

# **MINUTE BOOK**

"Please keep this minute  
book copy as a statutory  
record of your Company"

**SOCIAL CREATIVES LTD.**  
**(Incorporated in the Republic of Singapore)**  
**Registration No. 200813216C**

**ANNUAL REPORT FOR THE FINANCIAL PERIOD FROM**  
**7 JULY 2008 (DATE OF INCORPORATION) TO 30 JUNE 2009**

**C. N. TIEW & Co.**  
Certified Public Accountants

**SOCIAL CREATIVES LTD.**  
**(Incorporated in the Republic of Singapore)**  
**Registration No. 200813216C**

**INDEX**

	PAGE NO.
Report of the Directors	1
Statement by Directors	2
Independent Auditor's Report	3 - 4
Balance Sheet	5
Income Statement	6
Statement of Changes in Equity	7
Cash Flow Statement	8
Notes to the Financial Statements	9 - 19

**SOCIAL CREATIVES LTD.**  
**(Incorporated in the Republic of Singapore)**

**REPORT OF THE DIRECTORS**

The directors present the annual report to the members of the Company together with the audited financial statements for the financial period from 7 July 2008 (date of incorporation) to 30 June 2009.

1. **DIRECTORS**

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

Tan Cheong Kheng Alvin  
Erzan Bin Adam  
Khairilanwar Baharudin  
Faris B Abdulkadir Basharahil

2. **DIRECTORS' CONTRACTUAL BENEFITS**

Since the date of incorporation, no director has received or become entitled to receive a benefit which is required to be disclosed by Section 201(8) of the Singapore Companies Act, Chapter 50, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

3. **OTHER MATTERS**

As the Company is limited by guarantee, the Board of Directors does not consider it necessary to report the matters to be disclosed under Section 201 (11) and 201 (12) of the Singapore Companies Act, Chapter 50, matters relating to the issue of shares, debentures or share options are not applicable.

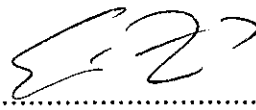
4. **INDEPENDENT AUDITOR**

The independent auditor, C. N. Tiew & Co. has expressed their willingness to accept re-appointment.

On behalf of the Board of Directors



.....  
**TAN CHEONG KHENG ALVIN**  
Director



.....  
**ERZAN BIN ADAM**  
Director

**DATED: 30 NOVEMBER 2009**

**SOCIAL CREATIVES LTD.**  
**(Incorporated in the Republic of Singapore)**

**STATEMENT BY DIRECTORS**

We, **TAN CHEONG KHENG ALVIN** and **ERZAN BIN ADAM**, state that, in the opinion of the directors:

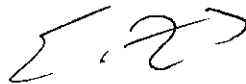
- (a) the financial statements set out on pages 5 to 19 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 30 June 2009 and the results, changes in equity and cash flows of the Company for the financial period from 7 July 2008 (date of incorporation) to 30 June 2009; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

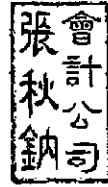


.....  
**TAN CHEONG KHENG ALVIN**  
**DIRECTOR**



.....  
**ERZAN BIN ADAM**  
**DIRECTOR**

**DATED: 30 NOVEMBER 2009**



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
SOCIAL CREATIVES LTD.  
Registration No. 200813216C**

- 1 -

We have audited the financial statements of SOCIAL CREATIVES LTD., which comprise the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the financial period from 7 July 2008 (date of incorporation) to 30 June 2009, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 19.

*Management's Responsibility for the Financial Statements*

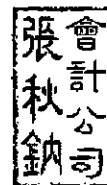
Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and the Singapore Financial Reporting Standards. This responsibility includes: devising and maintaining a system of internal controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition, transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair income statement and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgements, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
SOCIAL CREATIVES LTD.  
Registration No. 200813216C**

- 2 -

*Opinion*

Going concern

The Company has a deficit of S\$51,160 as at 30 June 2009. However, the financial statements were prepared on the going concern basis as the directors are of the opinion that the Company will be able to obtain continuing financial support from its directors and creditors. Without such financial support, there is substantial doubt that the Company will be able to continue as a going concern. Consequently adjustment may be required to the recorded asset amounts, classification of liabilities and accruals of amounts other than the amounts at which they are currently recorded in the balance sheet.

