SAMPLE PTE LTD
(Company Registration Number: 201108888R)

FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2016

SAMPLE PTE LTD

DIRECTORS' STATEMENT
For the financial year ended 30 June 2016

The directors present their statement to the member together with the unaudited financial statements of SAMPLE Pte. Ltd. ("the company") for the financial year ended 30 June 2016.

1. OPINION OF THE DIRECTORS

   (i) the accompanying financial statements are drawn up so as to give a true and fair view of the state of affairs of the company as at 30 June 2016 and of the results of the business, changes in equity and cash flows of the company for the financial year ended on that date; and

   (ii) 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. DIRECTORS

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

   Director A
   Director b
   Director C
   Director D

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

   The directors of the company holding office at the end of the financial year had no interests in the share capital and debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act, except as follows:

	At beginning of financial year	At end of financial year
	Number of ordinary shares	
The company		
Director A		
Director b		

SAMPLE PTE LTD

DIRECTORS' STATEMENT
For the financial year ended 30 June 2016

5. DIRECTORS' CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the company or a related corporation with the director, or with a firm of, which he is a member, or with a company in which he has a substantial financial interest, except for salaries, bonuses and other benefits as disclosed in the financial statements.

6. OPTIONS GRANTED

During the financial year, there were no options granted to any person to take up unissued shares in the company.

7. OPTIONS EXERCISED

During the financial year, there were no shares of the company issued by virtue of any exercise of option to take up unissued shares.

8. OPTIONS OUTSTANDING

At the end of the financial year, there were no unissued shares of the company under option.

On behalf of the directors

____
Director A
Director

____
Director b
Director

Singapore,

SAMPLE PTE LTD

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	2016 $	2015 $
Revenue	4		
Cost of sales			
Gross profit			
Other operating income	5		
Distribution costs			
Administrative expenses			
Finance cost	6		
(Loss)/Profit before income tax	7		
Income tax expense	8		
Total comprehensive (loss)/income			

The accounting policies and explanatory notes form an integral part of the financial statements.

SAMPLE PTE LTD

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	2016 $	2015 $
ASSETS			
Current assets			
Cash and cash equivalents	9		
Trade and other receivables	10		
Contract work-in-progress	11(a)		
Inventories	12		
Income tax recoverable			
Non-current assets			
Plant and equipment	13		
Trade and other receivables	10		
Total assets			
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	14		
Contract work-in-progress	11(b)		
Finance lease liabilities	15		
Provision for maintenance costs of projects	16		
Income tax payable			
Bank borrowing	17		
Non-current liabilities			
Finance lease Liabilities	15		
Bank borrowing	17		
Total liabilities			
NET ASSETS			
EQUITY			
Share capital	18		
(Accumulated losses)/ retained earnings			
Total equity			

The accounting policies and explanatory notes form an integral part of the financial statements.

SAMPLE PTE LTD

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Share Capital	(Accumulated losses)/Retained earnings	Total
	$	$	$
Balance as at 1 July 2014			
Total comprehensive income for the financial year			
Balance as at 30 June 2015			
Total comprehensive loss for the financial year			
Balance as at 30 June 2016			

The accounting policies and explanatory notes form an integral part of the financial statements.

SAMPLE PTE LTD

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	2016 $	2015 $
Cash flows from operating activities:		
(Loss)/Profit before income tax		
Adjustments for:		
Depreciation expense		
Profit on disposal of plant and equipment		
Interest expense		
Interest income		
Operating (loss)/profit before working capital changes		
Inventories		
Trade and other receivables		
Contract work-in-progress		
Trade and other payables		
Provision for maintenance costs for projects		
Cash used in operations		
Interest paid		
Interest received		
Income tax paid		
Net cash used in operating activities		
Cash flows used in investing activities		
Proceed from disposal of plant and equipment		
Purchase of plant and equipment		
Fixed deposit with a bank (pledged) (Note 9)		
Net cash used in investing activity		
Cash flows from financing activities		
Proceed from borrowing		
Payment of finance leases liabilities		
Net cash generated from/(used in) financing activities		
Net increase/(decrease) in cash and cash equivalents		
Cash and cash equivalents at beginning of the financial year		
Cash and cash equivalents at end of the financial year (Note 9)		

The accounting policies and explanatory notes form an integral part of the financial statements.

