DE.MEM PRIVATE LIMITED

(Registration No: 201307015R)

Statement by Directors and Financial Statements

Year Ended 31 December 2016

RSM Chio Lim LLP

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DE.MEM PRIVATE LIMITED

Statement by Directors and Financial Statements

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DE.MEM PRIVATE LIMITED

Statement by Directors

The directors of the company are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 31 December 2016.

1. Opinion of the directors

In the opinion of the directors,

(a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company and, of the financial position and performance of the group for the reporting year covered by the financial statements or consolidated financial statements; and

(b) at the date of the statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. Directors

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

Andreas Richard Kroell
Bernd Heinrich Dautel

3. Directors' interests in shares and debentures

The directors of the company holding office at the end of the reporting year were not interested in shares in or debentures of the company or other related body corporate as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act, Chapter 50 ("the Act") except as follows.

Name of directors and company in which interests are held	At beginning of the reporting year or date of appointment if later	At end of the reporting year
	Number of shares of no par value	
The company – De.Mem Private Limited		
Andreas Richard Kroell	-	63,426

4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.

5. **Options**

During the reporting year, no option to take up unissued shares of the company or other body corporate in the group was granted.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

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

6. **Independent auditor**

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

Bernd Heinrich Dautel
Director
17 MAR 2017

Andreas Richard Kroell
Director

RSM

RSM Chio Lim LLP

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Independent Auditor's Report to the Members of
DE.MEM PRIVATE LIMITED

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of De.Mem Private Limited, (the "company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and notes to the financial statements, including accounting policies.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and the changes in equity of the company for the reporting 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 statement by directors but does not include the financial statements and our auditor's report thereon.

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

Other information (cont'd)

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 directors 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 group'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 group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the group's financial reporting process.

Auditor's 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 of 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:

a) 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.

b) 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 group's internal control.

Auditor's responsibilities for the audit of the financial statements (cont'd)

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

d) 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 Group'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 group to cease to continue as a going concern.

e) 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.

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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 and by the subsidiaries corporations those subsidiaries corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Derek How Beng Tiong.

RSM Chio Lim LLP

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

17 March 2017

Engagement partner - effective from year ended 31 December 2014

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Consolidated Statement of Profit or Loss and Other Comprehensive Income
Year Ended 31 December 2016

	Notes	Group 2016 S$	Group 2015 S$
Revenue	4	280,521	749,386
Cost of sales		(361,572)	(918,044)
Gross loss		(81,051)	(168,658)
Other gains	5	61,584	17,940
Administrative expenses	6	(1,299,277)	(734,139)
Other losses	5	(514,534)	(13,558)
Loss before tax from continuing operations		(1,833,278)	(898,415)
Income tax expense	8	–	–
Loss from continuing operations, net of tax		(1,833,278)	(898,415)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		11,545	1,932
Other comprehensive income for the year, net of tax		11,545	1,932
Total comprehensive loss		(1,821,733)	(896,483)
Loss attributable to owners of the parent, net of tax		(1,817,863)	(898,415)
Loss attributable to non-controlling interests, net of tax		(15,415)	–
Loss net of tax		(1,833,278)	(898,415)
Total comprehensive loss attributable to owners of the parent		(1,806,318)	(896,483)
Total comprehensive loss attributable to non-controlling interests		(15,415)	–
Total comprehensive loss		(1,821,733)	(896,483)

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

Statements of Financial Position
As at 31 December 2016

	Notes	Group 2016 S$	Group 2015 S$	Company 2016 S$	Company 2015 S$
ASSETS					
Non-current assets					
Plant and equipment	9	702,463	79,647	169,812	36,137
Intangible assets	10	–	–	–	–
Investment in subsidiaries	11	–	–	1,017,697	313,376
Other assets, non-current	12	4,789	11,568	–	–
Total non-current assets		707,252	91,215	1,187,509	349,513
Current assets					
Inventories	13	82,591	20,547	71,938	20,547
Trade and other receivables, current	14	320,211	547,925	597,292	647,916
Other assets, current	15	305,947	89,855	203,759	9,630
Cash and cash equivalents	16	199,622	505,869	195,096	494,965
Total current assets		908,371	1,164,196	1,068,085	1,173,058
Total assets		1,615,623	1,255,411	2,255,594	1,522,571
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	17	4,402,468	2,351,781	4,402,468	2,351,781
Accumulated losses		(3,313,099)	(1,495,236)	(2,245,780)	(913,811)
Other reserves	18	22,675	11,130	–	–
Equity, attributable to owners of the parent		1,112,044	867,675	2,156,688	1,437,970
Non-controlling interests		5,605	–	–	–
Total equity		1,117,649	867,675	2,156,688	1,437,970
Current liabilities					
Trade and other payables, current	19	497,974	382,674	98,906	79,539
Other non-financial liabilities, current	20	–	5,062	–	5,062
Total current liabilities		497,974	387,736	98,906	84,601
Total liabilities		497,974	387,736	98,906	84,601
Total equity and liabilities		1,615,623	1,255,411	2,255,594	1,522,571

