	5,941	17,290
61-90 days	7,490	16,780
Over 60 days	124,651	15,877
	539,832	145,408

8. Cash and cash equivalents

	2016	2015
	$	$
Cash at banks	68,102	424,289
Cash on hand	500	500
Total cash and cash equivalents	68,602	424,789

The carrying amounts of the cash and cash equivalents approximate their fair values.

Cash and cash equivalents are denominated in Singapore dollars.

9. Share capital

	2016		2015	
	No of Shares	$	No of Shares	$
Issued and fully paid:				
At 1 January and 31 December	750,005	1,450,000	750,005	1,450,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

10. Borrowings

	2016	2015
	$	$
Non-current		
Finance lease obligations	121,955	12,473
Term loan	1,234,782	-
	1,356,737	12,473
Current		
Finance lease obligations	34,702	15,618
Term loan	321,993	-
	356,695	15,618
Total borrowings	1,713,432	28,091

Term loans consist of the following:-

(i) $181,852 (2015: $Nil) refer to term loan secured by deed of guarantee and indemnity for all monies from the director. The business term loan is interest bearing at the rate of 9% P.A. (2015: Nil) on monthly rests, payable in 48 monthly instalments.

(ii) $80,036 (2015: $Nil) refer to business term loan secured by deed of guarantee and indemnity for all monies from the director. The business term loan is interest bearing at the rate of 7% P.A. (2015: Nil), payable in 36 monthly instalments.

(iii) $162,515 (2015: $Nil) refer to Islamic Business Term Financing facility on Commodity Murabaha basis secured by deed of guarantee and indemnity for all monies from the director. The business term loan is payable in 36 monthly instalments. Islamic term loans do not incur interest expense, however, the Company is required to pay a profit to the bank of 9.88% P.A. on the loan.

(iv) $282,984 (2015: $Nil) refer to business term loan secured by deed of guarantee and indemnity for all monies from the director. The business term loan is interest bearing at the rate of 6.75% P.A. (2015: Nil), payable in 60 monthly instalments.

(v) $849,388 (2015: $Nil) refer to business term loan secured by first legal mortgage over the property at 10 Admiralty Street #01-36 Northlink Building Singapore 757695 and deed of guarantee and indemnity for all monies from the director. The business term loan is interest bearing at the rate of 1.58% P.A. (2015: Nil), payable in 156 monthly instalments.

10. Borrowings (Continued)

	Minimum lease payments		Present value of minimum lease payment	
	2016	2015	2016	2015
	$	$	$	$
Minimum obligations due:				
Within one year	40,075	16,743	34,702	15,618
After one year but not more than five years	106,896	13,395	88,915	12,473
More than five years	39,714	-	33,040	-
Total minimum lease payments	186,685	30,138	156,657	28,091
Less: Amounts representing finance charges	(30,028)	(2,047)	-	
Present value of finance lease liabilities	156,657	28,091	156,657	28,091

Finance lease financing bears effective interest rates ranging from 5.34% to 5.70% (2015: 2.28%) per annum.

Finance lease liabilities of the Company are effectively secured over the leased motor vehicles (Note 4), as the legal title is retained by the lessor and will be transferred to the Company upon full settlement of the finance lease liabilities. The director of the Company also issued a letter of guarantee in favour of the lessor.

11. Trade and other payables

	2016	2015
	$	$
Trade payables – non-current		
- Retention monies	80,898	80,898
Trade payables – current		
- Third parties	32,785	40,695
- Related parties	1,086,163	1,085,570
- GST payables	22,441	17,696
	1,141,389	1,143,961
Other payables:		
- Accruals	54,513	66,148
- Other payables	13,062	13,062
- Amount due to related party	3,103	3,103
	70,678	82,313
Non-current	80,898	80,898
Current	1,212,067	1,226,274
Total trade and other payables	1,292,965	1,307,172

These amounts are non-interest bearing. Trade payables are normally settled on 60 days' terms.

The carrying amounts of trade and other payables approximate their fair values.

11. Trade and other payables (Continued)

The amounts payable to related parties are current, non-interest bearing, and repayable on demand.

All trade and other payables are denominated in Singapore Dollars.

12. Revenue

	2016	2015
	$	$
Sale of goods	297,245	8,645
Supply and services	26,412	17,210
Contracts and progress billings	128,540	1,519,010
Labour supply	537,877	474,340
Total revenue	990,074	2,019,205

13. Other income

	2016	2015
	$	$
Licensing	-	100,000
Miscellaneous income	11,092	-
Service charges	53,788	37,448
Car rental income	26,800	15,600
Government grants	54,264	5,009
Interest gains	167	-
Labour supply	955	-
Total other income	147,066	158,057

14. Profit before taxation

	2016	2015
	$	$
Profit before tax has been arrived at after charging/(crediting):		
Employee benefits expense:		
Director's Central Provident Fund contributions	12,240	10,200
Director's remuneration	72,000	72,000
Staffs' salaries	101,552	87,629
Staffs' Central Provident Fund and Skill Development Levy contributions	17,119	20,195
	202,911	190,024
Other operating expenses include:		
Depreciation of property, plant and equipment	74,932	36,907
Bad debts expense	-	50,727
Patent and trademark registration	12,629	56,902
Research and development expenses	31,308	77,793

15. Finance costs

	2016	2015
	$	$
Loan interest	43,933	-
Interest expense on finance lease obligations	3,486	1,170
	47,419	1,170

16. Income tax expense

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2016 and 2015 were as follows:

	2016	2015
	$	$
(Loss) / Profit before income tax	(136,012)	72,877
Income tax using the statutory tax rate of 17% (2015: 17%)	(23,122)	12,389
Tax effects of:		
Non-taxable income	(5,284)	-
Non-deductible expenses	15,202	14,516
Enhanced deductions	(23,249)	(69,748)
Current year losses for which no deferred tax asset was recognised	36,453	42,843
Income tax expense recognised in profit or loss	-	-

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Company has unrecognised tax losses of $1,956,135 (2015: $1,741,712), capital allowances of $341,632 (2015: $311,880) and donation allowances of $750 (2015: $750) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. The tax losses have no expiry date.

17. Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with related parties took place at terms agreed between the parties during the financial year:

	2016	2015
	$	$
Compensation of key management personnel		
- Director's remuneration	72,000	72,000
- Director's Central Provident Fund Contributions	12,240	10,200
- Director's fee	-	9,960

17. Significant related party transactions (Continued)

Sale and purchase of goods and services

	2016	2015
	$	$
Transactions with related party		
- Sales / services rendered	279,102	534,868
- Sales – supply of labour	537,877	-
- Purchases / subcontractor charges	594	1,093,699
- Other income	82,687	-

18. Financial risk management

The Company's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

The Sole Director reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

The Company has significant concentration of credit risk other than those balances with related companies comprising 89% (2015: 71%) of trade receivables. The Company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

18. Financial risk management (Continued)

Credit risk (continued)

Financial assets that are neither past due nor impaired

Trade and other receivables and gross amount due from customers for contract work-in-progress that are neither past due nor impaired are with creditworthy debtors with good payment record with the Company. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Company's operations are financed mainly through equity. The director is satisfied that funds are available to finance the operations of the Company.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year	Within 2 to 5 years	More than five years
	$	$	$	$	$
At 31 December 2016					
Trade payables	1,292,965	1,292,965	1,212,067	80,898	-
Finance lease obligations	156,657	186,685	40,075	106,896	39,714
Term loans	1,556,775	1,556,775	321,993	760,035	474,747
	3,006,397	3,036,425	1,574,135	947,829	514,461
At 31 December 2015					
Trade and other payables	1,307,172	1,307,172	1,226,274	80,898	-
Finance lease obligations	28,091	30,138	16,743	13,395	-
	1,335,263	1,337,310	1,243,017	94,293	-

As at 31 December 2016, the Company has the following facilities which are unused:

a) An unsecured bank overdraft facility amounting to S$10,000;
b) A business credit card facility amounting to S$10,000

Both facilities are secured by a fresh continuing personal guarantee by the director.

18. Financial risk management (Continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from their cash and cash equivalents and bank borrowings.

The Company does not expect any significant effect on the Company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was as follows:

	Profit after tax	
	2016	**2015**
Fixed rate instruments	**$**	**$**
Financial liabilities	864,044	28,091
Variable rate instruments		
Financial liabilities	849,388	-

At the reporting date, if the interest rates had been 100 (2015: 100) basis points higher/lower with all other variables held constant, the Company's profit before tax would have been $8,494 (2015: $Nil) higher/lower, arising mainly as a result of higher/lower interest income/expenses on floating rate cash at bank and floating rate bank borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(ii) Foreign currency risk

The Company's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Company does not have any formal policy for hedging against currency risk. The Company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

As at reporting date, the Company is not exposed to significant foreign currency risk.

19. Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Cash and cash equivalents, other receivables and other payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

19. Fair values (Continued)

Trade receivables and trade payables

The carrying amounts of these receivables and payables (including trade balances) approximate their fair values as they are subject to normal trade credit terms.

Due from / (to) customers for contract work-in-progress

The carrying amounts of these amounts due from customers for contract work-in-progress approximate their fair values as they are subject to normal trade credit terms.

Borrowings

The carrying amounts of borrowings approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

20. Fair value hierarchy

As at the reporting date, there are no financial instruments carried at fair value by valuation method.

21. Financial instruments by category

At the reporting date, the aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost were as follows:

	2016	2015
	$	$
Loans and receivables		
Due from customers for contract work-in-progress	14,000	123,462
Trade and other receivables (excluding prepayments)	1,317,509	808,679
Cash and cash equivalents	68,602	424,789
Total loans and receivables	1,400,111	1,356,930
Financial liabilities measured at amortised cost		
Trade and other payables	(1,292,965)	(1,307,172)
Borrowings	(1,713,432)	(28,091)
Total financial liabilities measured at amortised cost	(3,006,397)	(1,335,263)
Total net undiscounted financial assets / (liabilities)	(1,606,286)	21,667

22. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Company comprises issued share capital and retained earnings.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2016 and 31 December 2015.