In our opinion, except for the effect on the financial statements of the matter referred to in the preceding paragraph:

- (a) the financial statements are properly drawn up in accordance to Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 30 June 2009 and the results, changes in equity and cash flows of the Company for the financial period from 7 July 2008 (date of incorporation) to 30 June 2009; and
- (b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**C. N. TIEW & CO.**  
Certified Public Accountants, Singapore

**SINGAPORE, 30 NOVEMBER 2009**

**SOCIAL CREATIVES LTD**  
(Incorporated in the Republic of Singapore)

**BALANCE SHEET AS AT 30 JUNE 2009**

	Note	2009 S\$
<b>ASSETS</b>		
<b>Non-current asset</b>		
Equipment	5	<u>1,108</u>
<b>Current assets</b>		
Accounts receivable		11,150
Other receivables		<u>7,230</u>
		<u>18,380</u>
<b>TOTAL ASSETS</b>		<u><u>19,488</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserve</b>		
Deficit		<u>(51,160)</u>
<b>Current liabilities</b>		
Accruals		38,985
Deposits		31,650
Bank overdraft	6	<u>13</u>
		<u>70,648</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>19,488</u></u>

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

**SOCIAL CREATIVES LTD**  
**(Incorporated in the Republic of Singapore)**

**INCOME STATEMENT**  
**FOR THE FINANCIAL PERIOD FROM**  
**7 JULY 2008 (DATE OF INCORPORATION) TO 30 JUNE 2009**

	Note	2009 S\$
INCOME	7	46,580
PRODUCTION EXPENSES		(44,765)
PUBLICITY AND MARKETING		(407)
ADMINISTRATIVE EXPENSES		<u>(52,568)</u>
NET DEFICIT BEFORE TAXATION		(51,160)
TAXATION	10	<u>-</u>
NET DEFICIT FOR THE FINANCIAL PERIOD		<u><u>(51,160)</u></u>

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



**SOCIAL CREATIVES LTD**  
**(Incorporated in the Republic of Singapore)**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD FROM**  
**7 JULY 2008 (DATE OF INCORPORATION) TO 30 JUNE 2009**

	Deficit S\$	Total S\$
Balance at 22 June 2008	-	-
Net deficit for the financial period	<u>(51,160)</u>	<u>(51,160)</u>
Balance at 30 June 2009	<u><u>(51,160)</u></u>	<u><u>(51,160)</u></u>

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

**SOCIAL CREATIVES LTD.**  
**(Incorporated in the Republic of Singapore)**

**CASH FLOW STATEMENT FOR THE FINANCIAL PERIOD**  
**FROM 7 JULY 2008 (DATE OF INCORPORATION) TO 30 JUNE 2009**

2009

S\$

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	27,000
Cash paid to suppliers and employees	(25,536)
Net Cash From Operating Activities	1,464

**CASH FLOWS FROM INVESTING ACTIVITIES**

Payments for acquisition of equipment	(1,477)
Net Cash Used In Investing Activities	(1,477)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from bank borrowings	13
Net Cash From Financing Activities	13
Net decrease in cash and cash equivalents	-
Cash and cash equivalents at beginning of financial period	-
Cash and cash equivalents at end of financial period	-

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

**SOCIAL CREATIVES LTD.**  
**(Incorporated in the Republic of Singapore)**

**NOTES TO THE FINANCIAL STATEMENTS, 30 JUNE 2009**

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

**1. GOING CONCERN BASIS**

The Company has a deficit of S\$51,160 as at 30 June 2009. In the opinion of the directors, the Company will be able to obtain continuing financial support from its directors and creditors. There are reasonable grounds to believe that the Company will be able to meet its obligations as and when they fall due. Accordingly, going concern assumption is appropriate for the preparation of the balance sheet and income statement of the Company.

In the event that the financial support is not forthcoming, and as a result the Company is not able to continue in operational existence for the foreseeable future, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets as current assets. The financial statements do not include any adjustment which may arise from these uncertainties.

**2. GENERAL**

The financial statements were authorised for issue by the Board of Directors on 30 November 2009.

The Company is registered and domiciled in the Republic of Singapore. The registered office, which is also the principal place of business, is located at 1 Telok Blangah Crescent, Singapore 098915.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Basis of preparation**

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below.

**SOCIAL CREATIVES LTD.**  
**(Incorporated in the Republic of Singapore)**

**NOTES TO THE FINANCIAL STATEMENTS, 30 JUNE 2009**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.1 Basis of preparation (continued)**

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision only affects that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The adoption of new or revised FRS or Interpretation of FRS (INT FRS) that are applicable in the current financial period and relevant to the Company does not have material impact on the accounting policies and figures presented in the financial statements for the financial period from 7 July 2008 (date of incorporation) to 30 June 2009 :

- FRS 1 Presentation of Financial Statements
- FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- FRS 10 Events After the Balance Sheet Date
- FRS 24 Related Party Disclosures
- FRS 32 Financial Instruments: Presentation
- FRS 36 Impairment of Assets
- FRS 39 Financial Instruments: Recognition and Measurement
- FRS 101 First-time Adoption of Financial Reporting Standards
- FRS 107 Financial Instruments: Disclosures

The Company has not applied any new or revised FRS or INT FRS that have been issued as of the balance sheet date but are not yet effective. The initial application of these standards and interpretations are not expected to have any material impact on the Company's financial statements. The Company has not considered the impact of any new or revised FRS or INT FRS issued after the balance sheet date.