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

DE.MEM PRIVATE LIMITED

Statements of Changes in Equity
Year Ended 31 December 2016

Group:	Total Equity S$	Attributable to parent sub-total S$	Share Capital S$	Accumulated losses S$	Other reserves S$	Non-Controlling interests S$
Current year:						
Opening balance at 1 January 2016	867,675	867,675	2,351,781	(1,495,236)	11,130	–
Movements in equity:						
Total comprehensive loss for the year	(1,821,733)	(1,806,318)	–	(1,817,863)	11,545	(15,415)
Issue of share capital (Note 17)	2,050,687	2,050,687	2,050,687	–	–	–
Acquisition of subsidiary (Note 21)	21,020	–	–	–	–	21,020
Closing balance at 31 December 2016	1,117,649	1,112,044	4,402,468	(3,313,099)	22,675	5,605
Previous year:						
Opening balance at 1 January 2015	163,494	163,494	751,117	(596,821)	9,198	–
Movements in equity:						
Total comprehensive loss for the year	(896,483)	(896,483)	–	(898,415)	1,932	–
Issue of share capital (Note 17)	1,600,664	1,600,664	1,600,664	–	–	–
Closing balance at 31 December 2015	867,675	867,675	2,351,781	(1,495,236)	11,130	–

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

Statements of Changes in Equity
Year Ended 31 December 2016

Company:	Total Equity S$	Share Capital S$	Accumulated Losses S$
Current year:			
Opening balance at 1 January 2016	1,437,970	2,351,781	(913,811)
Movements in equity:			
Total comprehensive loss for the year	(1,331,969)	–	(1,331,969)
Issue of share capital (Note 17)	2,050,687	2,050,687	–
Closing balance at 31 December 2016	2,156,688	4,402,468	(2,245,780)
Previous year:			
Opening balance at 1 January 2015	294,938	751,117	(456,179)
Movements in equity:			
Total comprehensive loss for the year	(457,632)	–	(457,632)
Issue of share capital (Note 17)	1,600,664	1,600,664	–
Closing balance at 31 December 2015	1,437,970	2,351,781	(913,811)

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

Consolidated Statement of Cash Flows
Year Ended 31 December 2016

	Group	
	2016	2015
	S$	S$
Cash flows from operating activities		
Loss before tax	(1,833,278)	(898,415)
Adjustments for:		
Interest income	(108)	–
Goodwill written off	265,679	–
Loss on disposal of plant and equipment	96,042	–
Depreciation of plant and equipment	150,949	18,713
Net effect of exchange rate changes in consolidating foreign operations	(6,162)	1,894
Operating cash flows before changes in working capital	(1,326,878)	(877,808)
Inventories	(62,044)	55,331
Trade and other receivables, current	507,253	(375,233)
Other assets	(130,848)	117,178
Trade and other payables, current	(233,611)	301,633
Other non-financial liabilities, current	(5,062)	5,062
Net cash flows used in operating activities	(1,251,190)	(773,837)
Cash flows from investing activities		
Net movements in amounts due from parent / related parties	–	5,231
Acquisition of subsidiaries (net of cash acquired) (Note 21)	(216,859)	–
Purchase of plant and equipment	(150,046)	(98,322)
Interest received	108	–
Net cash flows used in investing activities	(366,797)	(93,091)
Cash flows from financing activities		
Issue of shares	1,300,687	1,460,000
Net movements in amounts due to related parties / director	11,053	(90,212)
Net cash flows from financing activities	1,311,740	1,369,788
Net (decrease) increase in cash and cash equivalents	(306,247)	502,860
Cash and cash equivalents, consolidated statement of cash flows, beginning balance	505,869	3,009
Cash and cash equivalents, statement of cash flows, ending balance (Note 16)	199,622	505,869

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

Notes to the Financial Statements
31 December 2016

1. General

The company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollar and they cover the company (referred to as "parent") and the subsidiaries.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors.

The principal activities of the company are those manufacturing and repairing of water or waste water treatment equipment and related business.

The principal activities of the subsidiaries are described in the Notes to the financial statements below.

The registered office is: 10 Winstedt Road Blk A #03-02, Singapore 227977. The company is situated in Singapore.

Accounting convention

The financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRS") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is immaterial. The disclosures required by FRSs need not be provided if the information resulting from that disclosure is not material. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

1. General (cont'd)

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the group has the power to govern the financial and operating policies so as to gain benefits from its activities.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the company's separate statement of profit or loss and other comprehensive income is not presented.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes and rebates. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from rendering of services that are not significant transactions is recognised as the services are provided or when the significant acts have been completed. Interest income or expense is recognised using the effective interest method.

Government grants

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants in recognition of specific expenses are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Income tax (cont'd)

Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Plant and equipment

Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Plant and equipment	-	10% to 33%
Renovation		50%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Leases

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary 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. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Business combinations

A business combination is a transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting. The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received except for any costs to issue debt or equity securities are recognised in accordance with FRS 32 and FRS 39. As of the acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition-date fair values as defined in and that meet the conditions for recognition under FRS 103.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Business combinations (cont'd)

If there is gain on bargain purchase, for the gain on bargain purchase a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in profit or loss.

Goodwill and fair value adjustments resulting from the application of purchase accounting at the date of acquisition are treated as assets and liabilities of the foreign entity and are recorded at the exchange rates prevailing at the acquisition date and are subsequently translated at the period end exchange rate.

Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant Note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with FRS 103 (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this FRS 103.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill and also any intangible asset with an indefinite useful life or any intangible asset not yet available for use are tested for impairment at least annually. Goodwill impairment is not reversed in any circumstances.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Goodwill (cont'd)

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

Inventories

Inventories are measured at the lower of cost (weighted average method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. When the settlement date accounting is applied, any change in the fair value of the asset to be received during the period between the trade date and the settlement date is recognised in net profit or loss for assets classified as trading.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: As at end of the reporting year date there were no financial assets classified in this category.