The Company is not subject to any externally imposed capital requirements. The Company's overall strategy remains unchanged from 2015.

23. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Sole Director of the Company on the date of Director's statement.

GASHUBIN TECHNOLOGY PRIVATE LIMITED
DETAILED PROFIT OR LOSS ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016 $	2015 $
Sales-contract and progress billing	128,540	1,519,010
Sales-supply and services	26,412	17,210
Sales-supply of labour	537,877	474,340
Sales of goods	297,245	8,645
	990,074	2,019,205
Less: Cost of sales		
Opening inventories	41,601	-
Foreign workers levy	259,387	220,767
Purchases	484,968	58,027
Site expenses	-	6,048
Sub-contractor expenses	5,255	1,116,699
Upkeep of machinery	160	1,665
Wages and labour cost	241,736	235,522
	1,033,107	1,638,728
Less: Closing inventories	(263,233)	(41,601)
	769,874	1,597,127
Gross profit	220,200	422,078
Add: Other income		
Licensing	-	100,000
Miscellaneous income	11,092	-
Service charges	53,788	37,448
Car rental income	26,800	15,600
Government grants	54,264	5,009
Interest gains	167	-
Labour supply	955	-
	367,266	580,135
Less: Operating Expenses	503,278	507,258
(Loss)/profit before tax	(136,012)	72,877

THE DETAILED PROFIT AND LOSS ACCOUNTS HAS BEEN PREPARED FOR MANAGEMENT PURPOSES ONLY AND DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS.

GASHUBIN TECHNOLOGY PRIVATE LIMITED
DETAILED PROFIT OR LOSS ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016 $	2015 $
Administrative expenses		
Air ticket, airport tax and visa	617	-
Bank charges	12,814	360
Communications, fax and internet	7,276	3,570
Consultancy fee	5,000	1,500
Courier and postage fees	8,076	213
Central Provident Fund - director	12,240	10,200
Central Provident Fund - staff and SDL	17,119	20,195
Depreciation expenses	59,629	36,907
Director fees	-	9,960
Director remuneration	72,000	72,000
Discount given	1,052	-
Documentation fee	1,073	915
Donation and subscription	-	900
Fine and penalty	1,134	380
General expenses	-	360
Insurance	15,933	9,350
Inventories written off	-	561
Local travelling and transport	24,005	22,795
Management fees	1,396	-
Medical expenses	7,139	3,178
Oversea accommodation and hotel	1,247	-
Oversea-miscellaneous	352	-
Oversea-petrol, toll and transport	15	-
Oversea-staff meals	266	-
PIC-patents, trademarks registration	12,629	56,902
PIC-staff training	1,649	2,065
Printing and stationery	2,080	120
Professional fees	1,958	1,160
Research and development expenses	31,308	77,793
Recruitment expenses	390	2,070
Registration and subscription fee	835	820
Repair and maintenance	4,197	-
Service charge	11,258	-
Staff salary	101,552	87,629
Staff welfare	752	426
Staff welfare-refreshments	-	3,040
Stamp duty	-	600
Taxation - property tax	3,576	-
Upkeep of motor vehicles	7,694	7,227
Upkeep of office expenses	1,753	-
Water and electricity	974	-
	430,988	433,196

THE DETAILED PROFIT AND LOSS ACCOUNTS HAS BEEN PREPARED FOR MANAGEMENT PURPOSES ONLY AND DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS.

GASHUBIN TECHNOLOGY PRIVATE LIMITED
DETAILED PROFIT OR LOSS ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016	2015
	$	$
Distribution and marketing expenses		
Entertainment	146	14,040
Depreciation expenses	15,303	-
Handling charges	9,422	8,125
	24,871	22,165
Finance costs		
Hire purchase interest	3,486	1,170
Term loan interest	43,933	-
	47,419	1,170
Other operating expenses		
Bad debts expense	-	50,727
	503,278	507,258

THE DETAILED PROFIT AND LOSS ACCOUNTS HAS BEEN PREPARED FOR MANAGEMENT PURPOSES ONLY AND DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS.

GASHUBIN ENGINEERING PRIVATE LIMITED

Incorporated in the Republic of Singapore
Company Registration No. 200514507H

ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2015

Lee & Jonathan PAC
Public Accountants and
Chartered Accountants

DIRECTOR'S STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The director is pleased to present the statement to the member together with the audited financial statements of Gashubin Engineering Private Limited (the "Company") for the financial year ended 31 December 2015.

1. Opinion of the director

In the opinion of the director,

a) the financial statements 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 the financial performance, 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.

2. Director

The director of the Company in office at the date of this statement is:

Lim Shao-Lin

3. 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 objects are, or one of whose objects is, to enable the director 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. Director's interests in shares or debentures

According to the register of director's shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), the director of the Company who held office at the end of the financial year had any interests in the shares or debentures of the Company and its related corporations except as detailed below:

	Number of ordinary shares held in the name of Director	
	1 January 2015	**31 December 2015**
Lim Shao-Lin	300,000	630,000

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 under options in the Company as at the end of the financial year.

6. Auditor

Lee & Jonathan PAC has expressed their willingness to accept re-appointment as auditor.

By the Sole Director

LIM SHAO-LIN
Director

Singapore, 27 MAR 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF GASHUBIN ENGINEERING PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Gashubin Engineering Private Limited (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 notes.

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 ("FRS"), 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 of 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 auditors' 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 auditors consider the internal controls 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 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 adverse opinion on those statements on 31 March 2016.

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.

L + J PAC

LEE & JONATHAN PAC
Public Accountants and
Chartered Accountants

Singapore, 27 MAR 2017

140 Paya Lebar Road #07-20

AZ@Paya Lebar Singapore 409015

Tel: 6298 3059 Fax: 6291 9389

GASHUBIN ENGINEERING PRIVATE LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	2015 $	2014 (Restated) $	As at 1 January 2014 (Restated) $
ASSETS				
Non-current assets				
Property, plant and equipment	4	1,358,160	1,597,256	1,541,967
Trade and other receivables	6	674,954	558,548	511,026
		2,033,114	2,155,804	2,052,993
Current assets				
Due from customers for contract work-in-progress	5	2,652,536	1,629,378	1,060,741
Trade and other receivables	6	3,332,578	1,723,468	188,881
Cash and cash equivalents	7	710,016	435,181	195,406
		6,695,130	3,788,027	1,445,028
Total assets		8,728,244	5,943,831	3,498,021
EQUITY AND LIABILITIES				
Equity				
Share capital	8	630,000	300,000	300,000
Retained earnings		3,397,668	1,774,645	462,412
Equity attributable to owners of the company		4,027,668	2,074,645	762,412
Non-current liabilities				
Borrowings	9	1,110,152	1,340,858	1,094,117
Deferred tax liabilities	10	53,332	53,332	-
		1,163,484	1,394,190	1,094,117
Current liabilities				
Due to customers for contract work-in-progress	5	625,568	295,219	124,767
Trade and other payables	11	2,128,030	1,627,212	1,381,817
Borrowings	9	393,320	361,863	134,908
Provision for taxation		390,174	190,702	-
		3,537,092	2,474,996	1,641,492
Total equity and liabilities		8,728,244	5,943,831	3,498,021

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

GASHUBIN ENGINEERING PRIVATE LIMITED

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

	Note	2015 $	2014 $ (Restated)
Revenue	12	9,525,563	8,953,026
Cost of sales		(5,529,309)	(5,501,855)
Gross profit		3,996,254	3,451,171
Other operating income	13	141,571	120,182
Expenses:			
Distribution and marketing expenses		(48,309)	(53,669)
Administrative expenses		(2,130,705)	(1,804,903)
Finance costs		(67,398)	(45,117)
Other operating expenses		(33,007)	(111,397)
		(2,279,419)	(2,015,086)
Profit before tax	14	1,858,406	1,556,267
Income tax expense	15	(235,383)	(244,034)
Profit for the financial year, representing total comprehensive income for the year		1,623,023	1,312,233

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

GASHUBIN ENGINEERING PRIVATE LIMITED

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

	Share capital	Retained earnings	Total
	$	$	$
At 1 January 2014 (restated)	300,000	462,412	762,412
Profit for the financial year, representing total comprehensive income for the year (restated)	-	1,312,233	1,312,233
At 31 December 2014 (restated)	300,000	1,774,645	2,074,645
At 1 January 2015 (restated)	300,000	1,774,645	2,074,645
Profit for the financial year, representing total comprehensive income for the year	-	1,623,023	1,623,023
Issue of shares during the financial year	330,000	-	330,000
At 31 December 2015	630,000	3,397,668	4,027,668

The accompanying notes form an integral part of these financial statements

GASHUBIN ENGINEERING PRIVATE LIMITED

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 $	2014 $ (Restated)
Cash flows from operating activities			
Profit before tax		1,858,406	1,556,267
Adjustments for:			
Depreciation of property, plant and equipment	4	257,448	230,617
Interest expense		67,398	45,117
Operating profit before working capital changes		2,183,252	1,832,001
Working capital changes:			
Amount due from customers		(692,809)	(398,185)
Trade and other receivables		(1,725,516)	(1,582,109)
Trade and other payables		830,818	245,395
Cash generated from operations		595,745	97,102
Income tax paid		(35,911)	-
Interest paid		(67,398)	(45,117)
Net cash generated from operating activities		492,436	51,985
Cash flows from investing activity			
Purchase of plant and equipment		(18,352)	(285,906)
Net cash used in investing activity		(18,352)	(285,906)
Cash flows from financing activities			
Repayment of borrowings		(332,629)	(244,323)
Proceeds from term loans		133,380	718,019
Net cash (used in) / generated from financing activities		(199,249)	473,696
Net increase in cash and cash equivalents		274,835	239,775
Cash and cash equivalents at the beginning of the financial year		435,181	195,406
Cash and cash equivalents at the end of the financial year	7	710,016	435,181

Significant non-cash transaction:

There was an issuance of additional share capital to Mr. Lim Shao-Lin in the amount of $330,000. The issuance was made through the settlement of the director's loan account by the same amount.