**SOCIAL CREATIVES LTD.**  
**(Incorporated in the Republic of Singapore)**

**NOTES TO THE FINANCIAL STATEMENTS, 30 JUNE 2009**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.2 Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (functional currency). The financial statements are presented in Singapore Dollars (S\$), which is the Company's functional currency.

**3.3 Equipment**

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on a straight-line basis so as to write-off the cost of the assets over their estimated useful lives, as follows:

	Number of years
Furniture and fittings	2
Office equipment	5

The residual values and useful lives of equipment are reviewed, and adjusted as appropriate, at each balance sheet date.

Subsequent expenditure relating to equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Company and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

On disposal of an item of equipment, the difference between the net disposal proceeds and its carrying amount is taken to the income statement.

**3.4 Financial assets**

Financial assets within the scope of FRS 39 are classified as loans and receivables. Loans and receivables include "trade and other receivables" and "cash and cash equivalents".

Financial assets are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus directly attributable transactions costs. The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

**SOCIAL CREATIVES LTD.**  
**(Incorporated in the Republic of Singapore)**

**NOTES TO THE FINANCIAL STATEMENTS, 30 JUNE 2009**

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.4 **Financial assets (continued)**

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment losses are recognised in the income statement.

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

3.5 **Receivables**

Trade and other receivables are measured at initial recognition at fair value and subsequently at amortised cost using the effective interest rate method less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

The carrying amounts of current receivables are assumed to approximate their fair values at the reporting date.

3.6 **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank.

3.7 **Financial liabilities**

The Company classifies its financial liabilities in the following categories: (a) financial liabilities at fair value through profit or loss; and (b) financial liabilities at amortised cost.

Financial liabilities are classified as financial liabilities at fair value through profit or loss if they are incurred for the purpose of short-term repurchasing (held for trading) or designated by management on initial recognition (designated under the fair value option).

**SOCIAL CREATIVES LTD.**  
**(Incorporated in the Republic of Singapore)**

**NOTES TO THE FINANCIAL STATEMENTS, 30 JUNE 2009**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.7 Financial liabilities (continued)**

Financial liabilities are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transactions costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest rate method, except for derivatives, which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the income statement when the liabilities are derecognised in the income statement. Net gains or losses on derivatives include exchange differences.

**3.8 Payables**

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

The carrying amounts of current payables are assumed to approximate their fair values at the reporting date.

**3.9 Income recognition**

Revenue from rendering services is recognised when services are rendered.

Donations and sponsorship are recognised on receipts basis.

**3.10 Government grants**

Government grants are recognised when there is reasonable assurance that the Company will comply with conditions related to them and that the grants will be received.

Grants related to income are recognised in the income statement over the periods necessary to match them with the related costs that they are intended to compensate. The timing of such recognition in the income statement will depend on the fulfilment of any conditions or obligations attached to the grant. Grants related to assets are either offset against the carrying amount of the relevant asset is presented as deferred income (liability) in the balance sheet. The income statement will be affected by a reduced depreciation charge or by recognising deferred income in the income statement systematically over the useful life of the related asset.

**SOCIAL CREATIVES LTD.**  
**(Incorporated in the Republic of Singapore)**

**NOTES TO THE FINANCIAL STATEMENTS, 30 JUNE 2009**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.11 Impairment of non-financial assets**

Equipment is reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. higher of the cash-generating unit's fair value less cost to sell and value in use) of the asset is estimated to determine the amount of the impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs to. If the recoverable amount of the asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The impairment loss is recognised in the income statement unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation reserve.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

**3.12 Taxation**

The Company is registered as a charity under the Charities Act and its income is exempt for income tax under the provision of the Income Tax Act, Chapter 134.

**4. OBJECTIVES**

The objectives of the Company are:

- 4.1 To promote artistic expression and carry out research in the field of visual and performing arts in Singapore.
- 4.2 To support youth development and the organising of activities, events or projects to assist in youth development in Singapore.



