

ASIA WEALTH GROUP HOLDINGS LIMITED

Consolidated Financial Statements
For the year ended 29 February 2012

ASIA WEALTH GROUP HOLDINGS LIMITED

Consolidated Financial Statements For the year ended 29 February 2012

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ASIA WEALTH GROUP HOLDINGS LIMITED

Company Directory

At 29 February 2012

BOARD OF DIRECTORS

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Andrew Mankiewicz
Richard Cayne

REGISTERED AGENT AND OFFICE

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CORPORATE ADVISOR

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LEGAL COUNSEL

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BANKER

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REGISTRAR

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DEPOSITARY

Computershare Investor Services PLC
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PLUS Stock Exchange listing details

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**BAKER TILLY
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Chartered Accountants

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
ASIA WEALTH GROUP HOLDINGS LIMITED**

We have audited the accompanying consolidated financial statements of Asia Wealth Group Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 29 February 2012, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 4 to 26.

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report, or for the opinion we have formed.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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 basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Group as at 29 February 2012, and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Baker Tilly (BVI) Limited

Chartered Accountants

30 July 2012

Tortola, British Virgin Islands

ASIA WEALTH GROUP HOLDINGS LIMITED

Consolidated Statement of Financial Position

At 29 February 2012

All amounts stated in U.S. Dollars

	Note	2012	2011 (restated)	2010 (restated)
Non-current assets				
Fixed assets	3	<u>60,033</u>	<u>4,726</u>	<u>—</u>
		<u>60,033</u>	<u>4,726</u>	<u>—</u>
Current assets				
Cash and cash equivalents		1,925,039	408,677	2,035,948
Trade receivables		542,226	394,482	1,052,545
Prepayments and other assets	7	<u>63,563</u>	<u>102,090</u>	<u>—</u>
		<u>2,530,828</u>	<u>905,249</u>	<u>3,088,493</u>
Total assets		<u>\$ 2,590,861</u>	<u>\$ 909,975</u>	<u>\$ 3,088,493</u>
Equity				
Share capital	4	595,338	1	—
Share-based payment reserve	5	23,122	—	—
Consolidation reserve		405,993	472,159	2,005,386
Translation reserve		(1,357)	199	—
Retained earnings		<u>183,703</u>	<u>—</u>	<u>—</u>
Total equity		<u>1,206,799</u>	<u>472,359</u>	<u>2,005,386</u>
Non-current liabilities				
Liabilities under finance lease agreement	6	<u>20,824</u>	<u>—</u>	<u>—</u>
Current liabilities				
Trade payables		1,310,142	400,161	1,035,637
Liabilities under finance lease agreement	6	6,255	—	—
Other payables and accrued expenses		<u>46,841</u>	<u>37,455</u>	<u>47,470</u>
		<u>1,363,238</u>	<u>437,616</u>	<u>1,083,107</u>
Total liabilities		<u>1,384,062</u>	<u>437,616</u>	<u>1,083,107</u>
Total equity and liabilities		<u>\$ 2,590,861</u>	<u>\$ 909,975</u>	<u>\$ 3,088,493</u>

ASIA WEALTH GROUP HOLDINGS LIMITED

**Consolidated Statement of Comprehensive Income
For the year ended 29 February 2012**

All amounts stated in U.S. Dollars

	Note	2012	2011 (restated)
Revenue		<u>3,694,394</u>	<u>2,771,928</u>
Expenses			
Commission		2,049,737	1,432,759
Professional fees	5	272,295	262,123
Wages and salaries		234,670	38,500
Directors' fees	7	158,400	—
Travel and entertainment		111,857	4,021
Office expenses		36,938	1,074
Rent		35,064	9,070
Marketing expenses		23,957	9,241
Communication		18,798	2,228
Depreciation	3	14,406	671
Bank charges		7,425	5,437
Sundry expenses		<u>20,748</u>	<u>72,197</u>
		<u>2,984,295</u>	<u>1,837,321</u>
Net profit from operations		<u>710,099</u>	<u>934,607</u>
Other income/(expense)			
Initial public offering expenses		(524,918)	—
Foreign exchange gain		3,556	19,864
Other income		<u>5,418</u>	<u>1,643</u>
		<u>(515,944)</u>	<u>21,507</u>
Net profit before finance cost		<u>194,155</u>	<u>956,114</u>
Finance cost			
Interest expense		<u>1,064</u>	<u>—</u>
Net profit before taxation		193,091	956,114
Taxation	8	<u>9,388</u>	<u>—</u>
Total comprehensive income	2(d)	<u>\$ 183,703</u>	<u>\$ 956,114</u>
Earnings per share attributable to the equity holders of the Company:			
Basic earnings per share	9	\$ 0.01907	\$ 0.09926
Diluted earnings per share	9	\$ 0.01898	\$ 0.09881