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

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

1. General corporate information

Gashubin Engineering Private Limited (the "Company") is incorporated and domiciled in Singapore with its registered office and its principal place of business at 8 New Industrial Road #06-02 LHK 3 Singapore 536200.

The principal activities of the Company are those of water and gas pipeline and sewer construction and engineering services.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been drawn up in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ($), which is the Company's functional currency. All financial information presented in Singapore Dollars has been rounded to the nearest dollar, unless otherwise indicated.

2.2 Adoption of new and revised standards

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 January 2015. The adoption of these standards did not have any material effect on the financial statements.

2.3 Standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are issued but effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. The Company does not plan to early adopt these standards.

2. Summary of significant accounting policies (Continued)

2.4 Standards issued but not yet effective (Continued)

The following standards that have been issued but not yet effective are as follows:

Description	Effective for annual periods beginning on or after
Amendments to FRS 27: Equity Method in Separate Financial Statements	1 Jan 2016
Amendments to FRS 16 and FRS 38: Classification of Acceptable Methods of Depreciation and Amortisation	1 Jan 2016
Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations	1 Jan 2016
Amendment to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	date to be determined
Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants	1 Jan 2016
Improvements to FRSs (November 2014)	
Amendment to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 Jan 2016
Amendments to FRS 107 Financial Instruments: Disclosures	1 Jan 2016
Amendment to FRS 19 Employee Benefits	1 Jan 2016
FRS 115: Revenue from Contracts with Customers	1 Jan 2018
FRS 109 Financial Instruments	1 Jan 2018
Amendments to FRS 1: Disclosure Initiative	1 Jan 2016
Amendments to FRS 110, FRS 112 & FRS 28: Investment Entities: Applying the Consolidation Exception	1 Jan 2016

The director expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

2.4 Foreign currency transactions and balances

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting period are recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Years
Land and building	20
Motor vehicles	5
Plant and machinery	5
Office equipment, fittings, and computer	3-5
Renovation	5

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.6 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.7 Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets are recognised 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 assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables comprise trade and other receivables, gross amount due from customers for contract work-in-progress and cash and cash equivalents.

Cash and cash equivalents comprise cash at banks and on hand.

De-recognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised 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 plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

2. **Summary of significant accounting policies (Continued)**

2.8 Financial instruments (Continued)

a) Financial assets (Continued)

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Such financial liabilities comprise trade and other payables and bank borrowings.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition 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.

2.8 Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

2. Summary of significant accounting policies (Continued)

2.8 Impairment of financial assets (Continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and banks and are subject to an insignificant risk of changes in value.

2.10 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.11 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.12 Employee benefits

a) Defined contribution plans

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

b) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2. Summary of significant accounting policies (Continued)

2.13 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

a) Rendering of services

Revenue from rendering of services and handling fees is recognised when the services have been performed and rendered.

b) Construction contract

Revenue from construction contracts is recognised as disclosed in Note 2.15 "Construction contract".

2.14 Taxes

a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax asset is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

2. Summary of significant accounting policies (Continued)

2.14 Taxes (Continued)

b) Deferred tax (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.15 Construction contract

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

The stage of completion is measured either by reference to the professional or customer's certification of value of work done to date or by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

2. Summary of significant accounting policies (Continued)

2.15 Construction contract (Continued)

Where the stage of completion is measured by reference to the professional or customer's certification of value of work done to date, at the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as "due from customers on construction contracts" within "current assets". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as "due to customers on construction contracts" within "current liabilities".

Where the stage of completion is measured by reference to the proportion of contract costs incurred to date compared to the estimated total costs for the contract, at the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as "accrued billings on construction contracts" within "trade receivables".

Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as "advance billings on construction contracts" within "trade payables."

Progress billings not yet paid by customers and retentions by customers are included within "trade receivables". Advances received and retentions withheld from subcontractors are included within "trade payables"

At the reporting date, the cumulative costs incurred plus recognised profit (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts within "current assets". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within "current liabilities".

Progress billings not yet paid by customers are included within "trade receivables". Advances received are included within "trade payables".

2.16 Leases

Operating leases as lessee

Finance leases which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. Summary of significant accounting policies (Continued)

2.17 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.18 Related parties

A related party is defined as follows:

a) A person or a close member of that person's family is related to the group and Company if that person:

- Has control or joint control over the Company;

- Has significant influence over the Company; or

- Is a member of the key management personnel of Company or of a parent company.

b) An entity is related to the Company if any of the following conditions applies:

- The entity and the Company are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others).

- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a company of which the other entity is a member).

- Both entities are joint ventures of the same third party.

- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

- The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

- The entity is controlled or jointly controlled by a person identified in (a);

- A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting judgments and estimates

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgments made in applying accounting policies

Determination of functional currency

In determining the functional currency of the Company, judgment is used by the Company to determine the currency of the primary economic environment in which the Company operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The financial statements are presented in Singapore dollars, which is the functional currency of the Company.

3. Significant accounting judgments and estimates (Continued)

3.2 Construction contracts

The Company recognises contract revenue and contract costs using the percentage-of-completion method. The stage of completion is measured by reference to the professional's certification of value of work done to-date or by reference to the proportion of contract costs incurred to date. Please refer to Note 2.15 "Construction contract" for the Company's accounting policy on construction contract work-in-progress.

Significant assumptions are required to estimate the total contract costs which affect the contract cost recognised to-date based on the percentage of completion. Total contract revenue also includes estimation of the variation works that are recoverable from customers. In making these estimates, management has relied on past experience and the work of specialists. If the remaining estimated contract costs increase/decrease by 10% (2014: 10%) from management estimates, the Company's profit before income tax will decrease/increase by approximately $202,696 (2014: $133,416 as restated).

3.3 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) Useful lives of property, plant and equipment

The useful life of an item of property, plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. The carrying amount of the Company's property, plant and equipment as at 31 December 2015 was $1,358,160 (2014: $1,597,256).

b) Impairment of loans and receivables

The impairment of trade and other receivables is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Company's trade and other receivables as at 31 December 2015 were $4,007,532 (2014: $2,282,016 as restated).

c) Income taxes

Significant judgements are involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters differs from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the financial year in which such determination is made. The carrying amount of the Company's current income tax payable as at 31 December 2015 was $390,174 (2014: $190,702 as restated).

4. Property, plant and equipment

	Land and building	Motor vehicles	Plant and machinery	Office equipment, fittings and computers	Renovation	Total
	$	$	$	$	$	$
Cost						
At 1 January 2014	1,050,000	507,775	128,044	85,341	8,160	1,779,320
Additions	-	209,370	49,630	17,848	9,058	285,906
At 31 December 2014	1,050,000	717,145	177,674	103,189	17,218	2,065,226
Additions	-	-	5,600	12,752	-	18,352
At 31 December 2015	1,050,000	717,145	183,274	115,941	17,218	2,083,578
Accumulated depreciation						
At 1 January 2014	48,125	141,038	20,849	26,253	1,088	237,353
Charges for the financial year	52,500	122,453	31,144	21,597	2,923	230,617
At 31 December 2014	100,625	263,491	51,993	47,850	4,011	467,970
Charges for the financial year	52,500	142,206	36,108	23,190	3,444	257,448
At 31 December 2015	153,125	405,697	88,101	71,040	7,455	725,418
Net book value						
At 31 December 2014	949,375	453,654	125,681	55,339	13,207	1,597,256
At 31 December 2015	896,875	311,448	95,173	44,901	9,763	1,358,160

The carrying amounts of motor vehicles held under finance leases are $305,133 (2014: $441,456) at the reporting date (Note 9).

The land and building held by the Company as at 31 December 2015 is as follows:

Description and location	Existing use
10 Admiralty Street #02-65 Singapore 757695	Operations and office

The above property with net book value of $896,875 (2014: $949,375) is mortgaged to secure the bank borrowings (Note 9).

Depreciation expense classification:

	2015	2014
	$	$
Distribution and marketing expenses	36,108	31,144
Administrative expenses	221,340	199,473
	257,448	230,617

5. Due from/(to) customers for contract work-in-progress

	2015	2014
	$	$
		(Restated)
Aggregate costs incurred and attributable profits	19,664,200	10,294,931
Less: progress billings received/receivable	(17,637,232)	(8,960,772)
	2,026,968	1,334,159
Represented by:		
Due from customers for contract work-in-progress	2,652,536	1,629,378
Due to customers for contract work-in-progress	(625,568)	(295,219)
	2,026,968	1,334,159

6. Trade and other receivables

	2015	2014
	$	$
		(Restated)
Non-current		
Retention money receivable - third parties	674,954	558,548
Current		
Trade receivables - related parties	588,322	194,947
Trade receivables - third parties	227,268	142,587
	815,590	337,534
Retention money receivable – related parties	80,968	30,662
Retention money receivable – third parties	1,059,973	495,273
Accrued revenue – related parties	971,799	570,741
	2,928,330	1,434,210
Less: allowance for doubtful accounts	(8,656)	(17,313)
	2,919,674	1,416,897
Other receivables:		
Deposit	125,420	114,750
Prepayments	4,047	38,237
Staff loan	19,529	15,370
Amount due from related parties	263,908	138,214
	412,904	306,571
Total current	3,332,578	1,723,468
Total trade and other receivables	4,007,532	2,282,016

6. Trade and other receivables (Continued)

Trade receivables are non-interest bearing and are generally on 30 to 90 days' term.

The non-current trade receivables from third parties and related parties are presented at amortised cost and computed based on cash flows discounted at market borrowing rates. The market borrowing rates used is 4.48% (2014: 4.48%)

The amounts due from related parties are unsecured, non-trade in nature, interest-free and repayable on demand.

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The carrying amounts of trade and other receivables approximate their fair values.

All trade and other receivables are denominated in Singapore dollar.

