



MGI SINGAPORE PAC
CERTIFIED PUBLIC ACCOUNTANTS
(Company Regn. No. 200606965Z)

**M2L HOLDINGS LIMITED
AND ITS SUBSIDIARIES**
(ARBN 154095897)
(Incorporated in the Republic of Singapore)

For the period from 30 August 2011
(Date of incorporation) to 30 September 2012

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PLEASE REPLY TO:

MAIL OFFICE:

51 ALBION ROAD #02-57 & #02-59

ANS IN CENTRE, SINGAPORE 079904

TEL: +65 6224 4894 (8 LINES) FAX: +65 6224 9558

E-MAIL: admin@mgipac.com Website: <http://www.mgipac.com>

BRANCH OFFICE:

BLK 165 BUKIT MERAH CENTRAL

#04-3665 SINGAPORE 150165

TEL: +65 6287 2411 FAX: +65 6273 7950

Website: <http://www.2ms.com.sg>

M2L HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

The Directors are pleased to present their report to the members together with the audited financial statement of M2L HOLDINGS LIMITED and its subsidiaries for the financial period from 30 August 2011 (date of incorporation) to 30 September 2012.

1. DIRECTORS

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

<u>Name</u>	<u>Particulars</u>
LAM PECK HENG	Independent Non-executive Director, Chairman (appointed 15 September 2011)
CHONG HOCK TAT ROBIN	Executive Director (appointed 30 August 2011)
THAM KHAI WOR	Executive Director (appointed 10 September 2012)

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

During and at the end of the financial period, the Company was a party to any arrangement of which the object was to enable the Directors to acquire benefits through the acquisition of shares in or debentures of the Company or any other corporate body, other than as disclosed in this report.

3. DIRECTORS' INTERESTS IN SHARES

None of the Directors who held office at the end of the financial period had any interests in the shares of the Company or its related corporation, except as follows:

	<u>Holdings registered in the name of director or nominee</u>		<u>Holdings in which director is deemed to have an interest</u>	
	<u>As at date of incorporation (30.08.2011)</u>	<u>As at 30.09.2012</u>	<u>As at date of appointment (30.08.2011)</u>	<u>As at 30.09.2012</u>
<u>The Company</u>				
Chong Hock Tan Robin	1	20,000,000	-	-

4. DIRECTORS' BENEFITS

Since the date of incorporation, no Director has received or has become entitled to receive a benefit under a contract except as disclosed in the accompanying financial statements and in this report.

5. SHARE OPTIONS

During the financial period, no options were granted to take up unissued shares of the Company and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company. At the end of the financial period, there were no unissued shares of the company under option.

M2L HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

6. AUDITORS

The auditors, MGI SINGAPORE PAC., Public Accountants and Certified Public Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,


CHONG HOCK TAT ROBIN


LAM PECK HENG

Singapore,
27 December 2012

M2L HOLDINGS LIMITED

STATEMENT BY DIRECTORS

In the opinion of the directors:-

- (a) the accompanying statement of financial position, comprehensive income, changes in equity and cash flow together with notes thereon are drawn up so as to give a true and fair view of the state of affairs of the Company as at 30 September 2012 and of the results of the business, changes in equity and cash flows of the Company for the financial period from 30 August 2011 (date of incorporation) to 30 September 2012; 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 Directors authorised these financial statements for issued on the date of this report.

On behalf of the Directors,


CHONG HOCK TAT ROBIN


LAM PECK HENG

Singapore,
27 December 2012



MGI SINGAPORE PAC
CERTIFIED PUBLIC ACCOUNTANTS
(Company Regn. No. 200606965Z)

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF M2L HOLDINGS LIMITED

Report on the financial statements

We have audited the accompanying financial statements of M2L HOLDINGS LIMITED (the "Company"), which comprise the statement of financial position as at 30 September 2012, statement of comprehensive income, changes in equity and cash flow from the financial period from 30 August 2011 (date of incorporation) to 30 September 2012, and a summary of significant accounting policies and other explanatory notes.