2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial assets (cont'd)

Subsequent measurement (cont'd):

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows (cont'd):

3. Held-to-maturity financial assets*:* As at end of the reporting year date there were no financial assets classified in this category.

4. Available-for-sale financial assets*:* As at end of the reporting year date there were no financial assets classified in this category.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Fair value measurement

When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. It is a market-based measurement, not an entity-specific measurement. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements categorise the inputs used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

2. Significant accounting policies and other explanatory information (cont'd)

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is 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 a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

Classification of equity and liabilities

A financial instrument is classified as a liability or as equity in accordance with the substance of the contractual arrangement on initial recognition. Equity instruments are contracts that give a residual interest in the net assets of the reporting entity. Where the financial instrument does not give rise to a contractual obligation on the part of the issuer to make payment in cash or kind under conditions that are potentially unfavourable, it is classified as an equity instrument. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when declared by the directors.

Financial instruments such as redeemable preference shares and other puttable financial instruments which are mandatorily redeemable on a specific date, or at the option of the owners or if dividend payments are not discretionary, are classified as financial liabilities. The dividends on these preference shares classified as financial liabilities are recognised in profit or loss as finance cost.

A financial instrument is classified as a liability or as equity in accordance with the substance of the contractual arrangement on initial recognition. Where the financial instrument does not give rise to a contractual obligation on the part of the issuer to make payment in cash or kind under conditions that are potentially unfavourable to the issuer, it is classified as an equity instrument. The equity and the liability elements of compound instruments are classified separately as equity and as a liability. Equity instruments are recorded at the amounts of the proceeds net of direct issue costs.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Allowance for doubtful trade accounts:
An allowance is made for doubtful trade accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note on trade and other receivables.

Net realisable value of inventories:
A review is made on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. The review requires management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in the Note on inventories.

Income tax amounts:
The entity recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature assessments of likelihood are judgemental and not susceptible to precise determination. The income tax amounts are disclosed in the Note on income tax.

2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Plant and equipment:
An assessment is made for the reporting year whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units if applicable is measured based on the fair value less costs of disposal or value in use calculations. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset or class of assets at the end of the reporting year affected by the assumption is $ 702,463 (2015: $79,647).

Measurement of impairment of subsidiaries:
Where an investee is in net equity deficit and or has suffered losses a test is made whether the investment in the investee has suffered any impairment. This measurement requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset affected. The carrying amount of the specific asset at the end of the reporting year affected by the assumption is $1,017,697 (2015: $313,376).

3. Related party relationships and transactions

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

3A. Key management compensation:

	Group	
	2016	2015
	$	$
Salaries and other short-term employee benefits	137,250	127,666

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	Group	
	2016	2015
	$	$
Remuneration of directors of the company	137,250	127,666
Fee to a company in which a director has an interest	68,000	96,000

3. Related party relationships and transactions (cont'd)

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The above amounts do not include compensation if any of certain key management personnel and directors of the company who received compensation from related corporations in their capacity as directors and or executives of those related corporations.

3B. Other receivables from and other payables to related parties:

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties are as follows:

	Group Other related parties	
	2016	2015
	$	$
Other receivables:		
Balance at beginning of the year – net debit/(credit)	106,788	(76,205)
Amounts paid out and settlement of liabilities on behalf of another party	361	48,708
Amounts paid in and settlement of liabilities on behalf of the company	(13,126)	(123)
Issuance of shares	–	140,000
Written-off	(361)	–
Foreign exchange adjustments	–	(5,592)
Eliminated on consolidation arising from acquisition of subsidiaries	(106,788)	–
Balance at end of the year - net (credit) /debit	(13,126)	106,788
Presented in the statement of financial position as follows:		
Other receivables (Note 14)	–	106,911
Other payables (Note 19)	(13,126)	(123)
Balance at end of the year - net debit	(13,126)	106,788

	Group Directors	
	2016	2015
	$	$
Other receivables/(other payables):		
Balance at beginning of the year	(1,925)	(44,577)
Amounts paid out and settlement of liabilities on behalf of another party	1,925	42,652
Balance at end of the year – net credit	–	(1,925)

4. Revenue

	Group	
	2016	2015
	$	$
Rendering of services	115,438	122,600
Sale of goods	165,083	626,786
Total revenue	280,521	749,386

5. Other gains and (other losses)

	Group	
	2016	2015
	$	$
Allowance for impairment on trade and other receivables – (loss)	(150,338)	–
Foreign exchange adjustment gain (loss)	9,736	(930)
Goodwill written off	(265,679)	–
Government grant	48,137	17,940
Loss on disposal of property, plant and equipment, net	(96,042)	–
Interest income from assets at amortised cost	108	–
Others	1,128	(12,628)
Net	(452,950)	4,382
Presented in the profit or loss as:		
Other gains	61,584	17,940
Other losses	(514,534)	(13,558)
Net	(452,950)	4,382

6. Administrative expenses

The major components and other selected components include the following:

	Group	
	2016	2015
	$	$
Employee benefits expense	661,664	432,191

7. Employee benefits expense

	Group	
	2016	2015
	$	$
Short term employee benefits expense	610,690	417,211
Contributions to defined contribution plan	88,519	14,980
	699,209	432,191
Presented in profit or loss as:		
Cost of sales	37,545	–
Administrative expenses	661,664	432,191

8. Income tax

8A. Components of tax expense recognised in profit or loss include:

The reconciliation of income taxes below is determined by applying the Singapore corporate tax rate. The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17.0% (2015: 17.0%) to profit or loss before income tax as a result of the following differences:

	Group 2016 $	Group 2015 $
Loss before tax	(1,833,278)	(898,415)
Income tax benefit at the above rate	(311,657)	(152,731)
Expenses not deductible for tax purposes	1,691	586
Unrecognised deferred tax assets	282,750	161,569
Effect of different tax rates in different countries	(16,749)	(13,148)
Not deductible goodwill written off	45,165	–
Other minor items	(1,200)	3,724
Total income tax expense	–	–

There are no income tax consequences of dividends to owners of the company.