Receivables that are past due but not impaired

The Company had trade receivables amounting to $572,510 (2014: $213,880) that were past due at the reporting date but not impaired. These receivables were unsecured and the analysis of their aging at the reporting date was as follows:

	2015	2014
	$	$
		(Restated)
Trade receivables past due but not impaired:		
Not past due	243,080	123,654
1-30 days	66,692	851
31-60 days	18,175	770
Over 60 days	487,643	212,259
	815,590	337,534

	2015	2014
	$	$
Movement in allowance account:		
At 1 January	17,313	-
Allowance made	-	17,313
Reversal of allowance	(8,657)	-
At 31 December	8,656	17,313

7. Cash and cash equivalents

	2015	2014
	$	$
Cash at banks	710,016	435,181
Total cash and cash equivalents	710,016	435,181

The carrying amounts of the cash and cash equivalents approximate their fair values.

Cash and cash equivalents are denominated in Singapore dollar.

8. Share capital

	2015		2014	
	No of Shares	**$**	**No of Shares**	**$**
Issued and fully paid:				
At 1 January	300,000	300,000	300,000	300,000
Issuance of shares	330,000	330,000	-	-
At 31 December	630,000	630,000	300,000	300,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

9. Borrowings

	2015	2014
	$	$
Non-current		
Finance lease obligations	350,796	444,822
Term loan	759,356	896,036
	1,110,152	1,340,858
Current		
Finance lease obligations	86,523	83,050
Term loan	306,797	278,813
	393,320	361,863
Total borrowings	1,503,472	1,702,721

Term loans consist of the following:

(i) $700,547 (2014: $747,225) refer to property term loan repayable at bank's prevailing interest rate minus rates ranging from 3.00% to 3.65% p.a. (2014: 3.00% to 3.65% p.a.) on daily rests basis for a tenure of 180 months. The loan is secured by a legal mortgage over the Company's property located at 10 Admiralty Street #02-65 Northlink Building Singapore 757695 and a personal guarantee from the director.

(ii) $88,889 (2014: $155,556) term loan repayable at fixed interest rate of 4.00% p.a. (2014: 4.00% p.a.) for a tenure of 36 months. This loan is secured by a personal guarantee from the director.

(iii) $45,564 (2014: $77,778) working loan facility repayable at fixed interest rate of 5.50% p.a. (2014: 5.50% p.a.) for a tenure of 36 months. This loan is secured by a personal guarantee from the director.

(iv) $40,547 (2014: $75,000) working loan facility repayable at fixed interest rate of 8.00% p.a. (2014: 8.00% p.a.) for a tenure of 36 months. This loan is secured by a personal guarantee from the director.

(v) $60,443 (2014: $96,004) term loan repayable at bank's prevailing rate plus 2.00% p.a. ranging from 8.00% to 10.00% (2014: 8.00% to 10.00%) for a tenure of 36 months. This loan is secured by a personal guarantee from the director.

9. Borrowings (Continued)

(vi) $130,163 (2014: Nil) term loan repayable at bank's prevailing rate plus 1.50% p.a. ranging from 8.00% to 10.00% (2014: Nil) for a tenure of 36 months. This loan is secured by a personal guarantee from the director.

(vii) During the year, a loan account with an outstanding balance of $23,286 as at 31 December 2014, which was secured by a personal guarantee from director and three cars under hire purchase, was fully paid and settled.

The loan covenants are as follows:

1) Loan-to-value ratio (LTV) – the facility and all sums which are owing to the bank shall not at any time exceed 80% of the market value of the property at 10 Admiralty Street #02-65 Northlink Building Singapore 757695. In the event that the LTV exceeds 80%, the Company shall provide additional collateral acceptable to the bank and/or reduce the outstanding amount under the facility to restore the LTV.

2) The Company is required to insure and take up such insurance policies as required by the bank in accordance to the insurance guide.

As at 31 December 2015, the Company is in compliance with the terms of the original term loan agreement.

Finance lease obligations:

	Minimum lease payments		Present value of minimum lease payment	
	2015	2014	2015	2014
	$	$	$	$
Minimum obligations due:				
Within one year	107,434	107,484	86,523	83,050
After one year but not more than five years	398,186	452,731	345,173	387,963
After five years	16,296	69,184	5,623	56,859
Total minimum lease payments	521,916	629,399	437,319	527,872
Less: Amounts representing finance charges	(84,597)	(101,527)	-	
Present value of finance lease liabilities	437,319	527,872	437,319	527,872

Finance lease financing bears effective interest rates ranging from 3.50% to 6.50% (2014: 3.50% to 6.50%) per annum.

Finance lease liabilities of the Company are effectively secured over the leased motor vehicles (Note 4), as the legal title is retained by the lessor and will be transferred to the Company upon full settlement of the finance lease liabilities. The Director of the Company also issued a letter of guarantee in favour of the lessor.

10. Deferred tax liabilities

Movements in deferred tax assets/(liabilities) during the financial year were as follows:

	At 1 January 2014	Recognised in profit or loss	At 31 December 2014	Recognised in profit or loss (Note 15)	At 31 December 2015
	$	$	$	$	$
Deferred tax assets / (liabilities)	-				
Differences in depreciation for tax purposes	-	53,332	53,332	-	53,332
	-	53,332	53,332	-	53,332

11. Trade and other payables

	2015	2014
	$	$
Trade payables - related parties	1,093,642	277,504
Trade payables - third parties	479,091	465,982
GST payables	99,772	88,435
	1,672,505	831,921
Other payables:		
Accruals	359,231	398,427
Amount owing to director	49,644	389,644
Other creditors	46,650	7,220
	455,525	795,291
Total trade and other payables	2,128,030	1,627,212

These amounts are non-interest bearing. Trade payables are normally settled on 30-120 days' terms.

The amount owing to director is current, unsecured, non-interest bearing and repayable on demand.

The carrying amounts of trade and other payables approximate their fair values.

All trade and other payables are denominated in Singapore dollar.

12. Revenue

	2015	2014
	$	$
Sales-contract and progress billing	9,151,664	8,830,833
Sales-supply and service	115,677	26,356
Supply of labour	118,026	64,640
Sales of goods	140,196	31,197
	9,525,563	8,953,026

13. Other operating income

	2015	2014
	$	$
Bad debts recover	8,656	-
Insurance claims	-	1,485
Gain on disposal	4,000	-
Government grants	48,575	71,846
Services and supply	4,140	27,071
Office rental	24,000	12,000
Vehicle rental	12,600	6,900
Other income – others	-	880
Workers dormitory	39,600	-
Total other operating income	141,571	120,182

14. Profit before taxation

	2015	2014
	$	$
Profit before tax has been arrived at after charging/(crediting):		
Employee benefits expense:		
Key management personnel compensation	115,560	77,600
Staff salaries and other costs	486,670	482,204
CPF contributions	47,289	49,992
Other employee benefits	124,358	68,326
	773,877	678,122
Other operating expenses include:		
Accommodation	488,461	457,390
Depreciation of property, plant and equipment	257,448	230,617
Office and motor vehicle rental	87,950	66,000
Transportation and travel	87,136	50,485
Upkeep of motor vehicles	79,412	88,992

15. Income tax expense

The major components of income tax expense recognised in profit or loss for the financial years ended 31 December 2015 and 2014 were:

	2015	2014
	$	$
		(Restated)
Current income tax		
- Current tax	235,383	190,702
	235,383	190,702
Deferred income tax		
- Origination and reversal of temporary differences (Note 10)	-	53,332
Income tax expense recognised in profit or loss	235,383	244,034

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2015 and 2014 were as follows:

	2015	2014
	$	$
		(Restated)
Profit before income tax	1,858,406	1,556,267
Income tax using the statutory tax rate of 17% (2014: 17%)	315,929	264,565
Tax effects of:		
Income not subject to tax	(3,396)	(4,072)
Expenses not deductible for tax purposes	56,936	43,720
Enhanced deductions	(71,040)	(28,524)
Utilisation of current year capital allowances	(17,121)	(16,871)
Utilisation of previously unrecognised tax losses	-	(10,695)
Singapore statutory stepped income taxation	(25,925)	(25,925)
Others	-	(1,496)
Income tax rebate	(20,000)	(30,000)
Income tax expense recognised in profit or loss	235,383	190,702

The Singapore Government has announced that for Years of Assessment ("YA") 2016 and 2017, all companies will receive a 50% Corporate Income Tax ("CIT") rebate that is subject to a cap of $20,000 per YA (YA 2013 to YA 2015: cap of $30,000 per YA).

16. Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with related parties took place at terms agreed between the parties during the financial year:

	2015	2014
	$	$
Compensation of key management personnel		
- Directors' remuneration	104,000	68,000
- Director's CPF Contributions	11,560	9,600

Sale and purchase of goods and services

	2015	2014
	$	$
Transactions with related parties		
- Sales – contract and progress billing	955,626	926,700
- Supply of labour	118,026	64,640
- Sales of goods	140,196	31,197
- Purchases and subcontractor charges	915,386	323,939
- Other income	76,199	66,000

17. Financial risk management

The Company's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

The Director reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

17. Financial risk management (Continued)

Credit risk (Continued)

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

The Company has no significant concentration of credit risk other than those balances with related companies comprising 45% (2014: 39%) of trade receivables. The Company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Financial assets that are neither past due nor impaired

Trade and other receivables and gross amount due from customers for contract work-in-progress that are neither past due nor impaired are with creditworthy debtors with good payment record with the Company. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 6.

Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Company's operations are financed mainly through equity. The director is satisfied that funds are available to finance the operations of the Company

17. Financial risk management (Continued)

Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year	Within 2 to 5 years	More than 5 years
	$	$	$	$	$
At 31 December 2015					
Trade and other payables	2,128,030	(2,128,030)	(2,128,030)	-	-
Term loans	1,066,153	(1,066,153)	(306,797)	(377,347)	(382,009)
Finance lease obligations	437,319	(521,916)	(107,434)	(398,186)	(16,296)
	3,631,502	(3,716,099)	(2,542,261)	(775,533)	(398,305)
At 31 December 2014					
Trade and other payables	1,627,212	(1,627,212)	(1,627,212)	-	-
Term loans	1,174,849	(1,174,849)	(278,813)	(467,351)	(428,685)
Finance lease obligations	527,872	(629,399)	(107,484)	(452,731)	(69,184)
	3,329,933	(3,431,460)	(2,013,509)	(920,082)	(497,869)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from their cash and cash equivalents.