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 International Financial Reporting Standards ("IFRS") and for such internal controls as management determines are 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 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 controls. 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.

Basis for Disclaimer Opinion

We draw your attention to note 4 and to the financial statements. We are unable to gather sufficient audit evidence to satisfy ourselves as to the appropriateness of the carrying amount due from subsidiary as shown in the balance sheet of S\$2,216,600.

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MAIN OFFICE:

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MGI SINGAPORE PAC
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-Continued

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF M2L HOLDINGS LIMITED

Basis for Disclaimer Opinion (Continued)

We draw your attention to note 5 to the financial statements,. The Company did not prepare one set of consolidated financial statements incorporating those financial statements of its subsidiaries as the financial statements for the subsidiaries are not available. This is not in accordance with the International Accounting Standards No.27 - "Consolidated and Separate Financial Statements".

We also draw your attention to note 5 to the financial statements, as the financial information of the subsidiaries, Xiamen Century Blue Ocean Tuition Centre and Beijing Century Educational Development Centre were not made available to us. Consequently we are unable to ascertain if there has been any impairment in the carrying value of the investment in subsidiary.

We draw your attention to note 7 to the financial statements. We are unable to gather sufficient audit evidence to satisfy ourselves as to the appropriateness of the carrying amount of the intangible asset amounting to S\$49,999, which is paid by way of issue of shares of the Company to Mr Tay Kwee Yong.

Disclaimer of opinion

Because of the significance of the matters described in the Basis for Disclaimer opinion paragraphs, we are not in a position to, and do not, express an opinion as to whether the financial statements of the Company are properly drawn up in accordance with the International Financial Reporting Standards to give a true and fair view of the state of affairs of the Company as at 30 September 2012.

Singapore
27 December 2012

MGI SINGAPORE PAC
Certified Public Accountant

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M2L HOLDINGS LIMITED**STATEMENT OF FINANCIAL POSITION**
As at 30 September 2012

	Note	2012 \$
ASSETS		
Current Asset		
Cash in hand		103
Non-current Assets		
Amount due from subsidiary	4	2,216,600
Investment in subsidiary	5	2
Prepayment	6	201,307
Intangible asset	7	49,999
		2,467,908
Total Assets		2,468,011
EQUITY AND LIABILITIES		
Liabilities		
Current Liability		
Other payables	8	121,604
Capital and Reserves		
Share capital	9	2,541,226
Loss for the period		(194,819)
		2,346,407
Total Equity and Liabilities		2,468,011

The accounting policies and explanatory notes form an integral part of the financial statements.

M2L HOLDINGS LIMITED**STATEMENT OF COMPREHENSIVE INCOME****For the financial period from 30 August 2011 (date of incorporation) to 30 September 2012**

	Note	2012 \$
Revenue		-
Cost and expenses		
Employee benefits	10	92,820
Other operating expenses		101,999
		194,819
Loss before taxation		(194,819)
Taxation	11	-
Loss after taxation		(194,819)
Other comprehensive income		-
Total comprehensive loss for the period		(194,819)
(Loss) per share		
-Basic	12	(0.0037)
-Diluted	12	(0.0037)

The accounting policies and explanatory notes form an integral part of the financial statements.

M2L HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

For the financial period from 30 August 2011 (date of incorporation) to 30 September 2012

	Note	Share capital \$	Loss for the period \$	Total equity \$
Balance as at 30.08.2011 (date of incorporation)	9	2	-	2
Issue of shares	9	2,706,837	-	2,706,837
Share issuance expenses	9	(165,613)	-	(165,613)
Total comprehensive loss for the period from 30 August 2011 to 30 September 2012		-	(194,819)	(194,819)
Balance as at 30.09.2012	9	2,541,226	(194,809)	2,346,417

The accounting policies and explanatory notes form an integral part of the financial statements.

