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INDIGO PACIFIC PTE LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JULY 2010
TO 31 MARCH 2011

INDIGO PACIFIC PTE LIMITED

REPORT OF THE SOLE DIRECTOR

The sole director has pleasure in submitting his report together with the audited financial information for the period from 1 July 2010 to 31 March 2011.

PRINCIPAL PLACE OF BUSINESS

Indigo Pacific Pte Limited (“the company”) is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Room 2302, 23/F, 3 Lockhart Road, Wanchai, Hong Kong.

PRINCIPAL ACTIVITIES

The principal activities of the company are trading and service provision in relation to information technology.

FINANCIAL STATEMENTS

The loss of the company for the period from 1 July 2010 to 31 March 2011 and the state of the company’s affairs as at 31 March 2011 are set out in financial statements on pages 5 to 6.

PLANT AND EQUIPMENT

Details of the movements in plant and equipment during the period are set out in note 8 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the company during the period are set out in note 14 to the financial statements.

RESERVES

Movements in reserves of the company during the period are set out in the statement of changes in equity on page 7.

DIRECTOR

The director of the company during the financial period and up to the date of this report was:

Mr. Hugh Ronald Alexander MILLIKIN

In accordance with the company’s Articles of Association, the sole director remains in office for the ensuing financial period.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the company were entered into or existed during the period.

INDIGO PACIFIC PTE LIMITED

REPORT OF THE SOLE DIRECTOR

(Continued)

DIRECTOR'S INTERESTS IN CONTRACTS

No contracts of significance in relation to the company's business to which the company was a party and in which the sole director of the company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

DIRECTOR'S BENEFITS FROM RIGHT TO ACQUIRE SHARES OR DEBENTURES

At no time during the period was the company a party to any arrangement to enable the sole director of the company to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate.

AUDITORS

The financial statements have been audited by Nickson CPA Co., Certified Public Accountants, who retire and being eligible, offer themselves for re-appointment.

On behalf of the board



Chairman
Hong Kong, 19 SEP 2011

INDEPENDENT AUDITOR'S REPORT
INDIGO PACIFIC PTE LIMITED
(Incorporated in Hong Kong with limited liability)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Indigo Pacific Pte Limited set out on pages 5 to 26, which comprise the statement of financial position as at 31 March 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from 1 July 2010 to 31 March 2011, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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INDEPENDENT AUDITOR'S REPORT
INDIGO PACIFIC PTE LIMITED
(Incorporated in Hong Kong with limited liability)

(Continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Indigo Pacific Pte Limited as at 31 March 2011, and of its financial performance and its cash flows for the period from 1 July 2010 to 31 March 2011 in accordance with International Financial Reporting Standards.

Without qualifying our opinion, we draw attention to note 2(a) to the financial statements which indicates that the Company incurred a net loss of HK\$54,079 during the period from 1 July 2010 to 31 March 2011 and, as of that date, the Company's current liabilities exceeded its total assets by HK\$71,053. These conditions, along with other matters as set forth in note 2(a), indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Nickson CPA Co.

Nickson CPA Co.
Certified Public Accountants (practising)
Hong Kong, **19 SEP 2011**

INDIGO PACIFIC PTE LIMITED**INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1 JULY 2010 TO 31 MARCH 2011**

	Note	1.7.2010 to 31.3.2011 HK\$	Year ended 30.6.2010 HK\$
TURNOVER	4	4,885,442	9,039,846
COST OF SALES		(1,312,462)	(1,895,397)
GROSS PROFIT		<u>3,572,980</u>	<u>7,144,449</u>
OTHER REVENUES	4	10	56
SELLING AND DISTRIBUTION EXPENSES		(79,349)	(93,981)
ADMINISTRATIVE EXPENSES		(3,473,055)	(4,103,707)
OTHER OPERATING EXPENSES		(74,665)	(62,650)
(LOSS)/PROFIT BEFORE TAXATION	5	<u>(54,079)</u>	<u>2,884,167</u>
TAXATION	6	-	(32,764)
(LOSS)/PROFIT AFTER TAXATION		<u>(54,079)</u>	<u>2,851,403</u>
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME		<u>(54,079)</u>	<u>2,851,403</u>