The Company does not expect any significant effect on the Company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

17. Financial risk management (Continued)

Market risk (Continued)

(i) Interest rate risk (Continued)

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was as follows:

	2015	2014
Fixed rate instruments	$	$
Financial liabilities	612,320	836,206
Variable rate instruments		
Financial liabilities	891,152	866,515
	1,503,472	1,702,721

At the reporting date, if the interest rates had been 100 (2014: 100) basis points higher/lower with all other variables held constant, the Company's profit before tax would have been $8,911 (2014: $8,665) higher/lower, arising mainly as a result of higher/lower interest income/expenses on floating rate cash at bank and floating rate bank borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(ii) Foreign currency risk

The Company's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Company does not have any formal policy for hedging against currency risk. The Company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

As at reporting date, the Company is not exposed to significant foreign currency risk.

18. Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Cash and cash equivalents, other receivables and other payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

Trade receivables and trade payables

The carrying amounts of these receivables and payables (including trade balances) approximate their fair values as they are subject to normal trade credit terms.

18. Fair values (Continued)

Gross amounts due from / (to) customers for contract work-in-progress

The carrying amounts of these gross amounts due from customers for contract work-in-progress approximate their fair values as they are subject to normal trade credit terms.

Borrowings

The carrying amounts of borrowings approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

19. Fair value hierarchy

As at the reporting date, there are no financial instruments carried at fair value by valuation method.

20. Operating lease commitment

The Company leases office and workers' accommodation under non-cancellable operating lease agreements. This leases have varying terms, escalation clauses and renewal rights.

The future minimum rental payable under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	2015	2014
	$	$
Within 1 year	284,400	260,400
	284,400	260,400

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2015 amounted to $ $574,461 (2014: $ 523,390) for the accommodation and office rental.

21. Financial instruments by category

At the reporting date, the aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost were as follows:

	2015	2014
	$	$
		(Restated)
Loans and receivables		
Due from customers for contract work-in-progress	2,652,536	1,629,378
Trade and other receivables (excluding prepayments)	4,003,485	2,243,779
Cash and cash equivalents	710,016	435,181
Total loans and receivables	7,366,037	4,308,338
Financial liabilities measured at amortised cost		
Due to customers for contract work-in-progress	625,568	295,219
Trade and other payables	2,128,030	1,627,212
Borrowings	1,503,472	1,702,721
Total financial liabilities measured at amortised cost	4,257,070	3,625,152
Total net undiscounted financial assets	3,108,967	683,186

22. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Company comprises issued share capital and retained earnings.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2015 and 31 December 2014.

The Company is not subject to any externally imposed capital requirements. The Company's overall strategy remains unchanged from 2014.

23. Prior year adjustments

The comparative financial statements for the year ended 31 December 2014 have been restated to correct prior year errors and to reclassify some of the accounts in order to reflect more appropriately the way in which economic benefits are derived from its use. Comparative amounts in the statement of profit or loss and other comprehensive income were restated for consistency. The effect of each prior year adjustments are reflected in the following statements as follows:

Statement of financial position, 31 December 2014

	Impact of change in prior year adjustments		
	2014	**Adjustments**	**2014**
	$	$	$
	(As previously stated)	Dr (Cr)	(As restated)
ASSETS			
Non-current assets			
Property, plant and equipment	1,597,256	-	1,597,256
Trade and other receivables	1,170,025	(611,477)	558,548
	2,767,281	(611,477)	2,155,804
Current assets			
Due from customers for contract work-in-progress	1,314,836	314,542	1,629,378
Trade and other receivables	569,978	1,153,490	1,723,468
Cash and cash equivalents	435,181	-	435,181
	2,319,995	1,468,032	3,788,027
Total assets	5,087,276	856,555	5,943,831
EQUITY AND LIABILITIES			
Equity			
Share capital	(300,000)	-	(300,000)
Retained earnings	(1,350,833)	(423,812)	(1,774,645)
	(1,650,833)	(423,812)	(2,074,645)

23. Prior year adjustments (Continued)

Statement of financial position, 31 December 2014 (Continued)

	Impact of change in prior year adjustments		
	2014	Adjustments	2014
	$	$	$
Current liabilities			
Due to customers for contract work-in-progress	-	(295,219)	(295,219)
Provision for taxation	(53,178)	(137,524)	(190,702)
Others	(1,989,075)	-	(1,989,075)
	(2,042,253)	(432,743)	(2,474,996)
Non-current liabilities			
Others	(1,394,190)	-	(1,394,190)
Total liabilities	(3,436,443)	(432,743)	(3,869,186)
Total equity and liabilities	(5,087,276)	(856,555)	(5,943,831)

Statement of profit or loss and other comprehensive income, year ended 31 December 2014

	Impact of change in prior year adjustments		
	2014	Adjustments	2014
	$	$	$
	(As previously stated)	Dr (Cr)	(Restated)
Revenue	(8,286,449)	(666,577)	(8,953,026)
Cost of sales	5,737,266	(235,411)	5,501,855
Gross profit	(2,549,183)	(901,988)	(3,451,171)
Others	(216,019)	95,837	(120,182)
Costs and expenses			
Distribution and marketing expenses	22,525	31,144	53,669
Administrative expenses	1,835,619	(30,716)	1,804,903
Finance costs	45,117	-	45,117
Other operating expenses	32,528	78,869	111,397
	1,935,789	79,297	2,015,086
Profit for the year before tax	(829,413)	(726,854)	(1,556,267)
Income tax expense	106,510	137,524	244,034
Profit for the year	(722,903)	(589,330)	(1,312,233)

23. Prior year adjustments (Continued)

Statement of changes in equity, year ended 31 December 2014

	Impact of change in prior year adjustments		
	2014	Adjustments	2014
	$	$	$
	(As previously stated)	Dr (Cr)	(Restated)
Retained earnings, 1 January 2013	(155,852)	-	(155,852)
Profit for the financial year, representing total comprehensive income for the year	(472,078)	165,518	(306,560)
Retained earnings, 1 January 2014	(627,930)	165,518	(462,412)
Profit for the financial year, representing total comprehensive income for the year	(722,903)	(589,330)	(1,312,233)
Retained earnings, 31 December 2014	(1,350,833)	(423,812)	(1,774,645)

24. 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 adverse opinion on those statements on 31 March 2016.

25. Authorisation of financial statements for issue

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

GASHUBIN ENGINEERING PRIVATE LIMITED

DETAILED PROFIT OR LOSS ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	2015	2014
	$	$
		(Restated)
Sales-contract and progress billing	9,151,664	8,830,833
Sales-supply and service	115,677	26,356
Sold of goods	140,196	31,197
Supply of labour	118,026	64,640
	9,525,563	8,953,026
Less: Cost of sales		
Opening work in progress	1,334,159	935,974
Carriage inwards	8,246	133
Construction staff salaries	454,922	449,409
Foreign worker levies	1,305,456	1,127,441
Hiring of machinery	123,901	-
Purchases and site expenses	2,235,406	2,371,912
Subcontractor expenses	883,183	845,699
Workers' wages	1,211,004	1,105,446
Closing work in progress	(2,026,968)	(1,334,159)
	5,529,309	5,501,855
Gross profit	3,996,254	3,451,171
Add: Other operating income		
Bad debts recovered	8,656	-
Car rental	12,600	6,900
Gain on disposal	4,000	-
Government grants	48,575	71,846
Insurance claims	-	1,485
Office rental	24,000	12,000
Other income - others	-	880
Services and supply	4,140	27,071
Worker dormitory	39,600	-
	4,137,825	3,571,353
Less: Operating expenses	2,279,419	2,015,086
Profit before tax	1,858,406	1,556,267

THE DETAILED PROFIT AND LOSS ACCOUNTS HAS BEEN PREPARED FOR MANAGEMENT PURPOSES ONLY AND DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS.

GASHUBIN ENGINEERING PRIVATE LIMITED

DETAILED PROFIT OR LOSS ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	2015	2014
	$	$
		(Restated)
Distribution and marketing expenses		
Advertisement	1,000	1,600
Commission	-	7,142
Depreciation of property, plant and equipment	36,108	31,144
Entertainment expense	7,966	9,283
Gifts and hampers	3,235	4,500
	48,309	53,669
Administrative expenses		
Accommodation	488,461	457,390
Bank charge	7,573	2,825
Consultancy and professional fee	19,738	6,850
Courier service	1,138	511
Depreciation of property, plant and equipment	221,340	199,473
Director Central Provident Fund	11,560	9,600
Director fees	-	20,000
Director remuneration	104,000	68,000
Filing, documentation and registration fee	8,155	1,695
Finance charge	10	-
Insurance	86,855	58,256
Leasing of equipment	3,080	3,644
Local and oversea travelling	12,262	1,845
Local transport and travelling	1,312	6,780
Management and membership fees	8,702	7,887
Medical expenses	31,707	13,865
Patent expenses	2,955	2,600
Postage, newspaper and periodicals	815	2,612
Printing expenses	8,731	2,939
Professional fee	19,440	20,360
Property tax	6,314	5,351
Recruitments	4,820	6,674
Rental - office	86,000	66,000
Rental - motor vehicle	1,950	-
Research and development expenses	-	165
Service charges and subscription fee	95,952	34,753
Staff Central Provident Fund	47,289	49,992
Staff salaries	486,670	482,204
Staff welfare	64,177	18,805
Stamp duty	706	368
Stationery	9,457	8,208
Telecommunication	27,544	25,380
Training of employees	60,181	49,521

THE DETAILED PROFIT AND LOSS ACCOUNTS HAS BEEN PREPARED FOR MANAGEMENT PURPOSES ONLY AND DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS.