ASIA WEALTH GROUP HOLDINGS LIMITED

Consolidated Statement of Changes in Equity
For the year ended 29 February 2012

All amounts stated in U.S. Dollars

		2012						2011(restated)						
	Note	Share Capital		Share-based Payment Reserve	Consolidation Reserve	Translation Reserve	Retained Earnings	Equity						
		Number	US\$											
Balances at beginning of year		1	1	—	472,358	—	—	472,359						
Shares split		499,999	—	—	—	—	—	—						
Issuance of share capital	4	10,595,333	595,333	—	—	—	—	595,333						
Issuance of share options	2(n), 5	—	—	14,101	—	—	—	14,101						
Issuance of share warrants	2(n), 5	—	—	9,021	—	—	—	9,021						
Reserve arising on consolidation	2(d)	—	—	—	(65,609)	—	—	(65,609)						
Translation differences	2(f)	—	—	—	(752)	(1,357)	—	(2,109)						
Total comprehensive income		—	—	—	—	—	183,703	183,703						
Balances at end of year		11,095,333	\$ 595,334	\$ 23,122	\$ 405,997	\$ (1,357)	\$ 183,703	\$ 1,206,799						
2011(restated)														
Balances at beginning of year		—	—	—	2,005,386	—	—	2,005,386						
Issuance of share capital	4	1	1	—	—	—	—	1						
Reserve arising on consolidation	2(d)	—	—	—	(1,533,227)	—	—	(1,533,227)						
Translation differences	2(f)	—	—	—	199	—	—	199						
Balances at end of year		1	\$ 1	\$ —	\$ 472,358	\$ —	\$ —	\$ 472,359						

ASIA WEALTH GROUP HOLDINGS LIMITED

Consolidated Statement of Cash Flows For the year ended 29 February 2012

All amounts stated in U.S. Dollars

	Note	2012	2011 (restated)
Operating activities			
Commissions received		3,529,170	3,447,730
Other income received		5,418	1,643
Advances from related party		17,754	(17,754)
Commissions paid		(1,133,518)	(2,126,528)
Directors' fees paid		(158,400)	—
Initial public offering expenses paid		(491,585)	—
Other expenses paid		<u>(680,602)</u>	<u>(417,687)</u>
<i>Cash flows from operating activities</i>		<u>1,088,237</u>	<u>887,404</u>
Investing activities			
Acquisition of subsidiary	2(d)	(65,609)	—
Acquisition of fixed assets	3	<u>(69,713)</u>	<u>(5,397)</u>
<i>Cash flows from investing activities</i>		<u>(135,322)</u>	<u>(5,397)</u>
Financing activities			
Additional investment by shareholders		—	316,373
Distributions to shareholders		—	(1,957,514)
Dividends paid		—	(888,200)
Issuance of shares		<u>562,000</u>	<u>—</u>
<i>Cash flows from financing activities</i>		<u>562,000</u>	<u>(2,529,341)</u>
Net increase/(decrease) in cash and cash equivalents		1,514,915	(1,647,334)
Effects of exchange rate fluctuations on cash and cash equivalents		1,447	20,063
Cash and cash equivalents at beginning of year		<u>408,677</u>	<u>2,035,948</u>
Cash and cash equivalents at end of year		<u>\$ 1,925,039</u>	<u>\$ 408,677</u>

Cash and cash equivalents comprise cash at bank.

ASIA WEALTH GROUP HOLDINGS LIMITED

Notes to and forming part of the Consolidated Financial Statements For the year ended 29 February 2012

All amounts stated in U.S. Dollars

1) GENERAL INFORMATION

Asia Wealth Group Holdings Limited (the “Company”) was incorporated in the British Virgin Islands on 7 October 2010 under the BVI Business Companies Act, 2004. The liability of the shareholders is limited by shares. The Company maintains its registered office in the British Virgin Islands and its financial records and statements are maintained and presented in U.S. Dollars, rounded to the nearest dollar. The financial statements were authorised for issue by the Board of Directors on 30 July 2012.

The principal activity of the Company and its subsidiaries (the “Group”) is to provide wealth management advisory services to Asia-based high net worth individuals and corporations.

On 16 May 2011, the Company’s shares were admitted to the PLUS Stock Exchange based in London, United Kingdom.

The Company has the following subsidiaries:

	Incorporation Date	Country of Incorporation	Ownership Interest
Meyer Asset Management Ltd. (“Meyer BVI”)	2000	British Virgin Islands	100%
Meyer International Limited (“Meyer Thailand”)	2010	Thailand	49%
Asia Wealth Group Pte. Ltd. (Asia Wealth Singapore”)	2011	Singapore	100%

On 7 March 2011, the Company incorporated Asia Wealth Singapore and subscribed for 100% of its share capital for \$50,000.

On 18 April 2011, the Company acquired 100% of the share capital of Meyer BVI by issuing 10,000,000 new shares of no par value per share.