INDIGO PACIFIC PTE LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2011**

	Note	31.3.2011 HK\$	30.6.2010 HK\$
ASSETS			
Non-current assets			
Plant and equipment	8	<u>47,014</u>	<u>85,255</u>
Current assets			
Accounts receivable and deposits	9	1,147,198	2,387,067
Amounts due from related companies	10	947,681	528,145
Cash and cash equivalents	11	<u>45,852</u>	<u>23,989</u>
		2,140,731	2,939,201
LIABILITIES			
Current liabilities			
Accounts payables and accruals	12	1,375,585	1,242,069
Amount due to ultimate holding company	13	850,449	1,766,597
Tax payable		<u>32,764</u>	<u>32,764</u>
		2,258,798	3,041,430
Net current liabilities		<u>(118,067)</u>	<u>(102,229)</u>
NET LIABILITIES		<u>(71,053)</u>	<u>(16,974)</u>
CAPITAL AND RESERVES			
Issued capital	14	10,000	10,000
Accumulated losses		<u>(81,053)</u>	<u>(26,974)</u>
		<u>(71,053)</u>	<u>(16,974)</u>

Approved and authorized for issue by the sole director on **19 SEP 2011**

Director



INDIGO PACIFIC PTE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 1 JULY 2010 TO 31 MARCH 2011**

	Share capital HK\$	Retained Profits/ (Accumulated losses) HK\$	Total HK\$
At 30 June 2009	10,000	(2,878,377)	(2,868,377)
Total comprehensive income for the year	-	2,851,403	2,851,403
At 30 June 2010	<u>10,000</u>	<u>(26,974)</u>	<u>(16,974)</u>
Total comprehensive loss for the period	-	(54,079)	(54,079)
At 31 March 2011	<u><u>10,000</u></u>	<u><u>(81,053)</u></u>	<u><u>(71,053)</u></u>

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INDIGO PACIFIC PTE LIMITED**STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 JULY 2010 TO 31 MARCH 2011**

	1.7.2010 to 31.3.2011	Year ended 30.6.2010
OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(54,079)	2,884,167
Adjustments for:		
Depreciation	38,241	52,010
Write off of amount due from director	-	10,640
Interest income	(10)	(1)
Changes in working capital:		
Accounts and other receivables	820,333	(2,418,159)
Accounts and other payables	(782,632)	(593,204)
Cash generated from/(used in) operations	<u>21,853</u>	<u>(64,547)</u>
Cash flows from investing activities		
Interest received	<u>10</u>	<u>1</u>
	10	1
Net cash generated from operating activities	21,863	(64,546)
CASH AND CASH EQUIVALENTS		
At the beginning of the period/year	23,989	88,535
At the end of the period/year	<u>45,852</u>	<u>23,989</u>

INDIGO PACIFIC PTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JULY 2010 TO 31 MARCH 2011

1. GENERAL INFORMATION

Indigo Pacific Pte Limited (the company) is a limited liability company domiciled and incorporated in Hong Kong. The address of its registered office and principal place of business is Room 2302, 23/F, 3 Lockhart Road, Wanchai, Hong Kong. The principal activities of the company are trading and service provision in relation to information technology.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance and going concern

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”) as issued by International Accounting Standards Board (“IASB”). A summary of the significant accounting policies adopted by the company is set out below.

IASB has issued certain amendments and interpretations which are or have become effective. It has also issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Company. The Company’s sole director anticipate that the application of these new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Company.

The company has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The Company incurred a net loss of HK\$54,079 during the period from 1 July 2010 to 31 March 2011 and, as of 31 March 2011, the Company’s current liabilities exceeded its total assets by HK\$71,053.

Having regard to the continuing financial support received from Mr Hugh Millikin, the sole director, he is of the opinion that the Company is able to continue as a going concern and to meet its obligations in full as and when they fall due. Accordingly, the sole director considers it appropriate to prepare the financial statements on a going concern basis.

Should the company be unable to continue as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effect of these potential adjustments has not been reflected in the financial statements.

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INDIGO PACIFIC PTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JULY 2010 TO 31 MARCH 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Basis of preparation of the financial statements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

c) Related parties

For the purpose of these financial statements, parties are considered to be related to the company if:

- i) the party has the ability, directly or indirectly through one or more intermediaries, to control the company or exercise significant influence over the company in making financial and operating policy decisions, or has joint control over the company;
- ii) the company and the party are subject to common control;
- iii) the party is an associate of the company or a joint venture in which the company is a venturer;
- iv) the party is a member of key management personnel of the company or the company's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals, or
- vi) the party is a post-employment benefit plan which is for the benefit of employees of the company or of any entity that is a related party of the company.