SAMPLE PTE LTD

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

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

1. GENERAL INFORMATION

The company is incorporated and domiciled in the Republic of Singapore.

Its principal activities are those of structural and electrical engineering and civil construction and to act as dealers and installers of security and alarm systems.

Its registered office and its principal place of business is at Singapore.

The financial statements of the company for the financial year ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

(a) Basis of accounting

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

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

(b) Adoption of new and revised Singapore Financial Reporting Standards

On 1 July 2015, the company adopted the new or amended FRS and Interpretations to FRS (“INT FRS”) that are mandatory for application from that date. Changes to the company’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS. The following are the new or revised FRS and INT FRS that are relevant to the company:

- FRS 1 (revised) Presentation of financial statements (effective from 1 July 2015). The revised standard prohibits the presentation of items of income and expenses (that is, ‘non-owner changes in equity’) in the statement of changes in equity. All non-owner changes in equity are shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The company has chosen to adopt

SAMPLE PTE LTD

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

(b) Adoption of new and revised Singapore Financial Reporting Standards (Cont'd)

the former alternative. Where comparative information is restated or reclassified, a restated statement of financial position is required to be presented as at the beginning comparative period. There is no restatement of the statement of financial position as at 1 July 2014 in the current financial year.

- Amendment to FRS 107 (Financial Instruments: Disclosures) Improving disclosures about financial statements (effective from 1 July 2015). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures but does not have an impact on the accounting policies and measurement bases adopted by the company.

2.2 Summary of significant accounting policies

(a) Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the company's activities. Sales are presented net of value-added tax, rebates and discounts.

The company recognises revenue when the amount of revenue and related cost can be reliably measured, when it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the company's activities are met as follows:

(i) Construction contract

Please refer to the paragraph "Construction Contracts" for the accounting policy for revenue from construction contracts in note 2.2(d) and 3.1(i).

(ii) Sale of goods

Sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer which generally coincides with delivery and acceptance of the goods sold. 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.

(iii) Rental income

Rental income from operating leases (net of any incentives given to the lesees) is recognised on a straight-line basis over the lease term.

SAMPLE PTE LTD

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (Cont'd)

(a) Revenue recognition (Cont'd)

(iv) Interest income

Interest income is recognised using the effective interest method.

(b) Plant and equipment

(i) Measurement

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Components of costs

The cost of an item of plant and equipment initially recognized includes its purchase price and any cost that is 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.

(iii) Depreciation

Depreciation on plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Furnitures, fittings and equipment	4 years
Renovation	2 years
Electronic security system	2 years
Motor vehicles	5 years

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the income statement when the changes arise.

Fully depreciated plant and equipment still in use are retained in the financial statements.

SAMPLE PTE LTD

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (Cont'd)

(b) Plant and equipment (Cont'd)

(iv) Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in the profit or loss when incurred.

(v) Disposal

On disposal of an item of plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

(c) Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties. This includes those costs on borrowings acquired specifically for the construction or development of properties, as well as those in relation to general borrowings used to finance the construction or development of properties.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalization rate to construction or development expenditures that are financed by general borrowings.

(d) 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 end of reporting 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.

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NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (Cont'd)

(d) Construction contracts (Cont'd)

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 by reference to certification of work performed for each project.

At the end of reporting date, the aggregated costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts within "construction work-in-progress". Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within "construction work-in-progress".

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

(e) Impairment of non-financial assets

Plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell or the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the profit or loss.

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

SAMPLE PTE LTD

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (Cont'd)

(e) Impairment of non-financial assets (Cont'd)

A reversal of impairment loss for an asset is recognised in profit or loss.

(f) Financial assets

(i) Classification

The classification of financial assets depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except those maturing later than 12 months after the statement of financial position date which are presented as non-current assets.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the profit or loss. Any amount in the fair value reserve relating to the asset is transferred to the profit or loss.