8B. Deferred tax expense recognised in profit or loss includes:

	Group 2016 $	Group 2015 $
Tax loss carryforwards	(282,750)	(161,569)
Unrecognised deferred tax assets	282,750	161,569
Total deferred income tax expense recognised in profit or loss	–	–

8C. Deferred tax balance in the statement of financial position:

	Group 2016 $	Group 2015 $
From deferred tax assets (liabilities) recognised in profit or loss:		
Tax loss carryforwards	520,868	238,118
Unrecognised deferred tax assets	(520,868)	(238,118)
Net balance	–	–

8. Income tax (cont'd)

8C. Deferred tax balance in the statement of financial position: (cont'd)

	Company 2016	Company 2015
	$	$
From deferred tax assets (liabilities) recognised in profit or loss:		
Tax loss carryforwards	181,270	141,687
Unrecognised deferred tax assets	(181,270)	(141,687)
Net balance	–	–

Included in unrecognised tax losses are losses that will expire as follows:

Unrecognised deferred tax assets:	Tax losses 2016	Tax losses 2015	Unrecognised deferred tax assets 2016	Unrecognised deferred tax assets 2015
Expiring in year	S$	$$	$$	$$
2019	12,287	12,287	2,457	2,457
2020	435,340	435,340	87,068	87,068
2021	556,627	–	111,325	–
	1,004,254	447,627	200,850	89,525

No deferred tax asset for the tax losses (including deductible temporary differences, unused tax losses and unused tax credits) has been recognised in respect of the remaining for the above balance, as the future profit streams are not probable against which the deductible temporary difference can be utilised.

For the Singapore company, the realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined. For the Vietnam company, the tax loss carryforwards expire after 5 years.

Temporary differences arising in connection with interests in subsidiaries is insignificant.

9. Plant and equipment

Group	Plant and equipment S$	Renovation S$	Total S$
Cost:			
At beginning of year 1 January 2015	–	–	–
Additions	98,322	–	98,322
At end of year 31 December 2015	98,322	–	98,322
Additions	117,313	32,733	150,046
Arising from acquisition of subsidiaries	754,455	–	754,455
Foreign exchange adjustment	25,081	–	25,081
Disposal	(101,209)	–	(101,209)
At end of year 31 December 2016	893,962	32,733	926,695
Accumulated depreciation:			
At beginning of year 1 January 2015	–	–	–
Foreign exchange adjustments	(38)	–	(38)
Depreciation for the year	18,713	–	18,713
At end of year 31 December 2015	18,675	–	18,675
Foreign exchange adjustments	7,374	–	7,374
Depreciation for the year	141,402	9,547	150,949
Arising from acquisition of subsidiaries	52,401	–	52,401
Disposal	(5,167)	–	(5,167)
At end of year 31 December 2016	214,685	9,547	224,232
Carrying value:			
At 1 January 2015	–	–	–
At 31 December 2015	79,647	–	79,647
At 31 December 2016	679,277	23,186	702,463

Company	Plant and equipment S$	Renovation S$	Total S$
Cost:			
At beginning of year 1 January 2015	–	–	–
Additions	36,137	–	36,137
At end of year 31 December 2015	36,137	–	36,137
Additions	121,542	32,733	154,275
At end of year 31 December 2016	157,679	32,733	190,412
Accumulated depreciation:			
At beginning of year 1 January 2015 and end of the year 31 December 2015	–	–	–
Depreciation for the year	11,053	9,547	20,600
At end of year 31 December 2016	11,053	9,547	20,600
Carrying value:			
At 1 January 2015	–	–	–
At 31 December 2015	36,137	–	36,137
At 31 December 2016	146,626	23,186	169,812

9. Plant and equipment (cont'd)

Allocation of the depreciation expense:

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Cost of sales	141,402	–	11,053	–
Administrative expenses	9,547	18,713	9,547	–
Total	150,949	18,713	20,600	–

10. Intangible assets

	Group	
	2016	2015
	$	$
Goodwill (Note 10A)	–	–

10A. Goodwill

	Group	
	2016	2015
	$	$
Cost:		
Balance at beginning of the year	–	–
Arising from acquisition of subsidiaries (Note 21)	265,679	–
Written off	(265,679)	–
Balance at end of the year	–	–

The goodwill has been fully written off as management is of the view that the subsidiaries' operation are in the early stage and recoverability in uncertain.