M2L HOLDINGS LIMITED**STATEMENT OF CASH FLOW****For the financial period from 30 August 2011 (date of incorporation) to 30 September 2012**

	Note	2012 \$
Operating activities		
Loss before taxation		(194,819)
Adjustments for:-		
Amortisation of prepayment		53,692
Operating profit before working capital changes		(141,127)
<u>Changes in working capital</u>		
Increase in other payables	8	121,604
Cash flow (used in) operations		(19,523)
Tax paid		-
Net cash flow (used in) operating activities		(19,523)
 Cash flows from investing activity		
Investment in subsidiary	5	(2)
Net cash flows (used in) investing activity		(2)
 Cash flows from financing activity		
Net proceeds from issue of shares		19,628
Net cash flows from financing activity		19,628
 Net increase in cash at bank balance		103
Cash in hand at beginning of financial period		-
Cash in hand at end of financial period		103

The accounting policies and explanatory notes form an integral part of the financial statements.

M2L HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENT – 30 September 2012

1 CORPORATE INFORMATION

M2L Holdings Limited was incorporated under the laws of Singapore as a public company limited by shares on 30 August 2011.

The registered office of the company in Singapore is located at 21 Bukit Batok Crescent, #15-74 WCEGA Tower, Singapore 658065.

The principal activities of the company are to carry on business as a content developer and provider of Mandarin Chinese Language learning programmes for adult non-native speakers. The Company also carry on business as organiser of short-term executive training programmes, in partnership with the School of Continuing Education of a premier state funded university in China.

The Company has not actively carried on business since it was registered on 30 August 2011 to the date of this report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements are prepared in accordance with IFRSs, which collective term includes all applicable individual International Financial Reporting Standards and Interpretations approved by the IASB, and all applicable individual International Accounting Standards ("IASs") and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars which is the Company's functional currency. All financial information is presented in Singapore Dollars, unless otherwise stated.

2.2 Changes in accounting policies

The Company has adopted all the new and revised standards and interpretations of FRS (INT FRS) that are effective for financial periods beginning on or after 30 August 2011. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Company.

M2L HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENT – 30 September 2012**

2 SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**2.3 Standards issued but not yet effective**

The Company has not adopted the following standards and interpretations that have been issued but not yet effective:

Reference	Description	Effective for annual periods beginning on or after
Amendments to IAS 12	Income taxes on deferred tax	1 January 2012
Amendments to IAS 1	Financial statement presentation regarding other comprehensive income	1 July 2012
Amendments to IAS 19	Employee Benefits	1 January 2013
IFRS 19	Financial instruments	1 January 2013
IFRS10	Consolidated financial statements	1 January 2013
FRS 11	Joint arrangements	1 January 2013
FRS 12	Disclosure of Interests in Other Entities	1 January 2013
FRS 13	Fair Value Measurements	1 January 2013
IAS 27(Revised 2011)	Separate financial statements	1 January 2013
IAS 28(Revised2011)	Associates and joint ventures	1 January 2013

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

2.4 Foreign currency transactions and translation

The financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the company are presented in Singapore Dollar, which is the functional currency of the company.

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

M2L HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENT – 30 September 2012

2 SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.5 Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether there is control.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre- or post- acquisition profits are recognised in the Company's profit or loss.

2.6 Intangible assets

Intangible assets are accounted for using the cost model with the exception of goodwill. Capitalised costs are amortised on a straight-line basis over their estimated useful lives for those considered as finite useful lives. After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any. In addition, they are subject to annual impairment testing. Indefinite life intangibles are not amortised but are subject to annual impairment testing.

Intangible assets are written off where, in the opinion of the Directors, no further future economic benefits are expected to arise.

The copyright to the Proprietary Learning Programme

Copyright are initially recognised at cost. Subsequent to initial recognition, they are stated at cost less any accumulated impairment losses.