(iii) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

SAMPLE PTE LTD

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (Cont'd)

(f) Financial assets (Cont'd)

(iv) Subsequent measurement

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

(v) Impairment of financial assets

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

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

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

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

(g) Borrowings

Borrowings are presented as current liabilities unless the company has an unconditional right to defer settlement for at least 12 months after the end of financial reporting date.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

SAMPLE PTE LTD

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (Cont'd)

(h) Trade and other payables

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

(i) Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange traded and over-the-counter securities and derivatives) are based on quoted market prices at the end of reporting date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Where appropriate quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analyses, are also used to determine the fair values of the financial instruments.

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

(j) Leases

(i) When the company is the lessee

The company leases motor vehicles and certain plant and machinery under finance leases and office premise under operating leases from non-related parties.

1) Lessee – Finance leases

Leases where the company assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

SAMPLE PTE LTD

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (Cont'd)

(j) Leases (cont'd)

(i) When the company is the lessee

1) Lessee – Finance leases (cont'd)

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statement of financial position as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in the profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

2) Lessee – Operating leases

Leases of office premise where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in the profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(ii) When the company is the lessor

The company leases office under operating leases to related and non-related parties.

1) Lessor – Operating leases

Leases of office premise where the company retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the company in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in the profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

SAMPLE PTE LTD

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (Cont'd)

(k) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted-average method. Cost of inventories includes costs of purchase and other costs incurred in bringing the stocks to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

(l) Income taxes

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

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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

Deferred income tax is measured:

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

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

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

(m) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of a past events, it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

SAMPLE PTE LTD

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (Cont'd)

(m) Provisions (cont'd)

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognised in the profit or loss as finance expense.

Changes in the estimated timing or amount of the expenditure of discount rate are recognised in the profit or loss when the changes arise.

(n) Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an assets.

(i) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the company pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid.

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to statement of financial position date.

(o) Cash and cash equivalents

For the purpose of presentation in the statement of cash flow, cash and cash equivalents include cash and bank balances, and deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the statement of financial position.

(p) Currency translation

(i) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the company.

SAMPLE PTE LTD

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (Cont'd)

(p) Currency translation (cont'd)

(ii) Transactions and balances

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

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(q) Share capital

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

(r) Dividends to company's shareholders

Dividends to the company's shareholders are recognised when the dividends are approved for payment.

(s) Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the company will comply with all the attached conditions. Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income. Government grants relating to assets are deducted against the carrying amount of the assets

SAMPLE PTE LTD

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

3.1 Critical accounting estimates and assumptions

(i) Construction contracts

The Group uses the percentage-of-completion method to account for its contract revenue. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total costs for the contract.

Significant assumptions are required to estimate the total contract costs and the recoverable variation works that affect the stage of completion and the contract revenue respectively. In making these estimates, management has relied on past experience and the work of specialists.

If the revenue on uncompleted contracts at the end of financial reporting date increases/decreases by 10% from management estimates, the Company's revenue will increase/decrease by $104,965 and $104,965 respectively.

If the contract costs of uncompleted contracts to be incurred increase/decrease by 10% from management's estimates, the Company's profit will decrease/increase by $74,546 and $88,457 respectively.

(ii) Impairment of loans and receivables

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

(iii) Income taxes

Significant judgment is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

SAMPLE PTE LTD

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

4. REVENUE

	2016 $	2015 $
Contract income		
Trading income		

5. OTHER OPERATING INCOME

	2016 $	2015 $
Gain on disposal of plant and equipment		
Reversal of allowance for impairment of trade receivables no longer required (Note 10)		
Interest income from banks		
Foreign exchange gain		
Rental income		
Sundry income		

6. FINANCE COST

	2016 $	2015 $
Interest expense for finance leases		

7. (LOSS)/PROFIT BEFORE INCOME TAX

This is determined after charging/(crediting):

	2016 $	2015 $
Allowance for impairment on trade receivables (Note 10)		
Foreign exchange loss		
Depreciation expense (Note 13)		
Cost of inventories included in cost of sales		
Provision for maintenance costs of projects (Note 16)		
Gain on disposal of plant and equipment		
Written off inventories		
Employee compensation (Note 20)		
Government Grant - Jobs credit scheme		
Reversal of provision for maintenance costs of projects (Note 16)		
Rental expenses for operating leases		