11. Investment in subsidiaries

	Company	
	2016	2015
	$	$
Movements during the year. At cost:		
Balance at beginning of the year	313,376	313,376
Acquisitions	970,000	–
Less allowance for impairment	(265,679)	–
Cost at the end of the year	1,017,697	313,376
Carrying value in the books of the company comprising:		
Unquoted equity shares at cost	1,283,376	313,376
Allowance for impairment	(265,679)	–
Total at cost	1,017,697	313,376
Analysis of above amount denominated in non-functional currency:		
Vietnamese Dong	313,376	313,376

11. Investment in subsidiaries (cont'd)

	Company 2016 $	Company 2015 $
Movements in allowance for impairment:		
Balance at beginning of the year	–	–
Impairment loss charge to profit or loss	265,679	–
Balance at end of the year	265,679	–

The listing of and information on the subsidiaries are given below.

The subsidiaries are wholly owned by the group:

Name of subsidiaries, country of incorporation, Place of operations and principal activities (and independent auditor)	Cost in books of the group 2016 $	Cost in books of the group 2015 $
GD Wasser Pte. Ltd. (acquired in January 2016) #a Vietnam Manufacturing and repair of water/waste water treatment equipment (DTL Auditing Company Ltd)	970,000	–
De.Mem Vietnam Company Limited #a Vietnam Technical advisory services (supporting, advice and recommendations services on issues of technical advisory in the field of water and waste water treatment for construction projects) and management advisory services (DTL Auditing Company Ltd)	313,376	313,376

#a. Audited by member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.

There are no subsidiaries that have non-controlling interests that are considered material to the reporting entity.

Name of subsidiaries, country of incorporation, Place of operations and principal activities (and independent auditor)	Effective percentage of equity held 2016 $	Effective percentage of equity held 2015 $
Held through GD Wasser Pte. Ltd. GD Wasser Vietnam Company Limited #a Vietnam Providing of technical consulting services and management consulting services (DTL Auditing Company Ltd)	100	–

11. Investment in subsidiaries (cont'd)

Name of subsidiaries, country of incorporation, Place of operations and principal activities (and independent auditor) Held through GD Wasser Vietnam Company Limited.	Effective percentage of equity held	
GD Wasser Long An Company Limited #a Vietnam Providing of water treatment (DTL Auditing Company Ltd)	90	–
GD Wasser Nghe An Company Limited #a Vietnam Providing of Water treatment (DTL Auditing Company Ltd)	90	–

#a. Audited by member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.

There are no subsidiaries that have non-controlling interests that are considered material to the reporting entity.

12. Other assets, non-current

	Group	s	
	2016		2015
	$		$
Deposits and advance payments for non-current assets	4,789		11,568

13. Inventories

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Work in process	–	20,547	–	20,547
Consumables and supplies	82,591	–	71,938	–
	82,591	20,547	71,938	20,547

	Group	
	2016	2015
	$	$
Changes in inventories of finished goods and work in progress (increase)	(62,044)	55,331
The amount of inventories included in cost of sales	43,079	75,878

There are no inventories pledged as security for liabilities.

14. Trade and other receivables, current

	Group 2016 $	Group 2015 $	Company 2016 $	Company 2015 $
Trade receivables:				
Outside parties	266,103	188,443	47,796	94,278
Less allowance for impairment	(21,455)	–	–	–
Subsidiaries (Note 3)	–	–	164,860	159,215
Related parties (Note 3)	–	88,676	–	5,645
Net trade receivables – Subtotal	244,648	277,119	212,656	259,138
Other receivables:				
Subsidiaries (Note 3)	–	–	366,758	363,302
Outside parties	183,287	133,399	–	–
Related parties (Note 3)	60,968	167,879	60,968	61,329
Less allowance for impairment	(189,851)	(60,968)	(60,968)	(60,968)
Deposits to secure services	19,217	15,055	15,157	10,355
Other receivables	1,942	15,441	2,721	14,760
Net other receivables – Subtotal	75,563	270,806	384,636	388,778
Total trade and other receivables	320,211	547,925	597,292	647,916
Movements in above allowance:				
Balance at beginning of the year	60,968	60,968	60,968	60,968
Charge for trade and other receivables to profit or loss included in other losses	150,338	–	–	–
Balance at end of the year	211,306	60,968	60,968	60,968

15. Other assets, current

	Group 2016 $	Group 2015 $	Company 2016 $	Company 2015 $
Advance payments on purchases	305,947	89,855	203,759	9,630

16. Cash and cash equivalents

	Group 2016 $	Group 2015 $	Company 2016 $	Company 2015 $
Not restricted in use	199,622	505,869	195,096	494,965

The interest earning balances are not significant.

Cash and cash equivalents in the statement of cash flows:

	Group 2016 $	Group 2015 $
As shown above	199,622	505,869
Cash and cash equivalents for the statement of cash flows purposes at end of the year	199,622	505,869

16. Cash and cash equivalents (cont'd)

16B. Non-cash transactions:

In 2015, a total of 29,649 preference shares of no par value were off-set against the amounts due to related party.

During the year, a total of 241,283 preference shares were issued at market price in part settlement for the acquisition of a subsidiary (Note 21). Also see Note 17.

17. Share capital

Group and Company	Number of shares issued	Share capital $	Preference shares $	Total $
Balance at end of the year 1 January 2015	423,552	1,117	750,000	751,117
Issue of shares at $0.01 each	66,365	664	–	664
Issue of shares at $4.72 each #a	127,066	–	600,000	600,000
Issue of shares at $2.43 each #a	411,322	–	1,000,000	1,000,000
Balance at end of the year 31 December 2015	1,028,305	1,781	2,350,000	2,351,781
Issue of shares at $3.11 each #a	241,283	–	750,000	750,000
Issue of shares at $0.01 each	41,216	412	–	412
Issue of shares at $5.34 each #a	243,446	–	1,300,000	1,300,000
Issue of shares at $0.01 each	27,500	275	–	275
Balance at end of the year 31 December 2016	1,581,750	2,468	4,400,000	4,402,468

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The company is not subject to any externally imposed capital requirements.