During the year, Meyer BVI acquired 49% of the total issued share capital of Meyer Thailand and beneficial ownership of the remaining 51% via a trust agreement for a total cash consideration amounting to \$65,609. The registered owner of the 51% outstanding shares of Meyer Thailand is Mr. Somchai Kruntong as set out in a declaration of trust in favour of Meyer BVI. The Company has significant control over the financial and reporting policies of Meyer Thailand and has accordingly accounted for it as a subsidiary.

2) SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the Group’s consolidated financial statements are set out below.

a) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

ASIA WEALTH GROUP HOLDINGS LIMITED

Notes to and forming part of the Consolidated Financial Statements For the year ended 29 February 2012

All amounts stated in U.S. Dollars

2) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

b) Basis of preparation

The consolidated financial statements have been prepared on the basis of historical costs and do not take into account increases in the market value of assets.

The accounting policies have been applied consistently by the Group and are consistent with those used in the previous year.

There are no new, revised or amended IFRSs or International Financial Reporting Interpretations Committee ("IFRIC") interpretations that are effective for the first time for the financial period beginning on 1 March 2011 that would be expected to have a material impact on the Group's consolidated financial statements.

c) Use of estimates

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and 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 the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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 affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting estimates and judgments

Business combination

Refer to note 2 (d) for the rationale behind the use of merger rather than the acquisition accounting for the consolidation of these financial statements.

Depreciation

Management regularly reviews the estimated useful lives and residual values of the Group's fixed assets and will revise rates of depreciation where useful lives and residual values previously estimated have changed.

Leases

In determining whether a lease is to be classified as an operating lease or a finance lease, management is required to use their judgment as to whether the significant risks and rewards of ownership of the leased asset has been transferred or not.

ASIA WEALTH GROUP HOLDINGS LIMITED

Notes to and forming part of the Consolidated Financial Statements For the year ended 29 February 2012

All amounts stated in U.S. Dollars

2) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

d) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 29 February 2012.

Details of the Group are set out in note 1.

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Combining entities

As detailed in note 1, the Company acquired 100% of the share capital of Meyer BVI and effectively acquired 100% of Meyer Thailand.

Business combination under common control

Prior to the acquisitions, all the entities were under common control. Combinations involving entities or businesses under common control are specifically outside the scope of IFRS 3, "Business Combinations," and there is no guidance elsewhere within IFRSs covering such transactions.

International Accounting Standard 8, "Accounting Policies, Changes in Accounting Estimates and Errors," requires that where IFRSs do not include guidance for a particular transaction, the directors may consider the most recent pronouncements of other standard setting bodies that use a similar conceptual framework to develop accounting standards. Accordingly, the directors note that UK Financial Reporting Standard 6, "Acquisitions and Mergers" ("FRS 6"), sets out accounting guidance for combinations of entities or businesses under common control.

The guidance contained in FRS 6 indicates that merger accounting may be used when accounting for transactions under common control. Under merger accounting, the carrying values of the assets and liabilities of the combined entities are not required to be adjusted to fair value on consolidation. Therefore, goodwill from consolidation of the merged entities is not recognised. Upon consolidation, the carrying values of the assets and liabilities of the combined entities are combined from the beginning of the financial year.

ASIA WEALTH GROUP HOLDINGS LIMITED

**Notes to and forming part of the Consolidated Financial Statements
For the year ended 29 February 2012**

All amounts stated in U.S. Dollars

2) **SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

d) **Basis of consolidation**

Business combination under common control

In accordance with FRS 6, the prior years' consolidated financial statements of the Group were restated by combining all the entities existing during the prior years. Therefore, the Group's consolidated financial statements from prior years were restated and the amounts of restatements are detailed below.

The principal components of current year's profit and loss before and after the combination were as follows:

	Company	Asia Wealth Singapore	Meyer BVI	Meyer Thailand	Consolidated
Revenue	241	227,551	3,704,392	300,064	3,703,368
Total expenses	<u>1,048,705</u>	<u>211,485</u>	<u>2,497,607</u>	<u>290,748</u>	<u>3,519,665</u>
Total comprehensive (loss)/income	<u>\$(1,048,464)</u>	<u>\$ 16,066</u>	<u>\$1,206,785</u>	<u>\$ 9,316</u>	<u>\$ 183,703</u>

The principal components of prior year's profit and loss before and after the combination were as follows:

	Company	Asia Wealth Singapore	Meyer BVI	Meyer Thailand	Consolidated
Revenue	-	-	2,791,388	122,747	2,793,435
Total expenses	<u>-</u>	<u>-</u>	<u>1,849,267</u>	<u>108,754</u>	<u>1,837,321</u>
Total comprehensive income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 942,121</u>	<u>\$ 13,993</u>	<u>\$ 956,114</u>

The Company had no trading activity in the prior year. Asia Wealth Singapore was incorporated on 7 March 2011 and Meyer Thailand was incorporated on 13 July 2010; the amounts included above comprised the periods from their incorporation dates to year end.

The difference between the total amounts of the principal components of all the entities and the consolidated amounts relates to inter-company transactions that were eliminated on consolidation.

ASIA WEALTH GROUP HOLDINGS LIMITED

Notes to and forming part of the Consolidated Financial Statements For the year ended 29 February 2012

All amounts stated in U.S. Dollars

2) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

d) Basis of consolidation

Business combination under common control

The net asset values of the combined entities were as follows:

	2012	2011	2010
Company	\$ <u>430,004</u>	\$ <u>1</u>	\$ <u>-</u>
Asia Wealth Singapore	\$ <u>56,252</u>	\$ <u>1</u>	\$ <u>-</u>
Meyer BVI	\$ <u>1,598,578</u>	\$ <u>391,793</u>	\$ <u>2,005,386</u>
Meyer Thailand	\$ <u>89,949</u>	\$ <u>80,565</u>	\$ <u>-</u>
Consolidated net asset values	\$ <u>1,206,799</u>	\$ <u>472,359</u>	\$ <u>2,005,386</u>

The difference between the total amounts of the net asset values of all the entities and the consolidated amounts relates to inter-company accounts that were eliminated on consolidation.

The consolidation reserve consists of share capital, retained earnings and other reserves of the subsidiaries prior to the business combination. The consolidation reserve allocation for each subsidiary resulting from the business combination was as follows:

	2012	2011
Asia Wealth Singapore	(66,361)	-
Meyer BVI	391,793	391,793
Meyer Thailand	<u>80,565</u>	<u>80,565</u>
Total	\$ <u>405,997</u>	\$ <u>472,358</u>

The movement in the consolidation reserve during the reporting period was as follows:

	2012	2011
Acquisition of subsidiary (see note 1)	(65,609)	-
Additional investment by shareholders	-	316,373
Share-based payment reserve	-	40,000
Distributions to shareholders	-	(1,957,514)
Total comprehensive income	-	956,114
Dividends paid by subsidiaries	-	(888,200)
Total	\$(<u>65,609</u>)	\$(<u>1,533,227</u>)

ASIA WEALTH GROUP HOLDINGS LIMITED

Notes to and forming part of the Consolidated Financial Statements For the year ended 29 February 2012

All amounts stated in U.S. Dollars

2) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

e) Segment Reporting

The Group's operating businesses are organised and managed separately according to geographical area, with each segment representing a strategic business unit that serves a different market. Financial information on business segments is presented in note 10 of the consolidated financial statements.

f) Translation reserve

Assets and liabilities of the Group's non-U.S. Dollar functional currency subsidiaries are translated into U.S. Dollars at the closing exchange rates at the reporting date. Revenues and expenses are translated at the average exchange rates for the year. All cumulative differences from the translation of the equity of foreign subsidiaries resulting from changes in exchange rates are included in a separate caption within equity without affecting income.

g) Financial instruments

(i) Classification

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These comprise trade receivables.

Financial liabilities measured at amortised cost are non-derivative contractual obligations to deliver cash or another financial asset to another entity. These comprise trade payables and other payables.

(ii) Recognition and derecognition

The Group recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of an instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from a financial asset expire or it transfers a financial asset and the transfer qualifies for derecognition in accordance with IAS 39, "Financial Instruments: Recognition and Measurement." A financial liability is derecognised when the obligation specified in a contract is discharged, cancelled or expired.

(iii) Measurement

Financial assets classified as loans and receivables are carried at amortised cost using the effective interest method, less impairment losses, if any.

Financial liabilities are measured at amortised cost using the effective interest method.

ASIA WEALTH GROUP HOLDINGS LIMITED

Notes to and forming part of the Consolidated Financial Statements For the year ended 29 February 2012

All amounts stated in U.S. Dollars

2) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

g) Financial instruments

(iv) *Specific instruments*

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, balances with banks, net of any overdrafts, and other highly liquid financial instruments with maturities of three months or less from the date of acquisition.

Receivables

Receivables are recognised initially at fair value and are subsequently recorded at fair value reduced by any appropriate allowances for estimated irrecoverable amounts. A provision for impairment of receivables is established when there is evidence that the Group will not be able to collect amounts due. The Group primarily uses the specific identification method to determine if a receivable is impaired. The carrying amount of the receivable is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated statement of comprehensive income.

Payables

Payables are stated at their cost. No interest is incurred on payables.

Share capital

Shares are classified as equity. Incremental costs directly attributable to the issue of shares are recognised as a deduction from equity.

h) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position whenever the Group has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis.

i) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount is estimated as the greater of an asset's net selling price and value in use. An impairment loss is recognised in the consolidated statement of comprehensive income whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

If in a subsequent period, the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down or allowance is reversed through the consolidated statement of comprehensive income.