The carrying amount of the copyright is reviewed annually and adjusted for impairment in accordance with IAS 36 "Impairment of Assets". An impairment loss is recognised in the profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

2.7 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the company at which management controls the related cash flows.

M2L HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENT – 30 September 2012

2 SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.7 Impairment of non-financial assets – Continued

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the assets or cash-generating units' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

With the exception of goodwill,

- An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.
- 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 if no impairment loss had been recognised.
- A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

An impairment loss in respect of goodwill is not reversed, even if it relates to impairment loss recognised in an interim period that would have been reduced or avoided had the impairment assessment been made at a subsequent reporting or end of reporting period.

2.8 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

M2L HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENT – 30 September 2012

2 SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.9 Financial assets

Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through the profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the assets were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through the profit or loss is not revocable.

All financial assets are recognised on their trade date - the date on which the Company commit to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through the profit or loss, which are recognised at fair value.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in the profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of reporting period. These are classified as non-current assets.

Loans and receivables include trade and other receivables. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or write back is recognised in the profit or loss.

M2L HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENT – 30 September 2012

2 SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.9 Financial assets – Continued

Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of reporting period.

All financial assets within this category are subsequently measured at fair value with changes in value recognised in equity, net of any effects arising from income taxes, until the financial assets is disposed of or is determined to be impaired, at which time the cumulative gains or losses previously recognised in equity is included in the profit or loss for the period.

When a decline in the fair value of an available-for sale financial asset 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 the equity and recognised in the profit or loss even though the financial asset has not been derecognised.

The amount of the cumulative loss that is removed from equity and recognised in the profit or loss shall be the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in the profit or loss.

Impairment losses recognised in the profit or loss for equity investments classified as available-for-sale are not subsequently reversed through the profit or loss. Impairment losses recognised in the profit or loss for debt instruments classified as available-for-sale are subsequently reversed in the profit or loss if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Impairment losses recognised in a previous interim period in respect of available-for-sale equity investments are not reversed even if the impairment losses would have been reduced or avoided had the impairment assessment been made at a subsequent reporting period or end of reporting period.

Objective evidence of impairment of individual financial assets 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 reorganization;
- 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 costs.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but is not limited to adverse changes in the payment status of debtors.

M2L HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENT – 30 September 2012

2 SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.9 Financial assets – Continued

Determination of fair value

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs. Where fair value of unquoted instruments cannot be measured reliably, fair value is determined by the transaction price.

2.10 Impairment of financial assets

The company assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

a) Assets carried amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is. Or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial assets.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Company considers factors such as probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

M2L HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENT – 30 September 2012

2 SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.10 Impairment of financial assets - Continued

b) Assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operated, probability of insolvency of significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash at bank and balances on hand.

2.12 Provisions and contingent liabilities

Provisions are recognised when the Company have 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. Present obligations arising from onerous contracts are recognised as provisions.

The Directors review the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

Where the time value of money is material, provisions are discounted using a current pretax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in provision due to the passage of time is recognised as finance costs.

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 uncertain events not wholly within the control of the Company are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities are not recognised in the statement of financial position of the Company, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably measured. Contingent liabilities are recognised in the course of the allocation of the purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisation, if appropriate.

2 SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.13 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of other financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gain or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Company has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains or losses are recognised in profit or loss when the liabilities are derecognised, and through the amortization process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the profit or loss.

2.14 Borrowing cost

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that assets. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing cost are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2 SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.15 Employee benefits

Defined contribution plans

Retirement benefits to employees are provided through defined contribution plans, as provided by the laws of the countries in which it has operations. The Singapore incorporated companies contribute to the Central Provident Fund (“CPF”).

The employees of the Group’s subsidiaries which operate in the People’s Republic of China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme.

These contributions are charged to the profit or loss in the period to which the contributions relate. The Company’s obligations under these plans are limited to the fixed percentage contributions payable.

Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employee. The estimated liability for leave is recognised for services rendered by employees up to end of the reporting period.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain general managers are considered key management personnel.

2.16 Leases

Finance leases, which transfer to the company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the statement of comprehensive income. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the profit and loss statement on a straight – line basis over the lease term. The aggregated benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight – line basis.

2.17 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

M2L HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENT – 30 September 2012

2 SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.18 Taxes

a) Current income tax

Current income tax asset and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the company operates and generates taxable income.

Current income taxes are recognised in the profit or loss except to the extent that the tax related to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in the transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

The carrying amount of deferred income tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of deferred income tax assets to be utilised. Unrecognised deferred tax assets are reassessed at the end of the reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

M2L HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENT – 30 September 2012

2 SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.18 Taxes – Continued

b) Deferred tax

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchases of assets or services is not recoverable from the taxation authority, in which case the sale tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.19 Related Parties

For the purpose of these financial statements, a party is considered to be related to the Company if:

- (a) 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;
- (b) the Company and the party are subject to common control;
- (c) the party is an associate of the Company or a joint venture in which the Company is a venturer;
- (d) 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;
- (e) the party is a close family member of a party referred to in (a) or is an entity under the control, joint control or significant influence of such individuals; or
- (f) 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 those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

M2L HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENT – 30 September 2012

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements in conformity with FRSs requires the management to make judgments, 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 recognized in the period in which the estimates are revised and in any future periods affected.

3.1 Judgments made in applying accounting policies

There was no material judgement made by management in the process of applying the Company accounting policies that have the most significant effect on the amounts recognized in the financial statements.

3.2 key sources of estimation uncertainty

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

Income tax

The Company has exposure to income taxes in Singapore. There were certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of where additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4 AMOUNT DUE FROM SUBSIDIARY

	2012
	\$
Amount due from subsidiary	<u>2,216,600</u>

During the financial period, M2L Blue Ocean Pte Ltd, a wholly-owned subsidiary of the Company acquired 51% of the equity interest in Xiamen Century Blue Ocean Tuition Centre and 51% of the equity interest in Beijing Century Educational Development Centre for a total consideration of S\$2,216,600. This consideration was paid by M2L Holdings Limited by way of the issuance of 16,800,000 shares of M2L Holdings Limited.

The amount due from subsidiary, which is classified as non-current is considered part of net investments in subsidiary.

The amount is non-trade in nature, unsecured, interest free and has no terms of repayment.

The Company has agreed not to demand repayment of debts until the resources of the subsidiary permit.

M2L HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENT – 30 September 2012

5 SUBSIDIARIES

					2012 \$
Unquoted equity investments, at cost					2
Name	Country of incorporation	Cost of investment 2012 \$	Percentage of equity held	Principal activities	
<u>Held by the Company</u>					
M2L Blue Ocean Holdings Pte Ltd ("M2LBO") *	Singapore	2	100%	Investment holding	
<u>Held by M2LBO</u>					
Xiamen Century Blue Ocean Tuition Centre	China	#	51%	Provide supplementary academic tuition	
Beijing Century Educational Development Centre	China	##	51%	Provide examination to get work skills certification.	
					2

* M2L Blue Ocean Holdings Pte Ltd ("M2LBO") audited by MGI Singapore PAC. The auditor issued a "disclaimer opinion" in the Independent Auditors' Report on the audited financial statements of M2LBO for FY2012 as auditor are unable to verify the existence and the ownership of the investment in subsidiaries. Further, M2LBO did not prepare one set of consolidated financial statements incorporating those financial statements of its subsidiaries as the financial statements for the subsidiaries are not available. This is not in accordance with the Singapore Financial Report Standards No.27 "Consolidated and Separate Financial Statements" and does not comply with the Companies Act, Chapter 50. Consequently the auditor are unable to ascertain if there has been any impairment in the carrying value of S\$ 2,216,600 in relation to the investment in subsidiaries. The audited financial statements of M2LBO are enclosed with this report.