During the year, 68,716 (2015: 66,365) ordinary shares of no par value were issued for cash at $0.01 each and 243,446 (2015: 508,739) preference shares were issued for cash at weighted average price of $5.34 (2015: $2.87) each.

During the year, 241,283 preference shares were issued in part settlement for the investment in GD Wasser Pte. Ltd. at weighted average price of $3.11.

#a. Preference shares referred to as Series A and B Shares are with the following terms:

(i) Dividend provision: The holders of Series A and B Preference Shares shall be entitled to participate in the profits of the company available for distribution and from time to time determined by the Board of Directors (and approved by Shareholders at a general meeting) to be distributed by way of dividend pari passu with the holders of the Ordinary Shares save that unpaid dividends shall be cumulative until the date of the actual payment.

(ii) Liquidation preference: In the event of liquidation or the occurrence of a Liquidation Event of the company, the holders of the Series B Preference Shares shall be entitled to be repaid the following in priority over the Series A Preference Shares and Ordinary Shares and any other shares in the company with respect to any net proceeds from liquidation of the company after payments to all the creditors of the company, whether secured or unsecured:

17. Share capital (cont'd)

#a. Preference shares referred to as Series A and B Shares are with the following terms: (cont'd)

(ii) Liquidation preference (cont'd):
(a) 1.0 times their invested capital (based on the Series B Subscription Price of the Series B Preference Shares multiplied by 1.0 times per Series B Preference Shares) (including accumulated dividends); together with

(b) an internal rate of return of 6% per annum compounded from the date of subscription of their respective investments in the Series B Preference Shares (including accumulated dividends); together with

(c) any arrears of any declared but unpaid dividend on a cumulative basis calculated to the date of such repayment.

Thereafter, after the payment of the proceeds to the holders of Series B Preference Shares, the holders of the Series A Preference Shares shall be entitled to be repaid the following priority over holders of Ordinary Shares and any other shares in the company with respect to any net proceeds from liquidation of the company after payments to all the creditors of the company, whether secured or unsecured:-

(a) 1.0 times their invested capital (based on the Series A Subscription Price of the Series A Preference Shares multiplied by 1.0 times per Series A Preference Shares) (including accumulated dividends); together with

(b) an internal rate of return of 6% per annum compounded from the date of subscription of their respective investments in the Series A Preference Shares (including accumulated dividends); together with

(c) any arrears of any declared but unpaid dividend on a cumulative basis calculated to the date of such repayment.

(iii) Automatic conversion: Subject to the voting rights terms in (vi) below, all Series A and B Preference Shares shall on Automatic Conversion Date be automatically converted into Ordinary Shares in accordance with the conversion ratio of 1:1 initially (subject to adjustments as set out in terms (v) below). The ordinary shares to be issued upon such conversion shall be deemed as fully paid up, and rank pari-passu in all respects with the other ordinary shares in the company. New share certificates in respect of the ordinary shares so converted shall be issued by the company free of charge. However, in the event that the IPO does not take place for any reason whatsoever, the company undertakes that it shall re-issue all the Series A and B Preference Shares prior to the Automatic Conversion such that they are put in the same position as they were immediately prior to the Automatic Conversion.

(iv) Optional conversion: Subject to terms (vi) below, any holder of Series A and B Preference Shares may at any time by notice in writing left at the company's registered office together with the certificate or certificates for the shares therein referred to, elect to convert the Series A and B Preference Shares into ordinary shares in accordance with the conversion ratio set out in terms (iii) above. The ordinary shares to be issued upon such conversion shall be deemed as fully paid up, and shall rank pari passu in all respects with the other ordinary shares in the company. New share certificates in respect of the ordinary shares so converted shall be issued by the company free of charge.

17. Share capital (cont'd)

#a. Preference shares referred to as Series A and B Shares are with the following terms: (cont'd)

(v) Adjustment to conversion ratio: Appropriate adjustments will be made to the conversion ratio in the event of bonus issues, share dividends, share splits, reclassifications, capital reductions, share subdivisions share combinations and recapitalisations after the date of first issue of any Series A and B Preference Shares on a weighted average basis.

(vi) Voting rights: Every holder of Series A and B Preference Shares shall have the same voting rights as a holder of ordinary shares and each Series A and B Preference Share shall have the same vote as each ordinary share subject to the anti-dilution adjustments in term (v) above and shall be entitled to receive notices of general meetings of the company and shall be entitled to attend and vote at any general meeting of the company. The holders of the Series A and B Preference Shares shall vote together with the holders of ordinary shares on an as-converted bases (subject to the anti-dilution adjustments in terms (v) above) and not as a separate class except as provided under terms (vii) below or as required by law.

(vii) Protective provisions: The consent of the investor(s) at a meeting attended by two-thirds of the holders of Series A and B Preference Shares shall be required for any proposals for any action that:

(a) varies, alters or changes any rights, preferences and privileges attached to Series A and B Preference shares;

(b) increases the number of shares including without limitation, Series A and B Preference Shares; or

(c) creates any new shares or new class of shares having preferred rights and privileges over the rights, preferences and privileges of Series A and B Preference Shares.