SAMPLE PTE LTD

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

8. INCOME TAX EXPENSE

	2016 $	2015 $
Income tax:		
- Current		
- Under provision in prior years		

The income tax expense varied from the amount of income tax expense by applying the Singapore income tax rate of 17% (2015: 17%) to profit before income tax as a result of the following differences:

	2016 $	2015 $
(Loss)/Profit before income tax		
Income tax expense at statutory rate		
Effect of non taxable income		
Effect of non allowable items		
Partial tax exemption		
Deferred tax benefit not recognized		
Tax incentive		
Others		
Under provision in prior years		

Subject to agreement with the Comptroller of Income Tax and compliance with certain conditions of the Income Tax Act, the Company has unabsorbed tax losses and unabsorbed donations amounting to approximately $______ and $______ (2015 : $NIL and $NIL) respectively as at 30 June 2016 available for set off against future taxable income.

No deferred tax benefit had been recognised due to the unpredictability of future profit streams.

9. CASH AND CASH EQUIVALENTS

	2016 $	2015 $
Cash at bank		
Cash on hand		
Fixed deposits		
Less: Pledged deposits		
Cash and cash equivalents per cash flow statement		

The fixed deposits have an effective interest rate of return of 0.50% (2015: 0.77%) per annum and the maturity date is within 35 to 365 days (2015: 35 to 366 days).

Cash at banks earn interest at floating rates based on daily bank deposit rates.

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NOTES TO THE FINANCIAL STATEMENT
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10. TRADE AND OTHER RECEIVABLES

	2016 $	2015 $
Current		
Trade receivables from non-related parties		
Trade receivables from related parties (Note 19)		
Less: Allowance for impairment loss		
Retention receivable from non-related parties (Note 11)		
Other receivables from related parties (Note 19)		
Deposit receivable		
Prepayments		
Staff loans		
Non-current		
Deposit receivable		
Less: Non-current portion		
Current portion		

Staff loans are unsecured, interest-free, and repayable on demand.

The movement in the allowance for impairment loss account is as follows:

	2016 $	2015 $
Non-related parties		
Balances at beginning of year		
Current year provision		
Reversal of allowance not required		
Amount written off		
Balance at end of year		

The average credit period on trade receivables is 30 to 60 days (2015: 30 to 60 days).

Amount owing by related parties are non-trade in nature, unsecured, interest-free, and repayable on demand.

The fair values of non-current trade and other receivables are computed based on cash flows discounted at market borrowing rates. The fair values and the market borrowing rates used are as follows:

	2016 $	2015 $	2016 %	2015 %
Deposit receivable after 12 months				

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NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

11. CONTRACT WORK-IN-PROGRESS

	2016 $	2015 $
(a) Costs in excess of progress billings:		
Aggregate costs incurred and profit recognised to date on uncompleted contracts		
Less: Progress billings		
(b) Progress billings in excess of costs:		
Aggregate costs incurred and profit recognised to date on uncompleted contracts		
Less: Progress billings		
Retention on contacts (Note 10)		

12. INVENTORIES

	2016 $	2015 $
Goods for resale		
Less: Allowance for inventories		

The movement in the allowance for inventories account is as follows:

	2016 $	2015 $
Balance at beginning of year		
Amount written off		
Balance at end of year		

The cost of inventories recognised as an expense and included in “cost of sales” amounts to $______ (2015: $________).

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NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

13. PLANT AND EQUIPMENT

	Furniture fittings and equipment	Renovation	Electronic security system	Motor vehicles	Total
	$	$	$	$	$
Cost:					
As at 1 July 2014					
Additions					
Disposal					
Written off					
As at 30 June 2015					
Additions					
Disposal					
Written off					
As at 30 June 2016					
Accumulated depreciation:					
As at 1 July 2014					
Depreciation for the year					
Disposal					
Written off					
As at 30 June 2015					
Depreciation for the year					
Disposal					
Written off					
As at 30 June 2016					
Carrying amount:					
As at 30 June 2016					
As at 30 June 2015					

The carrying amount of plant and equipment includes amount of $NIL (2015: $______) purchased under finance lease and secured in respect of assets held under finance lease contracts (Note 15).

14. TRADE AND OTHER PAYABLES

	2016	2015
	$	$
Trade payables to:		
- non-related parties		
- related party (Note 19)		
Other payables to:		
- non-related parties		
- related party (Note 19)		
Accruals for operating expenses		
Accruals for directors' fee		
GST payable		
Amount due to a director		

SAMPLE PTE LTD

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

14. TRADE AND OTHER PAYABLES (CONT'D)

The average credit period on purchases of goods is 30 to 60 days (2015: 30 to 60 days)

Amount owing to related parties are non-trade in nature, unsecured, interest-free, and repayable on demand.

Amount due to director is non-trade in nature, unsecured, interest-free, and repayable on demand.

15. FINANCE LEASE LIABILITIES

The company has a finance leases for certain items of plant and equipment (Note 13) from non-related parties. These leases have no escalation clauses. There are no restrictions placed upon the company by entering into these leases. The weighted average effective interest rate is 6.11% (2015: 6.11%) per annum.

All leases are on a fixed repayment basis. The obligations under finance leases are secured by the lessor's charge over the leased assets.

	Minimum lease payments		Present value of minimum lease payments	
	2016	2015	2016	2015
	$	$	$	$
Amount payable under finance lease:				
Within 1 year				
Within 2 to 5 years				
Less: Future finance charges				
Present value of lease obligations				
Less: Repayable within one year included under "Current liabilities"				
Repayable after one year included under "Non-current liabilities"				

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NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

16. PROVISION FOR MAINTENANCE COSTS OF PROJECTS

The Company give one-year maintenance costs on completed projects and undertake to repair or replace items that fail to perform satisfactorily. A provision is recognised at the end of financial reporting date for expected maintenance cost for completed projects during the year based on past experience of the level of repairs.

Movement in provision for maintenance costs of projects is as follows:

	2016 $	2015 $
Balance at beginning of year		
Current year provision		
Reversal amount		
Balance at end of year		

17. BANK BORROWING

	2016 $	2015 $
Current liabilities		
Secured bank loan		
Non-current liabilities		
Secured bank loan		
Total borrowings		

The secured bank loan bear fixed rate of 5.5% and the principal sum is repayable by 24 equal monthly installments commencing on July 2016.

The bank loan is secured by a personal guarantees provided by one of the director.

The fair value of the bank borrowing approximates their carrying amount.

The exposure of the borrowings of the Company to interest rate changes and the contractual repricing dates at the end of financial reporting date are as follows:

	2016 $	2015 $
Within 1 year		
1 to 2 years		

SAMPLE PTE LTD

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

18. SHARE CAPITAL

	2016	2015	2016	2015
	Number of ordinary shares		$	$
At beginning of year				
At end of year				

The company has one class of ordinary shares which carry one vote per share without restriction. The holders of the ordinary shares are entitled to receive dividends as and when declared by the company. There is no par value for these ordinary shares.

19. RELATED PARTY

Key management personnel of the company are those persons having the authority and responsibility for planning, directing and controlling activities of the company. The directors and executive officers of the company are considered as key management personnel of the company.

Related parties comprise mainly of companies which are controlled or significantly influenced by the company's key management personnel and their close family members.

The inter-company balances are unsecured, interest-free, unless stated otherwise, and subject to the normal credit terms of the respective parties and are repayable on demand.

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the company and related parties at terms agreed between the parties:

	2016	2015
	$	$
Sales to related party		
Purchases from related party		
Rental income from related party		

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NOTES TO THE FINANCIAL STATEMENT
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20. EMPLOYEE COMPENSATION

	2016 $	2015 $
Directors' fee		
Salaries, wages and bonus		
Employers' contribution to Central Provident Fund		

The above staff costs include remuneration paid to a director employed by the company.