Close family members of an individual are family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JULY 2010 TO 31 MARCH 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in other comprehensive income, in which case they are recognised in other comprehensive income.

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

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

INDIGO PACIFIC PTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JULY 2010 TO 31 MARCH 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Income tax (continued)

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the company or the group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the company or the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

e) Revenue recognition

- i) Revenue from the sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and the title has passed.
- ii) Consultancy fee income is recognized when the consultancy services are rendered.
- iii) Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

INDIGO PACIFIC PTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JULY 2010 TO 31 MARCH 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

g) Impairment of assets

i) Impairment of investments in equity securities and other receivables

Investments in equity securities (other than investments in associates and jointly controlled entities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale equity securities are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the company about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

INDIGO PACIFIC PTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JULY 2010 TO 31 MARCH 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Impairment of assets (continued)

i) Impairment of investments in equity securities and other receivables (Continued)

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For unlisted equity securities carried at cost, impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.

For trade receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective company.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

- For available-for-sale equity securities, when a decline in the fair value has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

INDIGO PACIFIC PTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JULY 2010 TO 31 MARCH 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Impairment of assets (continued)

i) Impairment of investments in equity securities and other receivables (Continued)

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised directly in equity.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the company is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment (other than properties carried at revalued amounts);
- intangible assets;
- investments in subsidiaries and associates and jointly controlled entities (except for those classified as being held for sale); and
- goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and 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 time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

INDIGO PACIFIC PTE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JULY 2010 TO 31 MARCH 2011**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Impairment of assets (continued)

ii) Impairment of other assets (continued)

- Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

- Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

h) Plant and equipment

Plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment losses.

Plant and equipment are depreciated at rates sufficient to write off their cost/valuation less accumulated impairment loss over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvements	20%
Computer equipment	20%
Furniture and fixtures	20%

INDIGO PACIFIC PTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JULY 2010 TO 31 MARCH 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the company determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

i) Classification of assets leased to the company

Assets held by company under leases which transfer to the company substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the company are classified as operating leases, with the following exception:

- property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease
- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the company, or taken over from the previous lessee, or at the date of construction of those buildings, if later.

ii) Assets acquired under finance leases

Where the company acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the company will obtain ownership of the asset, the life of the asset, as set out in note 2(h). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(g). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

INDIGO PACIFIC PTE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JULY 2010 TO 31 MARCH 2011**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Leased assets (continued)

iii) Operating lease charges

Where the company has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are written off as an expense of the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property.

iv) Assets held for use in operating leases

Where the company leases out assets under operating leases, the assets are included in the balance sheet according to their nature and, where applicable, are depreciated in accordance with the company's depreciation policies, as set out in note 2(h). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(g). Revenue arising from operating leases is recognised in accordance with the group's revenue recognition policies, as set out in note 2(g).

j) Accounts and other receivables

Accounts and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

k) Translation of foreign currencies

- Functional currency and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These financial statements are presented in Hong Kong Dollars, which is the Company's presentation currency.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JULY 2010 TO 31 MARCH 2011**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Translation of foreign currencies (continued)

- Transactions and balances

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised directly in other comprehensive income.

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible to known amounts of cash within three months of maturity when acquired and which are subject to an insignificant risk of changes in value. Bank overdrafts that the repayable on demand and form an integral part of the Company's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

m) Accounts and other payables

Accounts and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

n) Employee benefits

Short term employee benefits and contributions to defined contribution plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to the Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are charged to the income statement when incurred.

INDIGO PACIFIC PTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JULY 2010 TO 31 MARCH 2011

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

a) Key sources of estimation uncertainty

In the process of applying the company's accounting policies which are described in note 2, management has made certain key assumptions concerning the future, and other key sources of estimated uncertainty at the balance sheet date, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as discussed below.

i) Impairment of plant and equipment

The recoverable amount of an asset is the greater of its net selling price and 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, which requires significant judgement relating to level of revenue and amount of operating costs. The company uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

ii) Impairment of receivables

The company maintains impairment allowance for doubtful accounts based upon evaluation of the recoverability of the accounts receivable and other receivables, where applicable, at each balance sheet date. The estimates are based on the ageing of the accounts receivable and other receivables balances and the historical write-off experience, net of recoveries. If the financial condition of the debtors were to deteriorate, additional impairment allowance may be required.

b) Critical accounting judgements in applying the Company's accounting policies

In determining the carrying amounts of some assets and liabilities, the company makes assumptions for the effects of uncertain future events on those assets and liabilities at the year end date. These estimates involve assumptions about such items as cash flows and discount rates used. The company's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying the company's accounting policies.