GASHUBIN ENGINEERING PRIVATE LIMITED

DETAILED PROFIT OR LOSS ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	2015	2014
	$	$
Transportation	87,136	50,485
Upkeep of motor vehicle	79,412	88,992
Upkeep of office	16,375	13,149
Water and electricity	18,888	17,724
	2,130,705	1,804,903
Finance costs		
Finance lease interest	16,930	12,604
Term loan interest	50,468	32,513
	67,398	45,117
Other operating expenses		
Bad debts expense	-	24,076
Fines	(1,591)	1,536
General expenses	300	242
Impairment loss on other financial assets	34,298	85,543
	33,007	111,397
	2,279,419	2,015,086

THE DETAILED PROFIT AND LOSS ACCOUNTS HAS BEEN PREPARED FOR MANAGEMENT PURPOSES ONLY AND DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS.

GASHUBIN TECHNOLOGY PRIVATE LIMITED

(UEN: 200500294D)
(Incorporated in the Republic of Singapore)

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

LEE & JONATHAN PAC
Public Accountants and
Chartered Accountants

GASHUBIN TECHNOLOGY PRIVATE LIMITED

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

DIRECTOR'S STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The director is pleased to present his statement to the members together with the audited financial statements of GASHUBIN TECHNOLOGY PRIVATE LIMITED (the "Company") for the financial year ended 31 December 2015.

1. Opinion of the director

In the opinion of the director,

a) the financial statements 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 the financial performance, 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.

2. Director

The director of the Company in office at the date of this statement is:

LIM SHAO-LIN

3. Arrangements to enable director 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 objects are, or one of whose objects is, to enable the director 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. Director's interests in shares or debentures

According to the register of director's shareholdings kept by the Company under section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), the director of the Company who held office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations except as stated below:

Name of director	At the beginning of financial year	At the end of financial year
Ordinary shares of the Company		
LIM SHAO-LIN	450,003	750,005

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

LEE & JONATHAN PAC has expressed its willingness to accept re-appointment as auditor.

The Sole Director,

LIM SHAO-LIN
Director

27 MAR 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GASHUBIN TECHNOLOGY PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of GASHUBIN TECHNOLOGY PRIVATE LIMITED (the "Company"), which comprise the statement of financial position of the Company 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 of the Company 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, 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 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 audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 controls 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.

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 year ended on that date.

Other Matter

The financial statements of the Company for the financial year ended 31 December 2014 were audited by another firm of auditors who expressed an adverse opinion on those statements on 7 September 2016.

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.

L+J PAC

LEE & JONATHAN PAC

Public Accountants and
Chartered Accountants

Singapore 27 MAR 2017

140 Paya Lebar Road
#07-20 AZ@Paya Lebar, Singapore 409015.
Tel: 6298 3059 Fax: 6291 9389

GASHUBIN TECHNOLOGY PRIVATE LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	2015 $	2014 $ *Restated*
ASSETS			
Non-current assets			
Property, plant and equipment	4	91,598	96,449
Trade and other receivables	6	96,011	63,490
		187,609	159,939
Current assets			
Inventories	5	41,601	561
Trade and other receivables	6	714,084	160,486
Due from customers for contract work-in-progress	7	123,462	421,821
Cash and cash equivalents	8	424,789	109,560
		1,303,936	692,428
Total assets		1,491,545	852,367
EQUITY AND LIABILITIES			
Equity			
Share capital	9	1,450,000	1,450,000
Accumulated losses		(1,293,718)	(1,366,595)
Equity attributable to owner of the Company		156,282	83,405
Non-current liabilities			
Trade and other payables	10	80,898	28,364
Borrowings	11	12,473	28,515
		93,371	56,879
Current liabilities			
Trade and other payables	10	1,226,274	696,889
Borrowings	11	15,618	15,194
		1,241,892	712,083
Total equity and liabilities		1,491,545	852,367

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

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

	Note	2015 $	2014 $ *Restated*
Revenue	**12**	**2,019,204**	1,437,703
Cost of sales		**(1,597,126)**	(1,076,013)
Gross profit		**422,078**	361,690
Other operating income	**13**	**158,057**	105,371
Expenses			
Distribution and marketing expenses		**(22,165)**	(7,466)
Administrative expenses		**(429,825)**	(289,155)
Finance costs	**14**	**(1,170)**	(632)
Other operating expenses		**(54,098)**	(82,142)
		(507,258)	(379,395)
Profit before tax	**15**	**72,877**	87,666
Income tax expense	**16**	**-**	-
Profit for the year, representing total comprehensive income for the year		**72,877**	87,666

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

GASHUBIN TECHNOLOGY PRIVATE LIMITED

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

	Share capital $	Accumulated losses $	Total $
At 1 January 2014	1,450,000	(1,454,261)	(4,261)
Profit for the year, representing total comprehensive income for the year (restated)	-	87,666	87,666
At 31 December 2014, as restated	**1,450,000**	**(1,366,595)**	**83,405**
At 1 January 2015 (restated)	1,450,000	(1,366,595)	83,405
Profit for the year, representing total comprehensive income for the year	-	72,877	72,877
At 31 December 2015	**1,450,000**	**(1,293,718)**	**156,282**

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

GASHUBIN TECHNOLOGY PRIVATE LIMITED

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 $	2014 $ *Restated*
Cash flows from operating activities			
Profit before tax		**72,877**	87,666
Adjustments for:			
Bad debt expenses		**50,727**	80,000
Depreciation expenses		**36,907**	16,813
Interest expenses		**1,170**	632
		161,681	185,111
Changes in working capital:			
Inventories		**(41,040)**	(561)
Amount due from customers for contract work-in-progress		**298,359**	(421,821)
Trade and other receivables		**(636,846)**	(286,282)
Trade and other payables		**581,919**	676,024
Net cash generated from operating activities		**364,073**	152,471
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(32,056)**	(113,262)
Net cash used in investing activities		**(32,056)**	(113,262)
Cash flows from financing activities			
Borrowings		**(15,618)**	43,709
Interest paid		**(1,170)**	(632)
Net cash (used in)/generated from financing activities		**(16,788)**	43,077
Net increase in cash and cash equivalents		**315,229**	82,286
Cash and cash equivalents at 1 January		**109,560**	27,274
Cash and cash equivalents at 31 December	8	**424,789**	109,560

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

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

1. General

GASHUBIN TECHNOLOGY PRIVATE LIMITED ("the Company") is incorporated and domiciled in Singapore. The Company's registered office is and principal place of business is located at 8 New Industrial Road #06-02 LHK 3, Singapore 536200.

The principal activities of the Company are those relating to water and gas pipe-line and sewer construction.

2. Summary of significant accounting policies

2.1 Basis of Preparation

The financial statements of the Company have been drawn up in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ($), which is the Company's functional currency. All financial information presented in Singapore Dollars has been rounded to the nearest thousand, unless otherwise indicated.

2.3 Adoption of new and revised standards

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 January 2015. The adoption of these standards did not have any material effect on the financial statements.

2. Summary of significant accounting policies (Continued)

2.4 Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

The stage of completion is measured either by reference to the professional or customer's certification of value of work done to date or by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

Where the stage of completion is measured by reference to the professional or customer's certification of value of work done to date, at the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as "due from customers on construction contracts" within "current assets". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as "due to customers on construction contracts" within "current liabilities".

Where the stage of completion is measured by reference to the proportion of contract costs incurred to date compared to the estimated total costs for the contract, at the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as "accrued billings on construction contracts" within "trade receivables".

Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as "advance billings on construction contracts" within "trade payables."

Progress billings not yet paid by customers and retentions by customers are included within "trade receivables". Advances received and retentions withheld from subcontractors are included within "trade payables".

2. Summary of significant accounting policies (Continued)

2.4 Construction contracts (Continued)

At the reporting date, the cumulative costs incurred plus recognised profit (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts within "current assets". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within "current liabilities".

Progress billings not yet paid by customers are included within "trade receivables". Advances received are included within "trade payables".

2.5 Standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are issued but effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. The Company does not plan to early adopt these standards.

The following standards that have been issued but not yet effective are as follows:

Description	Effective for annual periods beginning on or after
Amendments to FRS 27: Equity Method in Separate Financial Statements	1 Jan 2016
Amendments to FRS 16 & FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 Jan 2016
Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations	1 Jan 2016
Amendments to FRS 110 & FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	date to be determined
Improvements to FRSs (November 2014)	
Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 Jan 2016
Amendments to FRS 107 Financial Instruments: Disclosures	1 Jan 2016
Amendments to FRS 19 Employee Benefits	1 Jan 2016
FRS 115 Revenue from Contracts with Customers	1 Jan 2018
FRS 109 Financial Instruments	1 Jan 2018
Amendments to FRS 1: Disclosure Initiative	1 Jan 2016
Amendments to FRS 110, FRS 112 & FRS 28: Investment Entities: Applying the Consolidation Exception	1 Jan 2016

The director expects that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

2. Summary of significant accounting policies (Continued)

2.6 Foreign currency transactions and balances

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting period are recognised in profit or loss.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Computers	3 years
Furniture and fittings	5 years
Laboratory equipment	5 years
Motor vehicles	5 years
Office equipment	5 years
Renovation	5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2. Summary of significant accounting policies (Continued)

2.8 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.9 Financial Instruments

a) Financial assets

Initial recognition and measurement

Financial assets are recognised 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 assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables comprise trade and other receivables, gross amount due from customers for contract work-in-progress and cash and cash equivalents.

Cash and cash equivalents comprise cash at bank and on hand.

2. Summary of significant accounting policies (Continued)

2.9 Financial Instruments (Continued)

a) Financial assets (Continued)

De-recognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised 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 plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Such financial liabilities comprise trade and other payables and borrowings.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition 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. Summary of significant accounting policies (Continued)

2.10 Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and are subject to an insignificant risk of changes in value.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in first-out method and includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

When necessary, allowance in provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

2. Summary of significant accounting policies (Continued)

2.13 Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.14 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.15 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.16 Employee benefits

a) Defined contribution plans

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

b) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2. Summary of significant accounting policies (Continued)

2.17 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and that revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivables, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

b) Rendering of services

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

c) Contract revenue

Revenue from construction contracts is recognised as disclosed in Note 2.4 "Construction contract".