**SOCIAL CREATIVES LTD.**  
(Incorporated in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS, 30 JUNE 2009**

4. OBJECTIVES (CONTINUED)

- 4.3 To conduct and support lectures, activities, events, workshops, symposia and conferences for the purpose of promoting art, environment or youth issues in Singapore.
- 4.4 To promote local music scene.
- 4.5 To promote an improved public understanding of social, youth and environmental issues.
- 4.6 To promote a sense of ownership and a sense of connection among the public to the environment, country, society, and community in Singapore.
- 4.7 To promote and support the organising of projects by informal youth groups in Singapore.
- 4.8 To promote integration of community projects between different themes and nature which will hence, promote innovation and creativity in community and social service in Singapore.
- 4.9 To publish or distribute information relevant to its objectives.

5. EQUIPMENT

	S\$	S\$	S\$
Cost			
At 7 July 2008	-	-	-
Additions	245	1,232	1,477
At 30 June 2009	<u>245</u>	<u>1,232</u>	<u>1,477</u>
Accumulated depreciation			
At 7 July 2008	-	-	-
Charges for the year	123	246	369
At 30 June 2009	<u>123</u>	<u>246</u>	<u>369</u>
Carrying amount			
At 30 June 2009	<u><u>123</u></u>	<u><u>986</u></u>	<u><u>1,108</u></u>

**SOCIAL CREATIVES LTD.**  
**(Incorporated in the Republic of Singapore)**

**NOTES TO THE FINANCIAL STATEMENTS, 30 JUNE 2009**

**6. BANK OVERDRAFT**

At the balance sheet date, the Company does not have any bank overdraft facility. The bank overdraft is a book overdraft and is due to unrepresented cheques issued by the Company.

**7. INCOME**

All revenue were generated from continuing activities and comprise:

	2009 S\$
Donations (non-tax deductible)	500
Donations-in-kind	11,200
Fee income - Music	3,800
Fee income - Visual arts	20,080
Grant income	11,000
	<u>46,580</u>

**8. STAFF COSTS**

	2009 S\$
Salaries and wages	10,000
CPF contributions	1,452
	<u>11,452</u>

**SOCIAL CREATIVES LTD.**  
**(Incorporated in the Republic of Singapore)**

**NOTES TO THE FINANCIAL STATEMENTS, 30 JUNE 2009**

9. EXPENSES BY NATURE

	2009 S\$
Accounting and professional fees	6,159
Honorarium to Interim Executive Director	21,000
Production expenses	44,765
Publicity and marketing	407
Staff costs	11,452
Staff welfare and training	3,741
Telephone and internet expenses	1,877
Travelling and transportation	4,301
Office expenses	4,038
	97,740

10. TAXATION

No provision for taxation has been provided for the current financial period as there is no chargeable income.

The income tax expense on the results for the financial period varies from the amount of income tax determined by applying the Singapore standard rate of income tax of 17% to results before taxation due to the following factors:

	2009 S\$
Tax calculated at statutory tax rate	(8,697)
Expenses not deductible for tax purposes	63
Deferred tax benefits not recognised	8,634
Current provision	-

**SOCIAL CREATIVES LTD.**  
**(Incorporated in the Republic of Singapore)**

**NOTES TO THE FINANCIAL STATEMENTS, 30 JUNE 2009**

11. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the financial period, honorarium totalling S\$21,000 was paid to a Director who served as an interim executive director.

12. FINANCIAL INSTRUMENTS

Categories of financial instruments

The financial instruments as at the balance sheet date are:

	2009 S\$
Financial assets, loans and receivables	
Accounts and other receivables	18,380
Financial liabilities, at amortised cost	
Accruals	38,985
Deposits	31,650
Bank overdraft	13
	<u>70,648</u>

Financial risk management

The main risks arising from the Company's financial instruments are liquidity risk and credit risk. The policies for managing each of these risks are summarised as follows:

12.1 Liquidity risk

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

The Company monitors its cash flow actively. The management expects the cash flows generated from normal course of operations, together with financial support from its directors and creditors, to be adequate to ensure liquidity.

**SOCIAL CREATIVES LTD.**  
**(Incorporated in the Republic of Singapore)**

**NOTES TO THE FINANCIAL STATEMENTS, 30 JUNE 2009**

12. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

12.2 Credit risk

Credit risk is the potential loss arising from any failure by the customers or debtors to fulfill their obligations as and when these obligations fall due.

As the Company does not hold any collateral, the carrying amounts of the financial assets represent the Company's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

Concentration of credit risk with respect to an individual trade receivable is limited due to credit limits that are approved by the management on ongoing credit evaluation.

Credit risk on bank deposits is limited as these balances are placed with an institution which is regulated. Receivables that are neither past due nor impaired are creditworthy debtors with good collection track record with the Company. There is no other class of financial assets that is past due and/or impaired.

The management is of the opinion that there is no significant collection losses associated with its debtor balances as the management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

13. COMPARATIVE FIGURES

This being the first set of financial statements, no comparative figures are available.