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

There are insignificant external borrowings. The debt-to-adjusted capital ratio does not provide a meaningful indicator of the risk of borrowings.

18. Other reserves

	Group	
	2016	2015
	$	$
Foreign currency translation reserve (Note 18A)	22,675	11,130

18A. Foreign currency translation reserve

	Group	
	2016	2015
	$	$
At beginning of the year	11,130	9,198
Exchange differences on translating foreign operations	11,545	1,932
At end of the year	22,675	11,130

All reserves classified on the face of the statement of financial position as retained earnings represents past accumulated earnings and are distributable as cash dividends. The other reserves are not available for cash dividends unless realised.

The currency translation reserve accumulates all foreign exchange differences.

19. Trade and other payables

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Trade payables:				
Related parties (Note 3)	–	6,767	–	–
Subsidiaries (Note 3)	–	–	–	8,502
Outside parties and accrued liabilities	277,378	268,474	49,952	36,076
Trade payables – Subtotal	277,378	275,241	49,952	44,578
Other payables:				
Related parties (Note 3)	13,126	123	13,126	–
Directors (Note 3)	–	1,925	–	–
Other payables	207,470	105,385	35,828	34,961
Other payables – Subtotal	220,596	107,433	48,954	34,961
Total trade and other payables	497,974	382,674	98,906	79,539

20. Other non-financial liabilities, current

	Group and company	
	2016	2015
	$	$
Advance receipts on sales	–	5,062

21. Acquisition of subsidiaries

On 1 January 2016 the group acquired 100% of the share capital GD Wasser Pte Ltd (incorporated in Singapore). The transaction was accounted by the acquisition method of accounting.

The net assets acquired and the related fair values are as follows:

	Group	
	Acquiree's carrying amount	
	Before combination	At fair values
	$	$
Plant and equipment	702,054	702,054
Receivables	279,514	279,514
Other assets	78,465	78,465
Cash and cash equivalents	3,141	3,141
Trade payables	(337,833)	(337,833)
	725,341	725,341
241,283 preference shares issued at market price		750,000
Cash paid		220,000
Less cash taken over		(3,141)
Net cash outflow on acquisition		216,859

Goodwill arising on acquisition:

The goodwill arising on acquisition is as follows

	2016
	$
Consideration transferred (see above table)	970,000
Non-controlling interests at fair value	21,020
Fair value of identifiable net assets acquired	(725,341)
Goodwill arising on acquisition	265,679

22. Operating lease payment commitment – as lessee

At the end of the reporting year the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	Group	
	2016	2015
	$	$
Not later than one year	65,590	56,153
Later than one year and not later than five years	12,102	25,068
Rental expense for the year	84,207	33,932

22. Operating lease payment commitment – as lessee (cont'd)

	Company 2016 $	Company 2015 $
Not later than one year	59,494	38,102
Later than one year and not later than five years	12,102	19,051
Rental expense for the year	65,667	16,098

Operating lease payments are for rentals payable for office premises. The leases from the owners are mainly for 3 years from 2 May 2014 (Vietnam office); 2 years from 15 July 2015 (Singapore office) and 2 years from 1 April 2016 (Singapore office). The lease rental terms are negotiated for an average term of three and two years respectively.

23. Financial instruments: information on financial risks

23A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group 2016 $	Group 2015 $	Company 2016 $	Company 2015 $
Financial assets:				
Cash and cash equivalents	199,622	505,869	195,096	494,965
Loans and receivables	320,211	547,925	597,292	647,916
At end of the year	519,833	1,053,794	792,388	1,142,881
Financial liabilities:				
Trade and other payables measured at amortised cost	497,974	382,674	98,906	79,539
At end of the year	497,974	382,674	98,906	79,539

Further quantitative disclosures are included throughout these financial statements.

23B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. However these are not documented in formal written documents. The following guidelines are followed: All financial risk management activities are carried out and monitored by senior management staff. All financial risk management activities are carried out following acceptable market practices.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

23. Financial instruments: information on financial risks (cont'd)

23C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

23D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk with customers is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is significant concentration of credit risk on receivables, as the exposure is spread over a small number of counter-parties and debtors.

Note 16 discloses the maturity of the cash and cash equivalents balances.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 60 days (2015: 60 days). But some customers take a longer period to settle the amounts.

(a) Ageing analysis of the age of trade receivable amounts that are past due as at the end of reporting year but not impaired:

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Trade receivables:				
1 to 60 days	20,373	233,091	7,597	65,656
Over 120 days	146,039	5,645	201,005	155,884
Total	166,412	238,736	208,602	221,540

23. Financial instruments: information on financial risks (cont'd)

23D. Credit risk on financial assets (cont'd)

(b) As at the end of reporting year there were no amounts that were impaired.

Other receivables are normally with no fixed terms and therefore there is no maturity.

Concentration of trade receivable customers as at the end of reporting year:

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Top 1 customer	77,735	75,594	159,215	159,215
Top 2 customers	126,904	132,274	195,360	215,895
Top 3 customers	155,545	180,780	201,005	234,620

23E. Liquidity risk – financial liabilities maturity analysis

There are no financial liabilities contracted to fall due after twelve months at the end of the reporting year. The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 30 days (2015: 30 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

23F. Interest rate risk

The interest rate risk exposure is from changes in fixed interest rates and floating interest rates and it mainly concerns financial liabilities. The interest from financial assets including cash balances is not significant.