2.18 Taxes

a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. Summary of significant accounting policies (Continued)

2.18 Taxes (Continued)

b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax asset is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2. Summary of significant accounting policies (Continued)

2.19 Leases

Finance leases which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of these lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

2.20 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2. Summary of significant accounting policies (Continued)

2.21 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Company or of parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Company of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the company;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

3. Significant accounting judgments and estimates

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgments made in applying accounting policies

Determination of functional currency

In determining the functional currency of the Company, judgment is used by the Company to determine the currency of the primary economic environment in which the Company operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

3.2 Construction contracts

The Company recognises contract revenue and contract costs using the percentage-of-completion method. The stage of completion is measured by reference to the professional's certification of value of work done to-date or by reference to the proportion of contract costs incurred to date. Please refer to Note 2.4 "Construction contract" for the Company's accounting policy on construction contract work-in-progress.

Significant assumptions are required to estimate the total contract costs which affect the contract cost recognised to-date based on the percentage of completion. Total contract revenue also includes estimation of the variation works that are recoverable from customers. In making these estimates, management has relied on past experience and the work of specialists. If the remaining estimated contract costs increase/decrease by 10% (2014: 10%) from management estimates, the Company's profit before income tax will decrease/increase by approximately $12,346 (2014: $42,182).

3. Significant accounting judgments and estimates (Continued)

3.3 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) Useful lives of property, plant and equipment

The useful life of an item of property, plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. The carrying amount of the Company's property, plant and equipment as at 31 December 2015 were $91,598 (2014: $96,449).

b) Inventory valuation method

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines. The realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available and inherently involves estimates regarding the future expected realisable value. The carrying amount of the Company's inventories as at 31 December 2015 were $41,601 (2014: $561).

c) Impairment of loans and receivables

The impairment of trade and other receivables are based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Company's trade and other receivables, as at 31 December 2015 were $810,095 (2014: $223,976).

4. Property, plant and equipment

	Computers	Furniture & fittings	Laboratory equipment	Motor vehicles	Office equipment	Renovation	Total
	$	$	$	$	$	$	$
Cost							
At 1 January 2014	36,180	19,016	341,898	-	48,930	32,459	478,483
Additions	10,405	-	17,357	85,500	-	-	113,262
At 31 December 2014	46,585	19,016	359,255	85,500	48,930	32,459	591,745
At 1 January 2015	46,585	19,016	359,255	85,500	48,930	32,459	591,745
Additions	2,056	-	30,000	-	-	-	32,056
Written-off	-	(19,016)	-	-	-	(32,459)	(51,475)
At 31 December 2015	48,641	-	389,255	85,500	48,930	-	572,326
Accumulated depreciation							
At 1 January 2014	36,180	19,016	341,898	-	48,930	32,459	478,483
Depreciation	1,500	-	1,684	13,629	-	-	16,813
At 31 December 2014	37,680	19,016	343,582	13,629	48,930	32,459	495,296
At 1 January 2015	37,680	19,016	343,582	13,629	48,930	32,459	495,296
Depreciation	4,096	-	7,472	25,339	-	-	36,907
Written-off	-	(19,016)	-	-	-	(32,459)	(51,475)
At 31 December 2015	41,776	-	351,054	38,968	48,930	-	480,728
Carrying amount							
At 31 December 2014	**8,905**	**-**	**15,673**	**71,871**	**-**	**-**	**96,449**
At 31 December 2015	**6,865**	**-**	**38,201**	**46,532**	**-**	**-**	**91,598**

The Company has motor vehicles under hire purchase agreements for a tenure of 38 to 41 months with a net book value of $46,532 (2014: $71,871).

5. Inventories

	2015	2014
	$	$
Statement of financial position:		
Raw materials and finished goods	**41,601**	259,913
Less: Allowance for inventory obsolescence	**-**	(259,352)
	41,601	561
Statement of profit or loss:		
Inventories recognised as an expense in cost of sales	**58,026**	95,397

5. Inventories (Continued)

The movement in the allowance for inventory obsolescence during the year is as follows:

	2015 $	2014 $
At 1 January	**259,352**	259,352
Written-off	**(259,352)**	-
At 31 December	**-**	259,352

6. Trade and other receivables

	2015 $	2014 $
Trade receivables – non-current		
- Retention monies	**96,011**	63,490
Trade receivables - current		
- Third parties	**19,292**	111,423
- Related parties	**126,116**	-
- Retention monies	**96,010**	-
	241,418	111,423
Other receivables - current		
- Deposit	**8,222**	8,222
- Prepayments	**1,416**	2,031
- Staff loan	**100**	10,000
- Amount due from related parties	**451,326**	28,810
- Income tax recoverable	**11,602**	-
	472,666	49,063
Non-current	**96,011**	63,490
Current	**714,084**	160,486
Total trade and other receivables	**810,095**	223,976

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

Included in non-current trade receivables are retentions on construction contract. Receivables from retention are non-interest bearing, unsecured and relate to construction. Retention receivables are classified as current or non-current based on the contractual terms of the respective construction contracts.

The non-current trade receivables from third parties and related parties are presented at amortised cost and computed based on cash flows discounted at market borrowing rates. The market borrowing rates used is 4.48% (2014: 4.48%)

The amount due from related party is non-trade, unsecured, interest free, and repayable on demand.

6. Trade and other receivables (Continued)

The carrying amounts of trade and other receivables approximate their fair values and are denominated in Singapore dollar.

The trade receivables that are past due at the end of the reporting date but not impaired amount to $51,338 (2014: $10,032). These receivables are unsecured and the analysis of their ageing at the end of the reporting date is as follows:-

	2015	2014
	$	$
Not past due	94,070	101,391
Past due 1 to 30 days	1,391	7,276
Past due 31 to 60 days	17,290	1,012
Past due 61 to 90 days	16,780	-
Past due more than 90 days	15,877	1,744
	145,408	111,423

7. Due from (to) customers for contract work-in-progress

	2015	2014
	$	$
		Restated
Cost incurred and attributable profits	2,651,473	1,374,463
Less: Progress billings paid/payable	(2,528,011)	(952,642)
	123,462	421,821
Represented by:		
Due from customers for contract work-in-progress	123,462	421,821

The carrying amounts of gross amount due to customers for contract work-in-progress approximate their fair values and are denominated in Singapore dollar.

8. Cash and cash equivalents

	2015	2014
	$	$
Cash at bank	424,289	109,060
Cash on hand	500	500
	424,789	109,560

The carrying amounts of cash and cash equivalents approximate their fair values and are denominated in Singapore dollar.

9. Share capital

	2015		2014	
	No of Shares	**$**	No of Shares	$
Issued and fully paid ordinary shares				
At 1 January and 31 December	**750,005**	**1,450,000**	750,005	1,450,000

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

10. Trade and other payables

	2015	2014
	$	$
		Restated
Trade payables – non-current		
- Retention monies	**80,898**	28,364
Trade payables – current		
- Third parties	**40,695**	37,885
- Related parties	**1,085,570**	587,445
- GST payables	**17,696**	-
	1,143,961	625,330
Other payables - current		
- Accruals	**66,148**	58,497
- Other payables	**13,062**	13,062
- Amount due to related party	**3,103**	-
	82,313	71,559
Non-current	**80,898**	28,364
Current	**1,226,274**	696,889
Total trade and other payables	**1,307,172**	725,253

These amounts are non-interest bearing. Trade payables normally settled on 30 – 120 days' terms.

Included in non-current trade payables are retentions on construction contract. Payables from retention are non-interest bearing, unsecured and relate to construction. Retention payables are classified as current or non-current based on the contractual terms of the respective construction contracts.

The amount due to related party is non-trade, unsecured, interest free, and repayable on demand.

The carrying amounts of trade and other payables approximate their fair values and are denominated in Singapore dollar.

11. Borrowings

	2015 $	2014 $
Non-current liabilities		
- Finance lease obligation	**12,473**	28,515
Current liabilities		
- Finance lease obligation	**15,618**	15,194
	28,091	43,709

Obligations under finance lease obligation

	Minimum payments 2015 $	Present value Of payments 2015 $	Minimum payments 2014 $	Present value Of payments 2014 $
Within one year	**16,743**	**15,618**	16,787	15,194
After one year but not more than five years	**13,395**	**12,473**	30,139	28,515
Total minimum lease payment	**30,138**	**28,091**	46,926	43,709
Less: amounts presenting finance charges	**(2,047)**	**-**	(3,217)	-
	28,091	**28,091**	43,709	43,709

The net book value of motor vehicles under finance lease agreement is disclosed in Note 4 of the financial statements.

Finance lease financing bears effective interest rate of 2.28% (2014: 2.28%) per annum.