ASIA WEALTH GROUP HOLDINGS LIMITED

Notes to and forming part of the Consolidated Financial Statements For the year ended 29 February 2012

All amounts stated in U.S. Dollars

2) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

i) 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 determined, net of depreciation or amortisation, if no impairment losses had been recognised.

j) Income and expenditure recognition

In relation to the rendering of services, the Group recognises revenues and fees as time is expended and costs are incurred, provided the amount of consideration to be received is reasonably determinable and there is reasonable expectation of ultimate collection of fees.

Interest income and expense are recognised in the consolidated statement of comprehensive income on the accrual basis.

k) Leases

Leases of equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are recorded as long-term liabilities. The finance charge is taken to the consolidated statement of comprehensive income over the lease period. Assets acquired under finance lease agreements are depreciated over their useful lives.

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the term of the lease. When an operating lease is terminated before the lease term has expired, any penalty is recognised as an expense in the period in which the termination took place.

l) Fixed assets

Items of fixed assets are stated at cost less accumulated depreciation. Depreciation is charged to the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of fixed assets.

The annual rates of depreciation in use are as follows:

Leasehold improvements	20%
Office equipment	20-33%
Vehicles	20%

Subsequent expenditure incurred to replace a component of a fixed asset is capitalised only when it increases the future economic benefits embodied in the item of a fixed asset. All other expenditure is recognised in the consolidated statement of comprehensive income when it is incurred.

ASIA WEALTH GROUP HOLDINGS LIMITED

Notes to and forming part of the Consolidated Financial Statements

For the year ended 29 February 2012

All amounts stated in U.S. Dollars

2) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

m) Taxation

Taxation on net profit before taxation for the year comprises both current and deferred tax.

Current tax is the expected income tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date and any adjustment to tax payable in respect of previous years in the countries where the Company and its subsidiaries operate and generate taxable income.

The Group accounts for income taxes in accordance with IAS 12, "Income Taxes," which requires that a deferred tax liability be recognised for all taxable temporary differences and a deferred tax asset be recognised for an enterprise's deductible temporary differences, operating losses, and tax credit carryforwards. A deferred tax asset or liability is measured using the marginal tax rate that is expected to apply to the last dollars of taxable income in future years. The effects of enacted changes in tax laws or rates are recognised in the period that includes the enactment date.

n) Share-based payment

The Group entered into a series of equity-settled, share-based payment transactions, under which the Group received services from a third party as consideration for equity instruments (shares, options or warrants) of the Group.

For non-vesting share-based payments, the fair value of the service received in exchange for the shares is recognised as an expense immediately with a corresponding credit to share capital.

For share-based payments with vesting periods, the service received is recognised as an expense by reference to the fair value of the share options granted or warrants issued. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied with a corresponding credit to the share capital reserve.

o) Foreign currency

Transactions in foreign currencies are converted at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into U.S. Dollars at the foreign currency exchange rate ruling at the reporting date.

Foreign currency exchange differences arising on conversion or translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the consolidated statement of comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies which are stated at historical cost are translated at the foreign currency exchange rate ruling at the date of the transaction, or if impaired, at the date of the impairment recognition. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into U.S. Dollars at the foreign currency exchange rates ruling at the dates that the values were determined.

ASIA WEALTH GROUP HOLDINGS LIMITED

Notes to and forming part of the Consolidated Financial Statements For the year ended 29 February 2012

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2) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

p) Amended and newly issued accounting standards not yet adopted

The following new standards and revision and amendment to existing standards are relevant to the Group's operations. The Group has not opted to adopt them early and the Group has yet to assess the full impact on the Group's consolidated financial statements.

IFRS 10 (new), "Consolidated Financial Statements" ②

IFRS 13 (new), "Fair Value Measurement" ②

IAS 1 (amended), "Presentation of Financial Statements" ①

IAS 27 (revised 2011), "Separate Financial Statements" ②

① Effective for annual periods beginning on or after 1 July 2012

② Effective for annual periods beginning on or after 1 January 2013

IFRS 10, "Consolidated Financial Statements"

The objective of this new standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. It also defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee and sets out the accounting requirements for the preparation of the consolidated financial statements.

IFRS 13, "Fair Value Measurement"

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

IAS 1, "Presentation of Financial Statements"

The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

IAS 27, "Separate Financial Statements"

IAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

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3) FIXED ASSETS

	Leasehold improvement	Office equipment	Vehicles	Total
Cost:				
At 28 February 2011	989	4,408	—	5,397
Additions	<u>19,292</u>	<u>10,198</u>	<u>40,223</u>	<u>69,713</u>
At 29 February 2012	<u>20,281</u>	<u>14,606</u>	<u>40,223</u>	<u>75,110</u>
Depreciation:				
At 28 February 2011	102	569	—	671
Charge for the year	<u>3,822</u>	<u>3,050</u>	<u>7,534</u>	<u>14,406</u>
At 29 February 2012	<u>3,924</u>	<u>3,619</u>	<u>7,534</u>	<u>15,077</u>
Net book value:				
At 29 February 2012	<u>\$16,357</u>	<u>\$10,987</u>	<u>\$ 32,689</u>	<u>\$60,033</u>
At 28 February 2011 (restated)	<u>\$ 887</u>	<u>\$ 3,839</u>	<u>\$ —</u>	<u>\$ 4,726</u>

As at 29 February 2012, the Group had fixed assets under a finance lease agreement (refer to note 6) with a net book value of \$32,689 (2011: \$nil).

4) SHARE CAPITAL

Authorised

The Company is authorised to issue an unlimited number of no par value shares of a single class.

Issued and fully paid:

11,095,334 shares of no par value per share (2011: 1 share of no par value per share).

On 18 March 2011, the Directors resolved that the one share issued be split into 500,000 shares.

On 15 April 2011, the Company issued 33,333 shares at \$1 per share in consideration for advisory services provided by Beaumont Cornish Limited ("BCL") (refer to note 5).

On 18 April 2011, the Company issued 10,000,000 shares in a share for share exchange with Meyer BVI as of 28 February 2011 (refer to note 2(d)).

On 12 May 2011, the Company issued 500,000 shares at £0.60 (\$1) per share as placing shares to raise £300,000 in conjunction with the PLUS Stock Exchange admission.

On 5 July 2011, the Company issued 62,000 shares at \$1 per share to new investors.

ASIA WEALTH GROUP HOLDINGS LIMITED

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4) SHARE CAPITAL (Cont'd)

Each share in the Company confers upon the shareholder:

- (a) the right to one vote on any resolution of shareholders;
- (b) the right to an equal share in any dividend paid by the Company; and
- (c) the right to an equal share in the distribution of the surplus assets of the Company on its liquidation.

5) SHARE-BASED PAYMENTS

On 12 November 2010, the Company entered into an advisory service agreement (the "Agreement") with BCL. In consideration for the advisory services provided by BCL, BCL was to receive shares of the Company immediately on its admission to the PLUS Stock Exchange. The cash completion fee of £90,000 was to be partly paid with cash and partly with £20,000 of the Company's shares. The Company was admitted to the PLUS Stock Exchange on 16 May 2011. The fair value of the advisory services received in exchange for the equity instruments was recognised as an expense with a corresponding credit to share capital of \$33,333 (2011: \$nil).

Options

Following the Company's admission to the PLUS Stock Exchange, the directors of the Company proposed to grant options for up to 1,000,000 shares to key consultants. On 1 July 2011, the Company issued a total of 260,000 (2011: nil) share options at an exercise price of £0.60 per share conditional on the consultants completing 2 years' service (the vesting period). The total consulting fee expense and share options reserve as at 29 February 2012 amounted to \$14,101 (2011: \$nil).

Share options outstanding at the end of the year have the following expiry date and exercise price:

Grant Vest	Expiry Date	Exercise Price	2012	2011
1 July 2013	1 July 2016	£0.60	260,000	-

Warrants

On 16 May 2011, the Company issued share warrants to BCL to subscribe for 55,444 (2011: nil) shares, in accordance with the terms of its Agreement. The warrants are exercisable at the placing price for a period of 5 years. The total advisory fee expense and share warrants reserve as at 29 February 2012 amounted to \$9,021 (2011: \$nil).

Share warrants outstanding at the end of the year have the following expiry date and exercise price:

Grant Date	Expiry Date	Exercise Price	2012	2011
16 May 2011	1 July 2016	£0.60	55,444	-

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5) **SHARE-BASED PAYMENT (Cont'd)**

The fair value of the options granted and warrants issued during the year determined using the Black-Scholes valuation model was £0.102 (2011: £nil). The significant inputs into the model were the share price of £0.60 (2011: £nil) at the grant date, exercise price shown above, volatility of 10% (2011: nil), dividend yield of 0% (2011: nil), an expiry date of 5 years (2011: nil) and an annual risk-free interest rate of 3% (2011: nil).

6) **LEASES**

Finance lease

Liabilities under finance lease agreement:

	2012	2011 (restated)
Less than 1 year	7,208	-
1 to 5 years	<u>22,826</u>	<u>-</u>
Total	30,034	-
Less: Deferred interest	<u>(2,955)</u>	<u>-</u>
	27,079	
Less: Current portion	<u>(6,255)</u>	<u>-</u>
Net	<u>\$20,824</u>	<u>\$ -</u>

Operating lease

As at 29 February 2012, the Group has non-cancellable operating lease commitments as follow:

	2012	2011 (restated)
Payable within:		
Less than 1 year	14,363	-
1 to 5 years	<u>17,953</u>	<u>-</u>
Total	<u>\$32,316</u>	<u>\$ -</u>

7) **RELATED PARTY TRANSACTIONS**

A promissory note was issued by a director as consideration for the allotment of the Company's issued share capital amounting to \$1 (2011: \$1). It is unsecured, carries interest at an annual rate of 3% and is repayable on demand.