INDIGO PACIFIC PTE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JULY 2010 TO 31 MARCH 2011**

4. TURNOVER AND OTHER REVENUE

	1.7.2010 to 31.3.2011 HK\$	Year ended 30.6.2010 HK\$
Turnover		
Sales of goods	1,681,060	2,445,074
Consultancy fee income	3,204,382	6,594,772
	<u>4,885,442</u>	<u>9,039,846</u>
Other revenue		
Interest income	10	1
Exchange gain	-	55
	<u>10</u>	<u>56</u>
Total revenue	<u>4,885,452</u>	<u>9,039,902</u>

5. (LOSS)/PROFIT BEFORE TAXATION

The (loss)/profit before taxation is stated after charging the following:

	1.7.2010 to 31.3.2011 HK\$	Year ended 30.6.2010 HK\$
Charging		
Auditors' remuneration – statutory audits	32,000	32,000
Depreciation	38,241	52,010
Operating leases rental in respect of land and buildings	405,824	606,861
Staff costs		
- contributions to Mandatory Provident Fund	83,393	106,055
- salaries, wages and other benefits	2,564,366	2,660,044
Exchange loss	36,424	-
	<u>3,126,248</u>	<u>3,457,030</u>

6. TAXATION

	1.7.2010 to 31.3.2011 HK\$	Year ended 30.6.2010 HK\$
Current tax		
Hong Kong profits tax	-	32,764
	<u>-</u>	<u>32,764</u>

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INDIGO PACIFIC PTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JULY 2010 TO 31 MARCH 2011

6. TAXATION (continued)

Hong Kong profits tax is not provided for as the Company has no estimated assessable profit for the period (Year ended 30 June 2010: Taxed at 16.5% on the estimated assessable profit).

Taxation in the statement of financial position represents provision for taxation for the current year less the amount of tax paid.

Taxation charge for the year can be reconciled to the profit per the income statement as follows:

	1.7.2010 to 31.3.2011 HK\$	Year ended 30.6.2010 HK\$
(Loss)/Profit before taxation	<u>(54,079)</u>	<u>2,884,167</u>
Tax at the application rate of 16.5% (2010: 16.5%)	-	475,887
Net tax effect of non-deductible expenses and tax loss b/f	<u>-</u>	<u>(443,123)</u>
	<u>-</u>	<u>32,764</u>

7. DIRECTORS' EMOLUMENTS

The sole director has not received any emoluments from the Company for his service during the period (2010: Nil).

8. PLANT AND EQUIPMENT

	Leasehold improvement HK\$	Computer equipment HK\$	Furniture and fixtures HK\$	Total HK\$
Cost				
At 1 July 2010				
And 31 March 2011	<u>70,838</u>	<u>123,173</u>	<u>130,455</u>	<u>324,466</u>
Accumulated Depreciation				
At 1 July 2010	48,643	95,642	94,926	239,211
Charge for the period	<u>9,492</u>	<u>12,413</u>	<u>16,336</u>	<u>38,241</u>
At 31 March 2011	<u>58,135</u>	<u>108,055</u>	<u>111,262</u>	<u>277,452</u>
Net book value				
As at 31 March 2011	<u>12,703</u>	<u>15,118</u>	<u>19,193</u>	<u>47,014</u>
As at 30 June 2010	<u>22,195</u>	<u>27,531</u>	<u>35,529</u>	<u>85,255</u>

INDIGO PACIFIC PTE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JULY 2010 TO 31 MARCH 2011**

9. ACCOUNTS RECEIVABLES AND DEPOSITS

	31.3.2011 HK\$	30.6.2010 HK\$
Trade receivables	958,833	2,213,637
Less: Allowance for doubtful debts	<u>-</u>	<u>-</u>
	958,833	2,213,637
Deposits	<u>188,365</u>	<u>173,430</u>
	<u>1,147,198</u>	<u>2,387,067</u>

Trade receivables at 31 March 2011 include HK\$Nil (30 June 2010: HK\$1,779,598) denominated in foreign currency.

