

COALITION DEVELOPMENT SINGAPORE PTE. LTD.

(Incorporated in the Republic of Singapore)

(Registration No. 201007565C)

**Annual Report
For the financial year ended 31 December 2014**

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COALITION DEVELOPMENT SINGAPORE PTE. LTD.

(Incorporated in the Republic of Singapore)
(Registration No. 201007565C)

REPORT OF THE DIRECTORS

The directors present their report to the member together with the audited financial statements of the Company for the financial year ended 31 December 2014.

Statement by the directors and the financial statements attached are deemed to be part of this report under Section 201 of the Companies Act, Cap. 50.

1. DIRECTORS

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

SERGE DOMINIQUE MARIE DE COSTER
RAMAN UBEROI
GEDELA RAVISHANKAR

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of the financial year nor at any time in that year did there subsist any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The directors holding office at the end of the financial year have no interest in the share capital of the Company or its related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50.

4. DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by director as shown in the financial statements) by reason of a contract made by the Company 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.

5. OPTIONS GRANTED

During the financial year, no options were granted to take up shares of the Company.

COALITION DEVELOPMENT SINGAPORE PTE. LTD.

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REPORT OF THE DIRECTORS

6. OPTIONS EXERCISED

During the financial year, there were no shares of the Company issued by virtue of the exercise of options to take up shares.

7. OPTIONS OUTSTANDING

There were no unissued shares of the Company under option as at the end of the financial year.

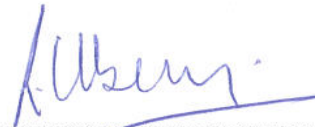
8. HOLDING COMPANIES

The Company's immediate holding company is Coalition Development Ltd., a company incorporated in the United Kingdom. The ultimate holding company is McGraw Hill Financial Inc., a company incorporated in the United States of America.

9. INDEPENDENT AUDITORS

The Independent Auditors, MGI Menon & Associates, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors



.....
RAMAN UBEROI
Director



.....
GEDELA RAVISHANKAR
Director

20 JAN 2015

COALITION DEVELOPMENT SINGAPORE PTE. LTD.

(Incorporated in the Republic of Singapore)

(Registration No. 201007565C)


STATEMENT BY THE DIRECTORS


In the opinion of the directors: -

- (a) the accompanying financial statements are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2014 and of the results, changes in equity and cash flows of the Company for the financial year ended on that date; 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


.....
RAMAN UBEROI
Director


.....
GEDELA RAVISHANKAR
Director

20 JAN 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF

COALITION DEVELOPMENT SINGAPORE PTE. LTD.
(Incorporated in the Republic of Singapore)
(Registration No. 201007565C)

Report on the Financial Statements

We have audited the accompanying financial statements of **COALITION DEVELOPMENT SINGAPORE PTE. LTD.** (the "Company"), which comprise the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended on that date, and a summary of significant accounting policies and other explanatory information, as set out on pages 6 to 32.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

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

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

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

MGI

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF

COALITION DEVELOPMENT SINGAPORE PTE. LTD. - continued

(Incorporated in the Republic of Singapore)

(Registration No. 201007565C)

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 December 2014 and of the results, changes in equity and cash flows for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

MGI Menon & Associates

**MGI MENON & ASSOCIATES
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS**

Singapore,

20 JAN 2015



COALITION DEVELOPMENT SINGAPORE PTE. LTD.
(Incorporated in the Republic of Singapore)
(Registration No. 201007565C)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	<u>NOTE</u>	<u>2014</u> S\$	<u>2013</u> S\$
ASSETS			
NON-CURRENT ASSETS			
Plant and equipment	(4)	-	3,080
CURRENT ASSETS			
Trade receivables	(5)	1,946,687	1,003,468
Other receivables	(6)	12,587	19,583
Cash and cash equivalents	(7)	203,085	268,544
Total current assets		2,162,359	1,291,595
TOTAL ASSETS		2,162,359	1,294,675
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	(8)	1	1
Retained earnings		1,140,448	736,012
Total equity		1,140,449	736,013
NON-CURRENT LIABILITIES			
Incentive accrual		259,923	-
CURRENT LIABILITIES			
Trade payables	(9)	95,741	35,364
Accruals and other payables	(10)	628,299	502,054
Current income tax liabilities	(11b)	37,947	21,244
Total current liabilities		761,987	558,662
Total liabilities		1,021,910	558,662
TOTAL EQUITY AND LIABILITIES		2,162,359	1,294,675

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

COALITION DEVELOPMENT SINGAPORE PTE. LTD.
(Incorporated in the Republic of Singapore)
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	<u>NOTE</u>	<u>2014</u> <u>S\$</u>	<u>2013</u> <u>S\$</u>
Revenue	(12)	6,544,934	3,923,953
Cost of services	(12)	(4,559,354)	(2,548,458)
Gross profit		1,985,580	1,375,495
Other income	(12)	65,132	27,446
Operating expenses	(12)	(1,611,830)	(1,111,448)
Profit before tax		438,882	291,493
Income tax expense	(11a)	(34,446)	(18,044)
Profit for the financial year		404,436	273,449
Other comprehensive income		-	-
Total comprehensive income for the financial year		404,436	273,449

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

COALITION DEVELOPMENT SINGAPORE PTE. LTD.
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STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	<u>Share capital</u> S\$	<u>Retained earnings</u> S\$	<u>Total</u> S\$
<u>2014</u>			
Beginning of the financial year	1	736,012	736,013
Total comprehensive income for the financial year	-	404,436	404,436
End of the financial year	1	1,140,448	1,140,449
	<u>Share capital</u> S\$	<u>Retained earnings</u> S\$	<u>Total</u> S\$
<u>2013</u>			
Beginning of the financial year	1	462,563	462,564
Total comprehensive income for the financial year	-	273,449	273,449
End of the financial year	1	736,012	736,013

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

COALITION DEVELOPMENT SINGAPORE PTE. LTD.
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	<u>NOTE</u>	<u>2014</u> S\$	<u>2013</u> S\$
Cash flows from operating activities			
Profit before tax		438,882	291,493
Adjustment for:			
Depreciation		3,080	1,027
Operating cash flows before working capital changes		441,962	292,520
<u>Changes in working capital:</u>			
Trade receivables		(943,219)	(1,003,468)
Other receivables		6,996	730,726
Incentive accrual		259,923	-
Trade payables		60,377	35,364
Accruals and other payables		126,245	207,162
Due to holding company		-	(403,191)
Net cash used in operations		(47,716)	(140,887)
Income tax (paid)/refunded		(17,743)	3,596
Net cash used in operating activities		(65,459)	(137,291)
Cash flows from investing activities			
Payments to acquire plant and equipment		-	(4,107)
Net cash used in investing activities		-	(4,107)
Cash flows from financing activities			
		-	-
Net decrease in cash and cash equivalents		(65,459)	(141,398)
Cash and cash equivalents at beginning of financial year		268,544	409,942
Cash and cash equivalents at end of financial year	(7)	203,085	268,544

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

COALITION DEVELOPMENT SINGAPORE PTE. LTD.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014

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

The financial statements of COALITION DEVELOPMENT SINGAPORE PTE. LTD. for the financial year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 20 January 2015.

1. CORPORATE INFORMATION

COALITION DEVELOPMENT SINGAPORE PTE. LTD. is a limited company incorporated in Singapore. The address of its registered office is:

60 Robinson Road #11-01
Bank of East Asia Building
Singapore 068892

The principal activities of the Company are those of consulting and management services.

There have been no significant changes in the nature of these activities during the financial year.

2. BASIS OF PREPARATION

a) Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS) and the provisions of the Companies Act.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies that follow.

c) Functional and presentation currency

These financial statements are presented in Singapore dollars (S\$ or SGD), which is the Company's functional currency.

COALITION DEVELOPMENT SINGAPORE PTE. LTD.
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. BASIS OF PREPARATION - continued

d) Use of estimates and judgement

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

Judgements made in applying accounting policies

In the process of applying the entity's accounting policies, management is of the opinion that there are no critical judgements (other than those involving estimates) that have significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Depreciation

The Company depreciates the plant and equipment over their estimated useful lives, after taking into account their estimated residual values, if any, using straight line method. The estimated useful life reflects the directors' estimate of the periods that the Company intends to derive future economic benefits from the use of the Company's plant and equipment. The residual values reflect the directors' estimated amount that the Company would currently obtain from disposal of the assets, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of their useful lives.

Allowance for receivables

The impairment allowance for doubtful debts of the Company is based on the ongoing evaluation of collectability and ageing analysis of the outstanding receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of each debtor. If the financial conditions of debtors of the Company were to deteriorate, resulting in an impairment of their ability to make payments, allowances would be made.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. BASIS OF PREPARATION - continued

e) Changes in accounting policies

Overview

The Company adopted the following new or amended Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2014.

Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

The following are the new or amended FRS and INT FRS relevant to the Company:

Amendments to FRS 32 – Offsetting of Financial Assets and Financial Liabilities

Amendments to FRS 36 – Recoverable Amount Disclosure for Non-financial Assets

The adoption of the above FRS and INT FRS did not have any significant impact on the financial statements of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out in the following paragraphs have been applied consistently to both periods presented in these financial statements, and have been applied consistently by the Company, except as explained in Note 2(e), which addresses changes in accounting policies.

a) Foreign currency transactions and balances

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting year.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. SIGNIFICANT ACCOUNTING POLICIES - continued

a) Foreign currency transactions and balances - continued

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for the following differences which are recognised in other comprehensive income arising on the retranslation of:

- i) available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);
- ii) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- iii) qualifying cash flow hedges to the extent the hedge is effective.

b) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

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

Computers and peripherals	1 year
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The residual values and useful lives of plant and equipment are reviewed and adjusted as appropriate at each reporting date.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. SIGNIFICANT ACCOUNTING POLICIES - continued

b) Plant and equipment - continued

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the income statement. Any amount in revaluation reserve relating to that asset is transferred to retained earnings.

Assets acquired during the year are charged with depreciation as of the acquisition date. Depreciation is charged till the date of disposal for the year in which an asset is sold. Fully depreciated assets are retained on the financial statements until they are no longer in use.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

c) Financial instruments

i) Non-derivative financial assets

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. SIGNIFICANT ACCOUNTING POLICIES - continued

c) Financial instruments - continued

i) Non-derivative financial assets - continued

The Company only has loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

The Company's loans and receivables comprise cash and cash equivalents, trade receivables, due from ultimate holding company and deposits.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash at bank.

ii) Non-derivative financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. Financial liabilities for contingent consideration payable in a business combination are recognised at the acquisition date. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial liabilities for contingent consideration payable in a business combination are initially measured at fair value. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. SIGNIFICANT ACCOUNTING POLICIES - continued

c) Financial instruments - continued

ii) Non-derivative financial liabilities - continued

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade payables, accruals and other payables.

For the purpose of current and non-current classification of financial assets and liabilities, anything receivable or payable within 12 months is classified as current.

iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

d) Impairment

Non-derivative Financial Assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. SIGNIFICANT ACCOUNTING POLICIES - continued

d) Impairment - continued

Non-derivative Financial Assets - continued

Loans and receivables

The Company considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial Assets

The carrying amounts of the Company's non-financial assets, other than biological assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. SIGNIFICANT ACCOUNTING POLICIES - continued

d) Impairment - continued

Non-financial Assets - continued

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Company's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (groups of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (groups of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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 loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. SIGNIFICANT ACCOUNTING POLICIES - continued

e) **Related parties**

Related parties include all related companies, associates and entities in which directors and/or shareholder have interests and in which they are able to exercise significant influence in the operating and financing decisions of the entities.

f) **Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue comprises the fair value of the consideration received or receivable for the sale of services, net of rebates and discounts.

The following specific recognition criteria must also be met before revenue is recognised:

Services rendered

Revenue from services rendered is recognised in profit or loss when the services rendered have been completed.

g) **Employee benefits**

Defined contribution plan

As required by law, the Company makes contributions to the state pension scheme, central provident fund ("CPF"). CPF contributions are recognised as compensation expense in the same period as the employment that gives rise to the contribution.

Short-term employee benefits

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

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. SIGNIFICANT ACCOUNTING POLICIES - continued

g) Employee benefits - continued

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made when the estimated liability for annual leave is incurred as a result of services rendered by employees up to the reporting date.

h) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- i) the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- ii) the arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Company's incremental borrowing rate.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. SIGNIFICANT ACCOUNTING POLICIES - continued

i) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event where it is probable that it will result in an outflow of economic benefits that can be reasonably estimated. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material

j) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- Taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. SIGNIFICANT ACCOUNTING POLICIES - continued

j) Income tax - continued

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

k) New standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company. The Company has not early adopted these standards.

4. PLANT AND EQUIPMENT

Computers and peripherals

	<u>2014</u> S\$	<u>2013</u> S\$
<u>Cost</u>		
Beginning of the financial year	4,107	-
Additions	-	4,107
End of the financial year	4,107	4,107
<u>Accumulated depreciation</u>		
Beginning of the financial year	1,027	-
Charge for the financial year	3,080	1,027
End of the financial year	4,107	1,027
<u>Carrying value</u>		
End of the financial year	-	3,080

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

5. TRADE RECEIVABLES

	<u>2014</u> S\$	<u>2013</u> S\$
Due from immediate holding company	<u>1,946,687</u>	<u>1,003,468</u>

The ageing analysis of trade receivables is as follows:

	<u>2014</u> S\$	<u>2013</u> S\$
Not past due	897,060	714,595
Past due:		
1 to 30 days	575,043	288,873
31 to 60 days	474,584	-
	<u>1,946,687</u>	<u>1,003,468</u>

6. OTHER RECEIVABLES AND PREPAYMENTS

	<u>2014</u> S\$	<u>2013</u> S\$
Due from intermediate holding company	5,428	13,245
Deposit	2,250	2,250
Loans and receivables (Note 14)	7,678	15,495
Prepayments	4,909	4,088
Total other receivables	<u>12,587</u>	<u>19,583</u>

The amount due from intermediate holding company is unsecured, interest-free and without any fixed terms of repayment.

7. CASH AND CASH EQUIVALENTS

	<u>2014</u> S\$	<u>2013</u> S\$
Cash in hand	1	1
Cash at bank	<u>203,084</u>	<u>268,543</u>
	<u>203,085</u>	<u>268,544</u>

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

8. SHARE CAPITAL

	<u>2014</u>		<u>2013</u>	
	<u>No. of shares</u>	<u>Paid up S\$</u>	<u>No. of shares</u>	<u>Paid up S\$</u>
Issued and fully paid ordinary shares				
Beginning and end of the financial year	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

The ordinary share has no par value. The holder of ordinary share is entitled to receive dividends as declared from time to time and entitled to one vote per share at meetings of the Company. The share has the right to the Company's residual assets.

9. TRADE PAYABLES

Trade payable is due to a related corporation (Note 13).

10. ACCRUALS AND OTHER PAYABLES

	<u>2014 S\$</u>	<u>2013 S\$</u>
Accrued bonuses (Note 13)	568,000	476,000
Other accruals	40,300	10,300
Other payables	19,999	15,754
	<u>628,299</u>	<u>502,054</u>

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

11. INCOME TAX

a) Income tax expense

	<u>2014</u> S\$	<u>2013</u> S\$
Current tax expense	<u>34,446</u>	<u>18,044</u>

Reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate is as follows:

	<u>2014</u> S\$	<u>2013</u> S\$
Accounting profit	<u>438,882</u>	<u>291,493</u>
Tax thereon at 17%	74,610	49,554
Effects of: Non-taxable income	-	(1,436)
Disallowable expenses	524	1,716
Exempt income	(25,925)	(25,342)
Tax rebate	(14,763)	(7,348)
Others	-	900
Current tax expense	<u>34,446</u>	<u>18,044</u>

b) Movement in the current income tax liabilities/(receivable)

	<u>2014</u> S\$	<u>2013</u> S\$
Beginning of the financial year	21,244	(396)
Current tax expense	34,446	18,044
Income tax (paid)/refunded	(17,743)	3,596
	<u>37,947</u>	<u>21,244</u>

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

12. REVENUE, COST OF SERVICES, OTHER INCOME AND EXPENSES

	<u>2014</u> S\$	<u>2013</u> S\$
Revenue		
Services rendered (Note 13)	<u>6,544,934</u>	<u>3,923,953</u>
Cost of services		
Consultancy fees (Note 13)	<u>4,559,354</u>	<u>2,548,458</u>
Other income		
Recovery of expenses (Note 13)	<u>65,132</u>	<u>13,245</u>
PIC cash payout and PIC bonus	-	9,201
SME cash grant	-	5,000
	<u>65,132</u>	<u>27,446</u>
Operating expenses include:		
Director's - remuneration	316,700	292,200
- bonus	580,000	436,000
- CPF contribution and SDL	13,735	14,450
Exchange loss	-	10,096
Incentive accrual	259,923	-
Office rent	27,000	27,000
Staff - salary and bonus	254,600	180,878
- CPF contribution	13,744	13,833
Skills Development Levy (SDL)	264	288
Staff welfare	1,140	2,783
Staff training	462	663
Other disclosures:		
<i>Total employee benefits expense including director's remuneration and bonus</i>		
- Salaries, bonuses and benefits	1,411,223	909,078
- CPF and SDL	27,743	28,571
	<u>1,438,966</u>	<u>937,649</u>

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

13. RELATED PARTY TRANSACTIONS AND BALANCES

Significant transactions and balances with related parties during the year conducted at terms agreed among themselves are as follows:

<u>Related party balances and transactions shown in the accounts as</u>	<u>Type of relationship between the Company and the related party</u>	<u>Note</u>	<u>2014</u> S\$	<u>2013</u> S\$
Balances:				
Trade receivables	Immediate holding company	(5)	1,946,687	1,003,468
Other receivables	Intermediate holding company	(6)	5,428	13,245
Trade payables	Fellow subsidiary	(9)	95,741	35,364
Accruals and other payables	Director	(10)	520,000	436,000
Transactions:				
Revenue	Immediate holding company	(12)	6,544,934	3,923,953
Cost of services	Fellow subsidiary	(12)	4,559,354	2,548,458
Recovery of expenses	Intermediate holding company	(12)	65,132	13,245

Key Management Personnel Compensation

The directors are the key management personnel of the Company. The remuneration of a director during the year is as follows:

	<u>2014</u> S\$	<u>2013</u> S\$
Director's - remuneration	316,700	292,200
- bonus	580,000	436,000
- CPF contribution	13,600	14,450
	<u>910,300</u>	<u>742,650</u>

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Accounting Classifications and Fair Values

Fair values versus carrying amounts

	<u>Note</u>	<u>Loans and receivables</u> S\$	<u>Other financial liabilities</u> S\$	<u>Total carrying amount</u> S\$	<u>Fair Value*</u> S\$
<u>2014</u>					
Trade receivable	(5)	1,946,687	-	1,946,687	1,946,687
Other receivables	(6)	7,678	-	7,678	7,678
Cash and cash equivalents	(7)	203,085	-	203,085	203,085
		2,157,450	-	2,157,450	2,157,450
Incentive accrual		-	259,923	259,923	259,923
Trade payables	(10)	-	95,741	95,741	95,741
Accruals and other payables	(11)	-	628,299	628,299	628,299
		-	983,963	983,963	983,963
<u>2013</u>					
Trade receivable	(5)	1,003,468	-	1,003,468	1,003,468
Other receivables	(6)	15,495	-	15,495	15,495
Cash and cash equivalents	(7)	268,544	-	268,544	268,544
		1,287,507	-	1,287,507	1,287,507
Trade payables	(10)	-	35,364	35,364	35,364
Accruals and other payables	(11)	-	502,054	502,054	502,054
		-	537,418	537,418	537,418

* Refer to Note 15 for the determination of fair values.

Risk management policies

Exposure to credit, liquidity and market risks arise in the normal course of the Company's business. The Company's overall business strategies, its tolerance of risk and its general risk management philosophy are determined by the management in accordance with prevailing economic and operating conditions.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - continued

Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises mainly from the Company's bank balance and other receivables.

At the reporting date the maximum exposure to credit risk was as follows:

	<u>2014</u> S\$	<u>2013</u> S\$
Trade receivable	1,946,687	1,003,468
Other receivables	7,678	15,495
Cash at bank	203,084	268,543
	<u>2,157,449</u>	<u>1,287,506</u>

Cash at bank is maintained with a fully licensed bank in Singapore.

Trade receivable is due from immediate holding company. The ageing analysis of trade receivables is disclosed in Note 5.

Liquidity Risk

Liquidity risk is the risk of the Company being unable to secure adequate funding to meet current obligations. The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operation and to mitigate the effects of fluctuations in cash flows.

	<u>Carrying amount</u> S\$	<u>Contractual cash flows</u> S\$	<u>Due within one year</u> S\$	<u>Due after one year</u> S\$	<u>Total</u> S\$
<u>2014</u>					
Incentive accrual	259,923	259,923	-	259,923	259,923
Trade payables	95,741	95,741	95,741	-	95,741
Accruals and other payables	628,299	628,299	628,299	-	628,299
	<u>983,963</u>	<u>983,963</u>	<u>724,040</u>	<u>259,923</u>	<u>983,963</u>

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - continued

Liquidity Risk – continued

	Carrying amount S\$	Contractual cash flows S\$	Due within one year S\$	Total S\$
<u>2013</u>				
Trade payables	35,364	35,364	35,364	35,364
Accruals and other payables	502,054	502,054	502,054	502,054
	<u>537,418</u>	<u>537,418</u>	<u>537,418</u>	<u>537,418</u>

Market Risk

The Company is exposed to market risk such as interest rate fluctuation and foreign currency rate fluctuation. The Company's exposure to these risks is discussed below.

Interest rate risk

The Company has no significant exposure to risk attributed to changes in interest rate.

Foreign Currency Exchange Risk

The Company's exposure to foreign currency pertains to amount due from immediate holding company which is denominated in British Pound.

Sensitivity analysis

A 10% strengthening of the Singapore Dollar against the British Pound at the reporting date would have decreased the Company's profits and equity by the amounts shown below.

	<u>2014</u> S\$	<u>2013</u> S\$
British Pound	<u>194,669</u>	<u>100,347</u>

A 10% weakening of the Singapore Dollar against the British Pound would have increased the Company's profits and equity by the amounts above, on the basis that all other variables remain constant.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

15. DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair value for both financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Cash and Cash Equivalents, Other Receivables and Accruals and Other Payables

The carrying amounts of these financial items approximate their fair values due to their short term nature.

Trade Receivable and Trade Payables

The carrying amount of trade receivable and payables approximates their fair value as these are subject to normal trade terms.

Incentive accrual (Non-current)

The carrying amount of incentive accrual approximates its fair value as the effect of discounting is not significant.

16. CAPITAL MANAGEMENT

The Board's policy is to maintain a strong base so as to facilitate future development of the business. The directors review the capital structure regularly and maintain an efficient mix of debt and equity in order to achieve a low cost of capital.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

16. CAPITAL MANAGEMENT - continued

The Company monitors capital based on the total debt equity ratio, which is total debt divided by equity attributable to equity holder of the Company. The Company includes within total debt, loans and interest commitments. The total debt equity ratio is as follows:

	<u>2014</u> S\$	<u>2013</u> S\$
Total liabilities	1,021,910	558,662
Less: Cash and cash equivalents	<u>(203,085)</u>	<u>(268,544)</u>
	<u>818,825</u>	<u>290,118</u>
Equity attributable to owner of the Company	<u>1,140,449</u>	<u>736,013</u>
Total debt equity ratio	<u>0.72</u>	<u>0.39</u>

17. CONTINGENT LIABILITIES AND COMMITMENTS

As at the reporting date, the Company has no commitments and contingent liabilities (2013 - Nil/-).

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DETAILED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	<u>2014</u> S\$	<u>2013</u> S\$
Revenue:		
Services rendered	<u>6,544,934</u>	<u>3,923,953</u>
Cost of services		
Consultancy fees	<u>4,559,354</u>	<u>2,548,458</u>
Other income:		
Recovery of expenses	65,132	13,245
SME cash grant	-	5,000
PIC cash payout and PIC bonus	-	9,201
	<u>65,132</u>	<u>27,446</u>
Operating expenses:		
Accounting fee	28,800	24,080
Audit fee	7,500	6,800
Bank charges	1,213	1,104
Depreciation	3,080	1,027
Director's - remuneration	316,700	292,200
- bonus	580,000	436,000
- CPF and SDL	13,735	14,450
Entertainment	67	3,778
Equipment maintenance	40	141
Exchange loss	-	10,096
Expensed equipment	8,308	1,644
Incentive accrual	259,923	-
Insurance	12,743	7,206
Miscellaneous	60	3,523
Office supplies	18	4
Postage and courier	-	189
Printing and stationeries	1,858	4,766
Professional fees	-	1,013
Office rent	27,000	27,000
Office repairs and maintenance	1,665	1,212
Secretarial fee	1,800	1,800
Skills Development Levy (SDL)	264	288
Staff CPF contribution	13,744	13,833
Staff salary and bonus	254,600	180,878
Staff training	462	663
Staff welfare	1,140	2,783
Tax fee - current year	4,000	3,500
Telephone expenses	3,732	9,416
Travel expenses	69,378	62,054
	<u>1,611,830</u>	<u>1,111,448</u>

This statement does not form part of the audited financial statements.