12. Revenue

	2015 $	2014 $ *Restated*
Sale of goods	**8,645**	38,440
Supply and services	**17,210**	24,800
Contracts and progress billings	**1,519,010**	1,374,463
Labour supply	**474,339**	-
	2,019,204	1,437,703

13. Other operating income

	2015	2014
	$	$
Car rental income	**15,600**	-
Childcare leave	**438**	-
CPF board	**-**	831
IRAS refund	**-**	640
Licensing	**100,000**	100,000
Miscellaneous income	**-**	3,900
Service charges	**37,448**	-
Special employment credit	**2,766**	-
Temporary employment credit	**770**	-
Wages credit scheme	**1,035**	-
	158,057	105,371

14. Finance costs

	2015	2014
	$	$
Interest expenses on finance lease obligations	**1,170**	632

15. Profit before tax

Profit before tax has been arrived at after charging:

	2015	2014
	$	$
		Restated
Employee benefits expense:		
Director's salaries	**72,000**	60,000
Director's Central Provident Fund	**10,200**	8,320
Staff salaries	**87,629**	76,155
Staff Central Provident Fund	**20,195**	20,084
Staff costs	**190,024**	164,559
Depreciation of property, plant and equipment	**36,907**	16,813
Bad debts expense	**50,727**	80,000
Patent and trademark registration	**56,902**	32,034
Research & development expenses	**77,793**	438

16. Income tax expense

The major components of income tax expense recognised in profit or loss for the years ended 31 December 2015 and 2014 were:

	2015	2014
	$	$
Current income tax		
- Current year	**-**	-

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2015 and 2014 were as follows:

	2015	2014
	$	$
		Restated
Profit before tax	**72,877**	87,666
Income tax using the statutory tax rate of 17% (2014: 17%)	**12,389**	14,903
Tax effects of:		
Non-deductible expenses	**14,516**	3,650
Enhanced deduction	**(69,748)**	(16,561)
Current year losses for which no deferred tax asset was recognised	**42,843**	1,992
Income tax expense recognised in profit or loss	**-**	-

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Company has unrecognised tax losses of $1,741,712 (2014: $1,489,697), capital allowances of $311,880 (2014: $293,656) and donations of $750 (2014: $750) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. The tax losses have no expiry date.

17. Significant related parties transactions

Related party balances between the Company and its related party is as follows:

	2015	2014
	$	$
Transactions with related parties:		
- Sale of goods	534,868	-
- Sub-contractor expenses	1,093,699	570,470
- Purchases	-	332,382
Compensation of key management personnel		
Director's salaries	72,000	60,000
Director's Central Provident Fund	10,200	8,320
Director's fees	9,960	20,000
	92,160	88,320

18. Prior Year Adjustments

The comparative financial statements for the year ended 31 December 2014 have been restated to correct prior year errors and to reclassify some of the accounts in order to reflect more appropriately the way in which economic benefits are derived from its use. Comparative amounts in the statement of profit or loss and other comprehensive income were restated for consistency. The effects of each prior year adjustments are reflected in the following statements as follows:

Statement of financial position, 31 December 2014

	Impact of change in prior year adjustments		
	2014	Adjustments	2014
	$	$	$
	(As previously stated)	Dr(Cr)	(As restated)
ASSETS			
Non-current assets			
Property, plant and equipment	96,449		96,449
Trade and other receivables	63,490		63,490
	159,939		159,939
Current assets			
Inventories	561		561
Trade and other receivables	133,176	27,310	160,486
Due from customers for contract work-in-progress	-	421,821	421,821
Cash and cash equivalents	109,560		109,560
	243,297		692,428
Total assets	403,236	449,131	852,367

18. Prior Year Adjustments (continued)

Statement of financial position, 31 December 2014 (continued)

EQUITY AND LIABILITIES

Equity			
Share capital	(1,450,000)		(1,450,000)
Accumulated losses	1,244,986	121,609	1,366,595
Equity attributable to owner of the Company	(205,014)		(83,405)
Non-current liabilities			
Borrowings	(28,515)		(28,515)
Trade and other payables	(28,364)		(28,364)
	(56,879)		(56,879)
Current liabilities			
Borrowings	(15,194)		(15,194)
Trade and other payables	(126,149)	(570,740)	(696,889)
	(141,343)		(712,083)
Total equity and liabilities	(403,236)	(449,131)	(852,367)

Statement of profit or loss and other comprehensive income, year ended 31 December 2014

	Impact of change in prior year adjustments		
	2014 $ (As previously stated)	Adjustments $ Dr(Cr)	2014 $ (As restated)
Revenue	(1,015,882)	(421,821)	(1,437,703)
Cost of sales	505,273	570,740	1,076,013
	(510,609)		(361,690)
Other operating income	(105,371)		(105,371)
Cost and expenses			
Distribution and marketing expenses	7,466		7,466
Administrative expenses	316,465	(27,310)	289,155
Finance costs	632		632
Other operating expenses	82,142		82,142
	406,705		379,395
Profit before tax	(209,275)	(121,609)	(87,666)

19. Financial risk management

The Company's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

The director reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

At the statement of financial position date, 70% (2014: 1%) of total trade and other receivables are coming from its related parties. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Company. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 6.

19. Financial risk management (Continue)

Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Company's operations are financed mainly through equity. The directors are satisfied that funds are available to finance the operations of the Company.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2015			
	Carrying amount	**Contractual cash flows**	**One year Or less**	**Two to five years**
	$	**$**	**$**	**$**
Financial liabilities				
Trade and other payables	**1,307,172**	**1,307,172**	**1,226,274**	**80,898**
Finance lease obligations	**28,091**	**30,138**	**16,743**	**13,395**
Total undiscounted financial liabilities	**1,335,803**	**1,337,310**	**1,243,017**	**94,293**

	2014			
	Carrying amount	Contractual cash flows	One year Or less	Two to five years
	$	$	$	$
	Restated	*Restated*	*Restated*	*Restated*
Financial liabilities				
Trade and other payables	725,253	725,253	696,889	28,364
Finance lease obligations	43,709	46,926	16,787	30,139
Total undiscounted financial liabilities	768,962	772,179	713,676	58,503

Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from borrowings.

19. Financial risk management (Continue)

Market Risk (Continue)

(i) Interest rate risk (Continue)

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was as follows:

	2015	2014
	$	$
Fixed rate instruments		
Financial liabilities	**28,091**	43,709

(ii) Foreign currency risk

The Company's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currency. At present, the Company does not have any formal policy for hedging against currency risk. The Company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

The Company is not exposed to foreign currency risk as its transactions are denominated in Singapore dollars.

20. Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Cash and cash equivalents, other receivables and other payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

Trade receivables and trade payables

The carrying amounts trade receivables and trade payables approximate their fair values as they are subject to normal trade credit terms.

Gross amounts due to customers for contract work-in-progress

The carrying amounts of these gross amounts due to customers for contract work-in-progress approximate their fair values as they are subject to normal trade credit terms.

Borrowings

The carrying amounts of borrowings approximate their fair value as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

21. Fair value hierarchy

As at the reporting date, there are no financial instruments carried at fair value by valuation method.

22. Financial instruments by category

At the reporting date, the aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost were as follows:

	2015	2014
	$	$
		Restated
Loans and receivables		
Trade and other receivables (excluding prepayments)	**808,679**	221,945
Cash and cash equivalents	**424,789**	109,560
Gross amount due to customers for contract work-in-progress	**123,462**	421,821
Total loans and receivables	**1,356,930**	753,326
Financial liabilities measured at amortised cost		
Trade and other payables	**1,307,172**	725,253
Borrowings	**28,091**	43,709
Total financial liabilities measured at amortised cost	**1,335,263**	198,222

23. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Company comprises issued share capital and accumulated losses.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2015 and 31 December 2014.

The Company is not subject to any externally imposed capital requirements. The Company's overall strategy remains unchanged from 2014.

24. Comparative information

The financial statements of the Company for the financial year ended 31 December 2014 were audited by another firm of auditors who expressed an adverse opinion on those statements on 7 September 2016.

25. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2015 were authorised for issue on the date of director's statement.

GASHUBIN TECHNOLOGY PRIVATE LIMITED

DETAILED PROFIT OR LOSS ACCOUNT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	2015 $	2014 $ *Restated*
Revenue	**2,019,204**	1,437,703
Less: Cost of sales		
Purchases	**58,026**	95,958
Sub-contractor expenses	**1,116,699**	953,682
Foreign worker levies	**220,767**	-
Upkeep of machinery	**1,665**	5,331
Site expenses	**6,048**	828
Wages and labour costs	**235,522**	20,775
	1,638,727	1,076,574
Closing inventories	**(41,601)**	(561)
	1,597,126	1,076,013
Gross profit	**422,078**	361,690
Add: Other operating income		
Car rental income	**15,600**	-
Childcare leave	**438**	-
Central Provident Fund board	-	831
IRAS refund	-	640
Licensing	**100,000**	100,000
Miscellaneous income	-	3,900
Service charges	**37,448**	-
Special employment credit	**2,766**	-
Temporary employment credit	**770**	-
Wages credit scheme	**1,035**	-
	158,057	105,371
Less: Distribution and marketing expenses		
Entertainment	**14,040**	1,445
Handling fees	**8,125**	-
Commissions	-	1,421
Exhibition and marketing	-	4,600
	22,165	7,466

THE DETAILED PROFIT OR LOSS ACCOUNT HAS BEEN PREPARED FOR MANAGEMENT PURPOSES ONLY AND DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS.

GASHUBIN TECHNOLOGY PRIVATE LIMITED

DETAILED PROFIT OR LOSS ACCOUNT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	2015 $	2014 $ *Restated*
Less: Administrative expenses		
Bank charges	360	397
Consultancy fees	1,500	-
Depreciation of property, plant and equipment	36,907	16,813
Director's Central Provident Fund	10,200	8,320
Director's fees	9,960	20,000
Director's salaries	72,000	60,000
Documentation fees	915	2,501
Donations	900	-
Insurances	9,350	990
Medical fees	3,178	357
Patent and trademark registration	56,902	32,034
Postage, newspaper and periodicals	213	812
Professional fees	1,160	7,483
Research and development expenses	77,793	438
Staff Central Provident Fund	20,195	20,084
Staff salaries	87,629	76,155
Staff training	2,065	11,870
Staff welfare	3,466	14,439
Stamp duty	600	-
Subscription fees	820	1,234
Telecommunications	3,570	3,162
Transportation and travelling	22,795	7,253
Upkeep of motor vehicles	7,227	4,026
Upkeep of office	120	787
	429,825	289,155
Less: Finance costs		
Interest expenses on finance lease obligations	1,170	632
Less: Other operating expenses		
Bad debts expenses	50,727	80,000
General expenses	2,810	2,142
Inventories write-off	561	-
	54,098	82,142
Profit before tax	72,877	87,666

THE DETAILED PROFIT OR LOSS ACCOUNT HAS BEEN PREPARED FOR MANAGEMENT PURPOSES ONLY AND DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS.