

RSM Chio Lim

Certified Public Accountants

SPIRIT OF ENTERPRISE

(Registration No: 200301515E)

Directors' Report and Financial Statements

Year Ended 31 December 2009



**SPIRIT OF ENTERPRISE (Registration No: 200301515E)
(INCORPORATED IN THE REPUBLIC OF SINGAPORE AS A COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL)**

Directors' Report and Financial Statements

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Directors' Report

The directors of the company are pleased to present their report together with the audited financial statements of the company for the financial year ended 31 December 2009.

1. Directors at Date of Report

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

Yang Yung-Chuan Eugene	(Appointed on 1 June 2010)
Ma Zhen Hu Michael	
Serena Wee Hui Yan	(Appointed on 1 June 2010)

2. Arrangements to Enable Director to Acquire Benefits by Means of The Acquisition of Shares and Debentures

The company, which is limited by guarantee and not having a share capital, is prohibited from issuing any shares or debentures. Accordingly there were no arrangements to enable the directors to acquire benefits by means of the acquisition of shares and debentures of the company.

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is 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 and Debentures

This paragraph is not applicable as explained in Paragraph 2 above.

4. Contractual Benefits of Directors

Since the beginning of the financial year, no director of the company has received or become entitled to receive a benefit which is required to be disclosed under section 201(8) of the Companies Act, Cap. 50, by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

5. Options to Take Up Unissued Shares

This paragraph is not applicable as explained in Paragraph 2 above.

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6. Options Exercised

This paragraph is not applicable as explained in Paragraph 2 above.

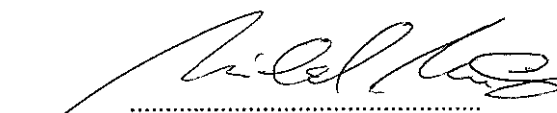
7. Unissued Shares Under Option

This paragraph is not applicable as explained in Paragraph 2 above.

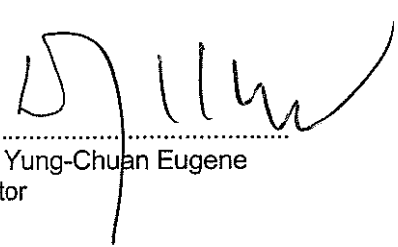
8. Independent Auditors

The independent auditors, RSM Chio Lim LLP, have expressed their willingness to accept re-appointment.

On Behalf of The Directors



.....
Ma Zhen Hu Michael
Director



.....
Yang Yung-Chuan Eugene
Director

17 June 2010

SPIRIT OF ENTERPRISE (Registration No: 200301515E)
**(INCORPORATED IN THE REPUBLIC OF SINGAPORE AS A COMPANY LIMITED BY GUARANTEE
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Statement by Directors

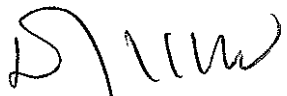
In the opinion of the directors,

- (a) the accompanying statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and notes thereto are drawn up so as to give a true fair view of the state of affairs of the company as at 31 December 2009 and the results, changes in equity and cash flows of the company for the financial year then ended; 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.

On Behalf of The Directors



Ma Zhen Hu Michael
Director



Yang Yung-Chuan Eugene
Director

17 June 2010

Independent Auditors' Report to the Member of SPIRIT OF ENTERPRISE (Registration No: 200301515E)

We have audited the accompanying financial statements of Spirit of Enterprise, which comprise the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 ("the Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) 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 statement of comprehensive income and statement of financial position and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Independent Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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.

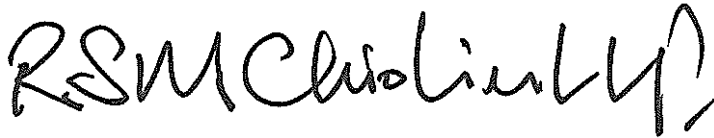
**Independent Auditors' Report to the Member of
SPIRIT OF ENTERPRISE (Registration No: 200301515E)**

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Opinion

In our opinion,

- (a) the accompanying 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 2009 and the results, changes in equity and cash flows of the company for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.



RSM Chio Lim LLP
Public Accountants and
Certified Public Accountants
Singapore

17 June 2010

Partner in charge of audit: Chan Weng Keen

SPIRIT OF ENTERPRISE (Registration No: 200301515E)
**(INCORPORATED IN THE REPUBLIC OF SINGAPORE AS A COMPANY LIMITED BY GUARANTEE
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**Statement of Comprehensive Income
Year Ended 31 December 2009**

	<u>Notes</u>	<u>2009</u> \$	<u>2008</u> \$
Income	4	154,395	198,748
Other Credit	5	4,700	8,000
		<u>159,095</u>	<u>206,748</u>
Less : Expenditure			
Auditors' remuneration		3,959	4,387
Accounting fee		1,926	1,926
Advertisement and promotion		4,737	100
Award ceremony – indoor		61,639	66,900
– prizes to best students		2,500	3,000
Alumni launch program		485	–
Bank charges		101	42
Bonus – staff		5,000	7,500
Book launch expenses		17,969	–
CPF		7,332	8,970
Casual labour		775	3,465
Entertainment		496	966
Refreshments		123	–
General expenses		6	62
Insurance		2,428	2,419
Late payment interest		5	5
Legal and professional fees		(1,926)	1,284
Medical expense		250	280
Postage & courier		855	1,261
Printing & stationery		1,034	4,670
Rental – office		7,704	7,704
Salary expense		60,000	60,000
Subscription expense		260	150
Stamp duty		31	29
Student entrepreneur program		–	8,506
Student interview expense		11,700	14,400
Small value assets written-off		129	49
Telecommunication		1,392	1,408
Transport		2,539	3,051
Upkeep of office equipment		16	47
Unutilised leave		–	323
Student alumni launch program		566	–
Website expense		820	1,570
		<u>194,851</u>	<u>204,474</u>
(Deficit) / Surplus Before Income Tax		(35,756)	2,274
Income Tax Expense	7	–	–
Net (Deficit)/Surplus and Total Comprehensive (Loss)/Income for the Year		<u>(35,756)</u>	<u>2,274</u>

The accompanying notes form an integral part of these financial statements

SPIRIT OF ENTERPRISE (Registration No: 200301515E)
 (INCORPORATED IN THE REPUBLIC OF SINGAPORE AS A COMPANY LIMITED BY GUARANTEE
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Statement of Financial Position
As at 31 December 2009

	<u>Notes</u>	<u>2009</u> \$	<u>2008</u> \$
ASSETS			
<u>Non-Current Assets</u>			
Plant and Equipment	8	—	—
<u>Current Assets</u>			
Trade and Other Receivables	9	3,209	10,134
Other Assets	10	536	535
Cash and Cash Equivalents	11	57,302	77,007
Total Current Assets		<u>61,047</u>	<u>87,676</u>
Total Assets		<u>61,047</u>	<u>87,676</u>
EQUITY AND LIABILITIES			
<u>Equity</u>			
Accumulated Surplus		38,153	73,909
<u>Current Liabilities</u>			
Trade and Other Payables	12	22,894	13,767
Total Equity and Liabilities		<u>61,047</u>	<u>87,676</u>

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

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**Statement of Changes in Equity
Year Ended 31 December 2009**

	<u>Accumulated surplus</u> \$
Current Year:	
Opening Balance at 1 January 2009	73,909
Total Comprehensive Loss for the Year	<u>(35,756)</u>
Closing Balance at 31 December 2009	<u>38,153</u>
Previous Year:	
Opening Balance at 1 January 2008	71,635
Total Comprehensive Income for the Year	<u>2,274</u>
Closing Balance at 31 December 2008	<u>73,909</u>

The accompanying notes form an integral part of these financial statements

SPIRIT OF ENTERPRISE (Registration No: 200301515E)
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Statement of Cash Flows
Year Ended 31 December 2009

	<u>2009</u>	<u>2008</u>
	\$	\$
<u>Cash Flows From Operating Activities</u>		
(Deficit) / Surplus Before Income Tax and Operating Cash Flows Before Changes in Working Capital	(35,756)	2,274
Trade and Other Receivables and Other Assets	6,926	(1,460)
Trade and Other Payables	9,125	4,770
Net Cash Flows (Used in) From Operating Activities	<u>(19,705)</u>	<u>5,584</u>
Net (Decrease) / Increase in Cash and Cash Equivalents	(19,705)	5,584
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	<u>77,007</u>	<u>71,423</u>
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance (Note 11)	<u><u>57,302</u></u>	<u><u>77,007</u></u>

The accompanying notes form an integral part of these financial statements

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**Notes to the Financial Statements
31 December 2009**

1. General

The company is incorporated in Singapore as a company limited by guarantee. The company is registered as a charity under the Charities Act (Cap 37). The registration number is 1696. The financial statements are presented in Singapore dollars.

The board of directors approved and authorised these financial statements for issue on 17 June 2010.

The principal activity of the company is to recognise and reward successful Singaporean entrepreneurs who have contributed greatly to the Singapore economy.

The registered office is: 41 Namly Avenue, Singapore Institute of Management, Business Centre – Executive Office, Singapore 267616. The principal place of business is in Singapore.

2. Summary of Significant Accounting Policies

Accounting Convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (“FRS”) and the related Interpretations to FRS (“INT FRS”) as issued by the Singapore Accounting Standards Council and the Companies Act, Cap 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements.

Basis of Preparation of the Financial Statements

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

Revenue Recognition

The donations and sponsorships income are recognised on an accrual basis when there is written confirmation of impending donation by donor and the collectibility of the donation is virtually certain. Otherwise, the donations are recognised on cash basis. Royalty income is accrued in accordance with the terms of the relevant agreement unless, having regard to the substance of the agreement, it is more appropriate to recognise revenue on some other systematic and rational basis. Event income is recognised on cash basis. Interest income is recognised using the effective interest method.

2. Summary of Significant Accounting Policies (Cont'd)

Employee Benefits

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

Income Tax

The company is registered as a charity under the Charities Act, 1994 with effect from 27 May 2003. No taxation is recorded as the company's income is exempted from tax.

Foreign Currency Transactions

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

Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

2. Summary of Significant Accounting Policies (Cont'd)

Impairment of Non-Financial Assets

The carrying amount of non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

Financial Assets

Initial recognition and measurement and derecognition:

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

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control.

Subsequent measurement:

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

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

2. Summary of Significant Accounting Policies (Cont'd)

Financial Assets (Cont'd)

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

Cash and Cash Equivalents

Cash and cash equivalents include bank and cash balances. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction, if any.

Financial Liabilities

Initial recognition and measurement:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. Financial liabilities are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

2. Summary of Significant Accounting Policies (Cont'd)

Financial Liabilities (Cont'd)

Subsequent measurement:

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

1. Liabilities at fair value through profit or loss: As at end of the reporting year, there were no financial liabilities classified in this category.
2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

Fair Value of Financial Instruments

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments. Disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes. The maximum exposure to credit risk is the fair value of the financial instruments at the end of the reporting year. The fair value of a financial instrument is derived from an active market or by using an acceptable valuation technique. The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price without any deduction for transaction costs that may be incurred on sale or other disposal and, for an asset to be acquired or liability held, the asking price. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique. The fair value measurements are classified using a fair value hierarchy of 3 levels that reflects the significance of the inputs used in making the measurements, that is, Level 1 for the use of quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 for the use of inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and Level 3 for the use of inputs for the asset or liability that are not based on observable market data (unobservable inputs). The level is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Where observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

2. Summary of Significant Accounting Policies (Cont'd)

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the period they occur.

Critical Judgements, Assumptions and Estimation Uncertainties

There were no critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements. There were no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. Related Party Transactions

FRS 24 defines a related party as an entity or person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common or joint control with, the entity in governing the financial and operating policies, or that has an interest in the entity that gives it significant influence over the entity in financial and operating decisions. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual. The definition includes parents, subsidiaries, fellow subsidiaries, associates, joint ventures and post-employment benefit plans, if any.

3.1. Key management compensation:

	<u>2009</u>	<u>2008</u>
	\$	\$
Salaries and other short-term employee benefits	<u>72,332</u>	<u>76,470</u>

The above amounts are included under employee benefits expense.

Key management personnel are the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly. The directors did not receive any compensation during the year (2008: Nil). The above amount is for a key management personnel.

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4. Revenue

	<u>2009</u>	<u>2008</u>
	\$	\$
Donation income	105,108	147,712
Event income	44,953	44,518
Royalty income	–	1,128
Alumni launch program	3,000	4,900
Sale of books	1,068	490
Student alumni launch program	266	–
	<u>154,395</u>	<u>198,748</u>

5. Other Credits

	<u>2009</u>	<u>2008</u>
	\$	\$
Student entrepreneur program seed money recovered	–	8,000
Government grant income from Jobs Credit Scheme	4,700	–
	<u>4,700</u>	<u>8,000</u>

6. Employee Benefits Expense

	<u>2009</u>	<u>2008</u>
	\$	\$
Employee benefits expenses	65,000	67,500
Contributions to defined contribution plan	7,332	8,970
Total employee benefits expenses	<u>72,332</u>	<u>76,470</u>

7. Income Tax

No provision for taxation has been made as the company's income is exempted from tax.

8. Plant and Equipment

	\$
<u>Cost:</u>	
At 1 January 2008, 31 December 2008 and 31 December 2009	<u>3,265</u>
<u>Accumulated Depreciation:</u>	
At 1 January 2008, 31 December 2008 and 31 December 2009	<u>3,265</u>
<u>Net book value:</u>	
At 1 January 2008, 31 December 2008 and 31 December 2009	<u>–</u>

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9. Trade and Other Receivables

	<u>2009</u> \$	<u>2008</u> \$
Trade receivables	3,179	-
Other receivables	30	10,134
Total trade and other receivables	<u>3,209</u>	<u>10,134</u>

10. Other Assets

	<u>2009</u> \$	<u>2008</u> \$
Prepayments	<u>536</u>	<u>535</u>

11. Cash and Cash Equivalents

	<u>2009</u> \$	<u>2008</u> \$
Not restricted in use	<u>57,302</u>	<u>77,007</u>

12. Trade and Other Payables

	<u>2009</u> \$	<u>2008</u> \$
Outside parties and accrued liabilities	<u>22,894</u>	<u>13,767</u>

13. Financial Instruments: Information on Financial Risks

13A. Classification of Financial Assets and Liabilities

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting year by FRS 39 categories:

	<u>2009</u> \$	<u>2008</u> \$
<u>Financial assets:</u>		
Cash and cash equivalents	57,302	77,007
Loans and other receivables	3,209	10,134
	<u>60,511</u>	<u>87,141</u>
<u>Financial liabilities:</u>		
Trade and other payables at amortised cost	<u>22,894</u>	<u>13,767</u>

Further quantitative disclosures are included throughout these financial statements.

There are no significant fair value measurements recognised in the statement of financial position.

13. Financial Instruments: Information on Financial Risks (Cont'd)

13B. Financial Risk Management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. The management has certain practices for the management of financial risks and action to be taken in order to manage the financial risks. However these are not formally documented in written form. The guidelines include the following:

- (i) Minimise interest rate, currency, credit and market risks for all kinds of transactions.
- (ii) Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.
- (iii) All financial risk management activities are carried out and monitored by senior management staff.
- (iv) All financial risk management activities are carried out following good market practices.

13C. Fair Values of Financial Instruments Stated at Amortised Cost

The financial assets and financial liabilities at amortised cost are at a carrying amount that is a reasonable approximation of fair value.

13D. Credit Risk on Financial Assets

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

All unencumbered bank deposits with the banks licensed by the Monetary Authority of Singapore are guaranteed by the Singapore Government until 31 December 2010.

As is disclosed in Note 11 cash and cash equivalents balances represent short term deposits with a less than 90-day maturity.

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13. Financial Instruments: Information on Financial Risks (Cont'd)

13D. Credit Risk on Financial Assets (Cont'd)

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

	<u>2009</u>	<u>2008</u>
	\$	\$
Trade receivables:		
Less than 60 days	<u>3,179</u>	<u>—</u>

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

13E. Liquidity Risk

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows).

	<u>Less than 1 year</u>	
	<u>2009</u>	<u>2008</u>
	\$	\$
Trade and other payables	<u>22,894</u>	<u>13,767</u>

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The average credit period taken to settle trade payables is about 50 days (2008: 50 days). The other payables are with short-term durations. Apart from the classification of the assets in the statement of financial position, no further analysis is deemed necessary.

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows.

13F. Interest Rate Risk

The company is not exposed to significant interest rate risk.

14. Operating Lease Payment Commitments

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

	<u>2009</u>	<u>2008</u>
	\$	\$
Not later than one year	<u>3,210</u>	<u>3,210</u>
Rental expenses for the year	<u>7,704</u>	<u>7,704</u>

Operating lease payments are for rentals payable for office premises. The lease from the owner is for 1 year to 2010.

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15. Changes and Adoption of Financial Reporting Standards

For the year ended 31 December 2009, the following new or revised Singapore Financial Reporting Standards were adopted. The new or revised standards did not require any material modification of the measurement method or the presentation in the financial statements.

<u>FRS No.</u>	<u>Title</u>
FRS 1	Presentation of Financial Statements (Revised)
FRS 18	Revenue (Amendments to)
FRS 23	Borrowing Costs (Amendments to) (*)
	Financial Instruments: Presentation and FRS 1
FRS 32	Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (Amendments to) (*)
FRS 27	Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (Amendments to) (*)
FRS 102	Share-based Payment – Vesting Conditions and Cancellations (Amendments to) (*)
FRS 103	Business Combinations and consecutive amendments in other FRSs (Revised) (*)
FRS 107	Financial Instruments: Disclosures (Amendments to)
FRS 108	Operating Segments (*)
INT FRS 109	Reassessment of Embedded Derivatives and FRS 39 Financial Instruments: Recognition and Measurement – Embedded Derivatives (Amendments to) (*)
INT FRS 113	Customer Loyalty Programs (*)
INT FRS 116	Hedges of a Net Investment in a Foreign Operation (*)
INT FRS 117	Distributions of Non-cash Assets to Owners (*)
INT FRS 118	Transfers of Assets from Customers (*)

(*) Not relevant to the entity.

The main objective of revising FRS 1 was to aggregate information in the financial statements on the basis of shared characteristics. All owner changes in equity are presented in the statement of changes in equity, separately from non-owner changes in equity. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other FRSs. It introduces a requirement to include in a complete set of financial statements, a statement of financial position as at the beginning of the earliest comparative period whenever the entity retrospectively applies an accounting policy or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.

16. Future Changes in Financial Reporting Standards

The following new or revised Singapore Financial Reporting Standards that have been issued will be effective in future. The transfer to the new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

<u>FRS No.</u>	<u>Title</u>	<u>Effective date for periods beginning on or after</u>
FRS 27	Consolidated and Separate Financial Statements (Amendments to) (*)	01.07.2009
FRS 38	Intangible Assets (Amendments to) (*)	01.07.2009
FRS 39	Financial Instruments: Recognition and Measurement – Eligible Hedged Item (Amendments to) (*)	01.07.2009
FRS 102	Share-based Payment (Amendments to) (*)	01.07.2009
FRS 103	Business Combinations (Revised) (*)	01.07.2009
FRS 105	Non-current Assets Held for Sale and Discontinued Operations (Amendments to) (*)	01.07.2009
INT FRS 109	Reassessment of Embedded Derivatives (Amendments to) (*)	01.07.2009
INT FRS 116	Hedges of a Net Investment in a Foreign Operation (Amendments to) (*)	01.07.2009
INT FRS 117	Distributions of Non-cash Assets to Owners (*)	01.07.2009
INT FRS 118	Transfers of Assets from Customers (*)	01.07.2009
FRS 1	Presentation of Financial Statements (Amendments to)	01.01.2010
FRS 7	Statement of Cash Flows (Amendments to)	01.01.2010
FRS 17	Leases (Amendments to)	01.01.2010
FRS 36	Impairment of Assets (Amendments to)	01.01.2010
FRS 39	Financial Instruments: Recognition and Measurement (Amendments to)	01.01.2010
FRS 105	Non-current Assets Held for Sale and Discontinued Operations (Amendments to) (*)	01.01.2010
FRS 108	108 Operating Segments (Amendments to) (*)	01.01.2010

(*) Not relevant to the entity.