23G. Foreign currency risks

Analysis of amounts denominated in non-functional currency:

Group	US dollar	Vietnamese dong	Total
	$	$	$
2016:			
Financial assets:			
Loans and receivables	36,145	–	36,145
Total financial assets	36,145	–	36,145
Financial liabilities:			
Trade and other payables	–	12,888	12,888
Total financial liabilities	–	12,888	12,888
Net financial liabilities at end of the year	36,145	(12,888)	23,257

23. Financial instruments: information on financial risks (cont'd)

23G. Foreign currency risks (cont'd)

Group	US dollar	Vietnamese dong	Total
	$	$	$
2015:			
Financial assets:			
Loans and receivables	56,680	–	56,680
Total financial assets	56,680	–	56,680
Financial liabilities:			
Trade and other payables	–	12,460	12,460
Total financial liabilities	–	12,460	12,460
Net financial liabilities at end of the year	56,680	(12,460)	69,140

Company	US dollar	Vietnamese dong	Total
	$	$	$
2016:			
Financial assets:			
Loans and receivables	209,641	–	209,641
Total financial assets	209,641	–	209,641
Financial liabilities:			
Trade and other payables	–	12,888	12,888
Total financial liabilities	–	12,888	12,888
Net financial assets/(liabilities) at end of the year	209,641	(12,888)	196,753

Company	US dollar	Vietnamese dong	Total
	$	$	$
2015:			
Financial assets:			
Loans and receivables	226,720	–	226,720
Total financial assets	226,720	–	226,720
Financial liabilities:			
Trade and other payables	8,502	12,460	20,962
Total financial liabilities	8,502	12,460	20,962
Net financial assets/(liabilities) at end of the year	218,218	(12,460)	205,758

There is exposure to foreign currency risk as part of its normal business.

Sensitivity analysis: The effect on the financial statements is not significant.

24. Events after the end of the reporting year

Subsequent to the reporting year, the company has entered into an implementation agreement whereby De.mem Limited ("DMA") will acquire all the issued share capital of the company held by the shareholders of the company. Pursuant this agreement, the transfer of 489,791 ordinary shares of the company, 845,513 Series A Preference Shares and 243,446 Series B Preference Shares from the shareholders will be fully satisfied by the issuance by DMA of the respective DMA shares to the respective shareholders in return at an aggregate consideration of S$ 8,962,070.

25. Changes and adoption of financial reporting standards

For the current reporting year new or revised Financial Reporting Standards in Singapore and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any material modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 1	Amendments to FRS 1: Disclosure Initiative
FRS 7	Amendments to FRS 7: Disclosure Initiative (early application)
FRS 16 & 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
FRS 27	Amendments to FRS 27: Equity Method in Separate Financial Statements
FRS 110, 112 & 28	Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception
Various	Improvements to FRSs (Issued in November 2014) FRS 107 Financial Instruments: Disclosures - Servicing contracts FRS 19 Employee Benefits - Discount rate: regional market issue

26. New or amended standards in issue but not yet effective

For the future reporting years new or revised Financial Reporting Standards in Singapore and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year. except as disclosed below for the material adjustments from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised FRSs will have on the entity's financial statements in the period of initial application.

FRS No.	Title	Effective date for periods beginning on or after
FRS 12	Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 Jan 2018
FRS 109	Financial Instruments	1 Jan 2018
FRS 115	Revenue from Contracts with Customers	1 Jan 2018
FRS 115	Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 Jan 2018
FRS 116	Leases	1 Jan 2019

DE.MEM PRIVATE LIMITED

The Accompanying Supplementary Statement of Profit or Loss and Other Comprehensive Income Has Been Prepared for Management Purposes Only and Does Not Form Part of the Audited Financial Statements

Supplementary Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2016

	2016 $	2015 $
Revenue	135,307	434,798
Cost of sales	(75,283)	(342,175)
Gross profit	60,024	92,623
Other gains	50,521	25,226
Administrative expenses	(1,176,835)	(575,481)
Other losses	(265,679)	–
Loss before tax from continuing operations	(1,331,969)	(457,632)
Income tax expense	–	–
Loss from continuing operations, net of tax and total comprehensive loss	(1,331,969)	(457,632)

DE.MEM PRIVATE LIMITED

Supplementary Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2016

Revenue	2016 $	2015 $
Rendering of services	77,936	61,386
Sale of goods	57,371	373,412
	135,307	434,798

Administrative expenses	2016 $	2015 $
Accounting fee	21,885	13,182
Assets of small value	7,230	6,340
Bank charges	3,423	355
CPF	88,519	14,980
Computer expenses	3,580	2,390
Medical fees	764	–
Directors' remuneration	119,376	116,000
Entertainment	1,590	844
General expenses	78,121	15,120
Legal / professional fees	294,198	116,017
Office expenses	13,476	–
Overseas travelling expenses	36,126	30,389
Printing and stationeries	–	1,311
Depreciation	9,547	–
Brand development expenses	16,826	78,144
Office rental	65,667	16,098
Marketing	44,330	1,330
Office renovation	–	4,021
Staff salary	352,600	152,961
Telecommunication	5,689	1,764
Transport	13,888	4,235
	1,176,835	575,481

Other gains and (other losses)	2016 $	2015 $
Government grant	48,137	17,940
Foreign exchange adjustments gains	2,384	6,895
Impairment allowance on investment in subsidiary - (loss)	(265,679)	–
Others	–	391
Net	215,158	25,226
Presented in profit or loss as:		
Other gains	50,521	25,226
Other losses	(265,679)	–
Net	215,158	25,226