ASIA WEALTH GROUP HOLDINGS LIMITED

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7) RELATED PARTY TRANSACTIONS (Cont'd)

On 12 May 2011, the Group obtained a credit loan facility (the "facility") from one of the directors of the Group amounting to \$500,000. The facility has been available for 18 months from the admission of the shares of the Company to the PLUS stock exchange. The facility may be drawn down in one or more drawings, following the Group making a draw down request in writing not less than one week before the proposed drawdown date. The facility is interest free and unsecured. The Group can repay the whole of any outstanding loan without penalty before its repayment date but in any event any loan must repaid in full on or before the date falling 3 years after the facility is first drawn. The Group had not made any drawdown as at year end.

During the year, Meyer BVI acquired 100% of Meyer Thailand for a total cash consideration amounting to \$65,609 (see note 1).

During the year, the Group paid director's fees amounting to \$158,400 (2011: \$nil).

During the prior year, the Group incurred \$117,371 in consultancy fees from Meyer Asset Management KK, a company registered in Japan and owned by one of the directors of the Group. In the same year, the Group paid director's relocation costs of \$46,000 and certain other expenses of \$2,090.

8) TAXATION

There is no mainstream taxation in the British Virgin Islands. The Company and Meyer BVI are not subject to any forms of taxation in the British Virgin Islands, including income, capital gains and withholding taxes.

Meyer Thailand is subject to Thailand graduated statutory income tax at a rate of 0-30% on profit before tax.

Asia Wealth Singapore is subject to Singapore statutory income tax rate of 17% on profit before tax.

The current tax expense included in the consolidated statement of comprehensive income relates to the following subsidiaries:

	2012	2011 (restated)
Meyer Thailand	6,850	-
Asia Wealth Group Pte. Ltd.	<u>2,538</u>	<u>-</u>
	<u>\$9,388</u>	<u>-</u>

The Group had no deferred tax assets or liabilities as at the reporting date.

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8) TAXATION (Cont'd)

The Group's total income tax differs from the amount determined by multiplying net profit before taxation by the weighted average tax rate of 2.51% (2011: 0.14%) as follows:

	2012	2011 (restated)
Net profit before taxation	193,091	956,114
Tax calculated at weighted average tax rate	4,840	1,352
Asia Wealth Singapore's statutory stepped income exemption	(475)	-
Expenses not deductible for tax purposes	930	-
Meyer BVI net profit not subject to tax	(30,247)	(1,332)
Company's net loss not subject to tax	26,279	-
Weighted average tax rate differential	7,919	-
Other	<u>142</u>	<u>(20)</u>
	<u>\$ 9,388</u>	<u>-</u>

9) EARNINGS PER SHARE

a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue during the year.

	2012	2011 (restated)
Profit attributable to equity holders of the Company	<u>\$183,703</u>	<u>\$956,114</u>
Weighted average number of shares in issue	<u>9,632,834</u>	<u>9,632,834</u>

b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. The Company has share warrants and share options as potential dilutive shares. For the share options and warrants, a calculation is done to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding share options and warrants. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and warrants.

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9) EARNINGS PER SHARE (Cont'd)

b) Diluted

	2012	2011 (restated)
Profit attributable to equity holders of the Company	<u>\$183,703</u>	<u>\$956,114</u>
Weighted average number of shares in issue	9,632,834	9,632,834
Adjusted for weighted average number of:		
- share warrants (note 5)	43,899	43,899
- share options (note 5)	<u>-</u>	<u>-</u>
Weighted average number of shares for diluted earnings per share	<u>9,676,734</u>	<u>9,676,734</u>

The weighted average number of shares for the current year has been used for all periods presented because the consolidated financial statements of the Group are prepared as if the Group had always existed.

10) SEGMENTAL INFORMATION

The Group has three reportable segments based on geographical areas where the Group operates and these were as follows:

British Virgin Islands ("BVI") – where the Company and Meyer BVI are domiciled. The Company serves as the investment holding company of the Group and Meyer BVI provides wealth management and advisory services.

Thailand – where Meyer Thailand is domiciled and provides marketing and economic consulting services to the Group.

Singapore – where Asia Wealth Singapore is domiciled and provides management services to the Group.

The reportable segments' revenue, other profit and loss disclosures and assets were as follows:

Revenue	2012			2011		
	Total segment revenue	Inter-segment revenue	Revenue from external customers	Total segment revenue	Inter-segment revenue	Revenue from external customers
BVI	3,694,394	-	3,694,394	2,771,928	-	2,771,928
Thailand	298,504	(298,504)	-	122,686	(122,686)	-
Singapore	<u>227,432</u>	<u>(227,432)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$4,220,330</u>	<u>\$(525,936)</u>	<u>\$3,694,394</u>	<u>\$2,894,614</u>	<u>\$(122,686)</u>	<u>\$2,771,928</u>

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10) SEGMENT INFORMATION (Cont'd)

The revenue between segments is carried out at arm's length.