M2L Blue Ocean Holdings Pte Ltd, a wholly owned subsidiary of the Company, entered into an Equity Assignment Agreement with Mr LAN Shi Ren on 10 September 2011 and supplemented by two Supplemental Agreements dated 12 September 2011 and 28 November 2011 (together the CBO Acquisition Agreements). In accordance with the CBO Acquisition Agreements Mr LAN Shi Ren transferred his 51% equity interest in Xiamen Century Blue Ocean Tuition Centre to M2L Blue Ocean Holdings Pte Ltd for a consideration of RMB5,342,000 (approximately S\$1,055,524), paid with by the issue of 8,000,000 Shares in the share capital of M2L Holdings Limited.

M2L Blue Ocean Holdings Pte Ltd entered into an Equity Assignment Agreement with Mr LAN Shi Ren on 10 September 2011 and supplemented by Supplemental Agreements dated 12 September 2011 and 28 November 2011 (together the BM Acquisition Agreements). In accordance with the BM Acquisition Agreements Mr LAN Shi Ren transferred his 51% equity interest in Beijing Century to M2L Blue Ocean Holdings Pte Ltd for a consideration of RMB5,817,200 (approximately S\$1,161,076), paid by the issue of 8,800,000 Shares in the share capital M2L Holdings Limited.

M2L HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENT - 30 September 2012**

6 PREPAYMENT

	2012 \$
Acquisition during the period	254,999
Amortisation for the period	<u>(53,692)</u>
As at 30 .09. 2012	<u>201,307</u>

On 12 September 2011, the Company entered into a Lease Agreement with Mr CHONG Hock Tat Robin and Madam CHUA Soon Beng Ellen (the Landlord), the material terms of which are as follows:

- (a) the Landlord leased the Leased Premises to the Company for a 5 year term commencing on 12 September 2011 and ending on 11 September 2016 for a lump sum of S\$254,999 (approximately A\$196,200) payable by the issue of 24,999,999 Shares to persons nominated by the Landlord; and
- (b) the Lease Agreement may be terminated with compensation payable to the Company only in the event the Leased Premises are subject to a collective sale. The Lease Agreement is governed by the laws of Singapore.

Approval for the Company's entry into the Lease Agreement being a related-party transaction with Mr CHONG Hock Tat Robin, a Director of the Company, was given by shareholders of the Company at an Extraordinary General Meeting held on 12 September 2011.

The full cost of acquiring the lease is amortised over five years lease period.

7 INTANGIBLE ASSET

	2012 \$
Acquisition of copyright during the period	49,999
As at 30.09.2012	<u>49,999</u>

The Company entered into an Assignment of Copyright Agreement with Mr TAY Kwee Yong on 12 September 2011, under which:

- (a) Mr TAY Kwee Yong as the absolute beneficial owner of the copyright in the Proprietary Learning Programme assigned and transferred to the Company the copyright to the Proprietary Learning Programme which he had authored for a consideration of S\$49,999 payable by the issue of 4,999,999 Shares; and
- (b) Mr TAY Kwee Yong covenanted to the Company that he was the sole owner of the copyright to the Proprietary Learning Programme, and that there is no right, claim or interest of any kind, whatsoever, of any other person in the copyright to the Proprietary Learning Programme.

The Assignment of Copyright Agreement is governed by the laws of Singapore.

Approval for the Company's entry into the Assignment of Copyright Agreement being a related-party transaction with Mr TAY Kwee Yong, a Director of the Company, was given by shareholders of the Company at an Extraordinary General Meeting held on 12 September 2011.

M2L HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENT - 30 September 2012****8 OTHER PAYABLES**

	2012
	\$
Amount owing to related party	109,604
Accruals	12,000
	<u>121,604</u>

The amount owing to related party is non-trade in nature, unsecured, interest-free and repayable as and when the Company has resources to do so. Amount is denominated in Singapore dollars.