Key management's remuneration includes salary, bonus, commission and other emoluments computed based on the cost incurred by the company and where the company did not incur any costs, the value of the benefit is included. The key management's remuneration are as follows:

	2016 $	2015 $
Directors' fee		
Directors' remuneration		
Bonus		
Employers' contribution to Central Provident Fund		

21. OPERATING LEASE COMMITMENTS

At the end of financial reporting date, the commitments under non-cancellable operating leases in respect of office premises are as follows: -

	2016 $	2015 $
Payable:		
Not later than one year		
Later than one year and not later than five years		

The rental expense for the current year was $337,496 (2015: $379,575).

Leases are negotiated for an average term of 1 to 2 years and rentals are fixed at an average of 1 year.

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NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

22. FINANCIAL RISK MANAGEMENT

The company's activities main financial risks faced by the company relate to liquidity, capital, credit and market risks. The company has adopted risk management policies that seek to mitigate these risks in a cost effective manner. It is the company policy not to engage in speculative activity and avoid complex financial instruments.

(a) Liquidity risk

The company's ability to fund their existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders. Cash and cash equivalents are placed with creditworthy financial institutions.

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount	Cash flows			
		Contractual cash flows	Within 1 year	Within 2 to 5 years	More than 5 years
	$	$	$	$	$
2016					
Trade and other payables*					
Obligations under finance lease					
Bank borrowing					
2015					
Trade and other payables*					
Obligations under finance lease					

** Excludes construction work-in-progress*

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. The major classes of financial assets of the company are bank deposits and trade receivables. For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient collateral or buying credit insurance where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Head of Credit Control based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by management.

As the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

SAMPLE PTE LTD

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

22. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

The credit risk for trade receivables based on the information provided to key management is as follows:

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the company.

(ii) Financial assets that are past due and/or impaired

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

The age analysis of trade receivables past due but not impaired is as follows:

	2016 $	2015 $
Not past due		
Past due 1 - 3 months		
Past due over 3 months		

The carrying amount of trade receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

	2016 $	2015 $
Gross amount		
Less: Allowance for impairment (Note 10)		

(c) Market risk

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

The Company's interest-bearing financial assets are mainly cash and cash equivalents (Note 9)

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

Majority of the Company's transactions are settled in Singapore dollar. In the opinion of the Directors, the Company would not have significant foreign currency risk exposure.

SAMPLE PTE LTD

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

22. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Market risk (Cont'd)

The Company's exposure to currency risk is as follows:

	At 30 June 2016			At 30 June 2015		
	U.S Dollar $	Singapore Dollar $	Total $	U.S Dollar $	Singapore Dollar $	Total $
Assets						
Cash and cash equivalents						
Trade and other receivables						
Liabilities						
Trade and other payables						
Obligations under finance lease						
Net financial (liabilities)/assets						
Less: Net financial assets denominated in the Company's functional currency						
Currency exposure						

Sensitivity analysis

If the United States Dollar ("USD") change against the SGD by 5% (2015: 5%) with all other variables including tax rate being held constant, the effects arising from the net financial assets/liabilities position will be as follows:

	Increase / decrease on net profit	
	2016 $	2015
USD against SGD		
- strengthened		
- weakened		

SAMPLE PTE LTD

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

22. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Fair value measurements

The Company does not have any financial instruments as at end of the financial year.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the relatively short-term maturity of these financial instruments. The fair value of non-current financial assets for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of current borrowings approximates their carrying amount.

(e) Capital risk

The company's objectives when managing capital are:

- to safeguard the company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company sets the amount of capital in proportion to risk. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The company monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total debt (trade and other payables and finance lease liabilities and bank borrowings) less cash and cash equivalents. Total capital comprises share capital and retained earnings. The gearing ratios at 30 June 2016 and 30 June 2015 were as follows:

	2016 $	2015 $
Total debt		
Less: cash and cash equivalents		
Net debt		
Total capital		
Gearing ratio		

The Company does not have any externally imposed capital requirement.

23. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after 1 July 2016 or later periods and which the company has not early adopted. The management anticipates that the adoption of the new FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Company in the period of their initial adoption.

---------------------------------------*End of unaudited financial statements*--