Other profit and loss disclosures

	2012			2011		
	Commission expense	Depre- ciation	Income tax	Commission expense	Depre- ciation	Income tax
BVI	2,049,737	-	-	1,432,759	-	-
Thailand	-	14,296	6,850	-	671	-
Singapore	<u>-</u>	<u>110</u>	<u>2,538</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$2,049,737</u>	<u>\$14,406</u>	<u>\$9,388</u>	<u>\$1,432,759</u>	<u>\$671</u>	<u>-</u>

Assets

	2012		2011	
	Total Assets	Additions to non-current assets	Total Assets	Additions to non-current assets
BVI	2,300,802	-	810,616	-
Thailand	268,439	68,914	99,359	5,397
Singapore	<u>21,620</u>	<u>799</u>	<u>-</u>	<u>-</u>
Total	<u>\$2,590,861</u>	<u>\$69,713</u>	<u>\$909,975</u>	<u>\$5,397</u>

Intersegment assets amounting to \$845,979 (2011: \$nil) were already eliminated in the total assets per segment above.

Revenues from two customers of the BVI segment represent approximately 77% (2011: 93%) of the Group's total revenues.

11) FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Financial assets of the Group include cash and cash equivalents and trade receivables. Financial liabilities include trade payables and other payables.

a) Market risk

Market risk represents the potential loss that can be caused by a change in the market value of the Group's financial instruments. The Group's exposure to market risk is determined by a number of factors which include interest rate risk.

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11) FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Cont'd)

a) Market risk

Interest rate risk

The financial instruments exposed to interest rate risk comprise cash and cash equivalents.

The Group is exposed to interest rate cash flow risk on cash and cash equivalents, which earn interest at floating interest rates that are reset as market rates change. The Group is exposed to interest rate risk to the extent that these interest rates may fluctuate.

A sensitivity analysis was performed with respect to the interest-bearing financial instruments with exposure to fluctuations in interest rates and management noted that there would be no material effect to shareholders' equity or net income for the year.

b) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if financial instrument counterparties failed to perform as contracted.

As at 29 February 2012, the Group's financial assets exposed to credit risk amounted to the following:

	2012	2011 (restated)
Cash and cash equivalents	1,925,039	408,677
Trade receivables	<u>542,226</u>	<u>394,482</u>
	<u>\$2,467,265</u>	<u>\$803,159</u>

The ageing of the Group's trade receivables as at 29 February 2012 is as follows:

	2012		2011 (restated)	
	Gross	Impairment	Gross	Impairment
1 – 90 days	387,060	-	183,882	-
91 – 180 days	<u>155,166</u>	<u>-</u>	<u>210,600</u>	<u>-</u>
	<u>\$542,226</u>	<u>\$ -</u>	<u>\$394,482</u>	<u>\$ -</u>

The Group invests all its available cash and cash equivalents in several banks. The Group is exposed to credit risk to the extent that these banks may be unable to repay amounts owed. To manage the level of credit risk, the Group attempts to deal with banks of good credit standing, whenever possible.

The Group has two significant customers which expose it to credit risk, though the exposure to credit risk is reduced as these customers have a good working relationship with the Group. To reduce exposure to credit risk, the Group performs ongoing credit evaluations on the financial condition of its customers, but generally does not require collateral.

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11) FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Cont'd)

b) Credit risk

The extent of the Group's exposure to credit risk in respect of these financial assets approximates their carrying values.

c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational needs as they arise.

12) FAIR VALUE INFORMATION

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of judgment and therefore, cannot be determined with absolute precision. Nevertheless, fair values can be reliably determined within a reasonable range of estimates.

13) CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern; and
- to provide adequate returns to its shareholders.

In order to maintain or balance its overall capital structure to meet its objectives, the Group is continually monitoring the level of share issuance and any dividend declaration and distributions to shareholder(s) in the future.

14) RESTATEMENT OF PRIOR YEAR

The prior years' consolidated financial statements have been restated to conform with the requirements of FRS 6 (refer to note 2(d)).

15) SUBSEQUENT EVENTS

On 12 June 2012, the Company acquired a 15% equity interest in Ray Alliance Financial Advisers Pte Ltd ("Ray Alliance"), one of Singapore's leading licensed Financial Advisory firms. The Company acquired this minority interest in Ray Alliance for 322,000 new shares in the Company at £0.70 per share. The Company will also issue 16,100 new shares in consideration for the advisory services provided during this transaction.

The Company is currently in the process of applying admission to the Alternative Investment Market ("AIM") listing and has planned to be delisted from PLUS listing once the AIM listing is finalised.