All of the trade receivables are expected to be recovered within one year.

a) Impairment of trade receivables

Impairment losses in respect of trade debtors are recorded using an allowance account unless the company is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly.

No provision for impairment has been made.

b) Trade receivables that are not impaired

The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired are as follows:

	31.3.2011 HK\$	30.6.2010 HK\$
Neither past due nor impaired	958,833	2,213,637
Past due but not impaired	<u>-</u>	<u>-</u>
	<u>958,833</u>	<u>2,213,637</u>

Receivables that were neither past due nor impaired relate to a range of customers for whom there was no recent history of default.

10. AMOUNTS DUE FROM RELATED COMPANIES

The amounts are unsecured, interest-free and have no fixed terms of repayment.

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INDIGO PACIFIC PTE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JULY 2010 TO 31 MARCH 2011****11. CASH AND CASH EQUIVALENTS**

	31.3.2011 HK\$	30.6.2010 HK\$
Bank balances and cash	<u>45,852</u>	<u>23,989</u>

Cash and cash equivalents at 31 March 2011 include HK\$51,357 (30 June 2010: HK\$1,196) denominated in foreign currency.

12. ACCOUNTS PAYABLE AND ACCRUALS

	31.3.2011 HK\$	30.6.2010 HK\$
Trade payables	1,262,701	1,162,041
Accruals	<u>112,884</u>	<u>80,028</u>
	<u>1,375,585</u>	<u>1,242,069</u>

Accounts payable and accruals at 31 March 2011 include HK\$361,182 (30 June 2010: HK\$150,905) denominated in foreign currency.

13. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

The amount IS unsecured, interest-free and have no fixed terms of repayment.

14. ISSUED CAPITAL

	31.3.2011 HK\$	30.6.2010 HK\$
Authorised, issued and fully paid: 10,000 ordinary shares of HK\$1 each	<u>10,000</u>	<u>10,000</u>

There was no movement in the issued capital of the company for the period/year ended 31 March 2011 and 30 June 2010.

15. COMMITMENTS UNDER OPERATING LEASES

The company has the following total future minimum lease payments payable under non-cancellable operating leases for land and buildings:

	31.3.2011 HK\$	30.6.2010 HK\$
Not later than one year	-	368,046
Later than one year and not later than five years	<u>-</u>	<u>-</u>
	<u>-</u>	<u>368,046</u>

INDIGO PACIFIC PTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JULY 2010 TO 31 MARCH 2011

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES

The company's major financial instruments include trade receivable and trade payables. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, currency risk and other price risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

a) Credit risk

- i) As at 31 March 2011, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets after deducting any impairment allowance.
- ii) In respect of trade and other receivables, in order to minimise risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its customers' financial position and condition is performed on each and every major customer periodically. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The company does not require collateral in respect of its financial assets. Debts are usually due within 180 days from the date of billing.
- iii) In respect of trade receivables, the company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk. At the balance sheet date, the company had no significant concentrations of credit risk which individual trade and other receivables balance exceeds 10% of the total trade and other receivables at balance sheet date.
- vi) The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

b) Liquidity risk

Individual operating entities within the company are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to board approval. The Company's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The company relies on bank borrowings as a significant source of liquidity.

INDIGO PACIFIC PTE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JULY 2010 TO 31 MARCH 2011**

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES (continued)

c) Currency risk

Presently, there is no hedging policy with respect to the foreign exchange exposure. The company's functional currency is Hong Kong dollars as substantially all the turnover are in Hong Kong dollars. The company's transactional foreign exchange exposure was insignificant.

d) Fair values

The fair values of cash and cash equivalents, bank deposits, debtors, other receivables, trade and other payables are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments. The fair value of financial assets traded on active liquid markets are determined with reference to listed market prices. The carrying amount of bank loans approximates their fair values.

17. COMPARATIVE FIGURES

The financial statements cover a period of nine months. The comparative figures shown for the income statement and related notes cover a period of twelve months and therefore may not be comparable with the figures shown for current period.

18. ULTIMATE HOLDING COMPANY

The sole director regards Indigo Pacific Pte Limited, a company incorporated in Singapore, as the ultimate holding company.

19. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE PERIOD ENDED 31 MARCH 2011

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the period ended 31 March 2011 and which have not been adopted in these financial statements.

The company's sole director anticipates that the application of the new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the company.

The company is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the company's results of operations and financial position.

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