9 SHARE CAPITAL

	2012	
	No. of shares	Amount (\$)
Issued and fully paid up -		
As at 30.08.2011(date of incorporation date)	2	2
Issued for acquisition of Xiamen Century Blue Ocean Tuition Centre	8,000,000	1,055,524
Issued for acquisition of Beijing Century Education Development Centre	8,800,000	1,161,076
Acquisition of copyrights	4,999,999	49,999
Payment of rent in advance	24,999,999	254,999
Issue of shares for cash	10,000,000	150,000
Issue of shares	100,000	13,000
Issue of shares for cash	100,000	22,239
	<u>57,000,000</u>	<u>2,706,839</u>
Share issuance expense	-	(165,613)
As at 30.09.2012	<u>57,000,000</u>	<u>2,541,226</u>

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares (excluding treasury shares) rank equally with regard to the Company's residual assets.

10 EMPLOYEE BENEFITS

	2012
	\$
Staff expenses (including executive directors)	45,000
- Director's allowance	12,820
- Central Provident Fund contribution	35,000
- Staff welfare	<u>92,820</u>

M2L HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENT - 30 September 2012

11 TAXATION

	2012
	\$
Current taxation	-
Deferred tax	-
	<u>-</u>

Reconciliation between the tax expenses / (benefit) and the product of accounting profit multiplied by the applicable tax rate for the financial year ended 30 September 2012 was as follows:

	2012
	\$
(Loss) before taxation	<u>(194,819)</u>
Tax at statutory rate of 17%	(33,119)
Adjustments:	
Tax effect on non-deductible expenses	<u>33,119</u>
	<u>-</u>

At the financial position date, the company have unutilised tax losses which are available for offsetting against future taxable income subject to the agreement by the Comptroller of Income Tax.

12 (LOSS) / EARNINGS PER SHARE

The (loss)/earnings per share is calculated based on the (losses) of the Company divided by the weighted average number of shares on issue of 53,076,923 shares during the financial period from 30 August 2011(date of incorporation) to 30 September 2012.

There is no dilution of earnings per share as the Company did not issue nor have outstanding at the end of the financial period, any financial instruments which have the effect of diluting the earnings per share.

The following table reflects the loss and share data used in the computation of basic and diluted (loss)/earnings per share from continuing operations for the financial period ended 30 September 2012:

	2012
	\$
Weighted average number of ordinary shares for the purposes of calculating basic	
(Loss) per share	53,076,923
Effect of dilutive potential ordinary shares:	
Share options	-
Weighted average number of ordinary shares for the purposes of calculating basic and diluted (loss)/earnings per share	<u>53,076,923</u>

(Loss)/earnings figures are calculated as follows:

	2012
	\$
(Loss) for the purpose of calculating basic and diluted (loss)/earnings per share	<u>194,819</u>

M2L HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENT - 30 September 2012

13 RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Details of transactions between the Company and related parties other than those disclosed elsewhere in the notes to the financial statements are as follows:

	2012 \$
<u>With Company's director</u>	
Rental of office	<u>53,692</u>

Compensation of directors are as follows:

	2012 \$
- Director's allowance	45,000
- Central Provident Fund contribution	<u>7,200</u>
	<u>52,200</u>

14 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to financial risks arising from its operations and use of financial instruments. The key financial risks included credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Company's financial performance.

Risk management is carried out by the Finance Division under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investing excess liquidity. The following sections provide details regarding the Company's exposure to the above – mentioned financial risks and the objectives, policies and processes for the management of these risks.

a) Credit Risk

Credit risk refer to the risk that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from its subsidiary. For other financial assets (including cash and cash equivalents), the Company minimize credit risk by dealing exclusively with high credit rating counterparties.

At the end of the reporting period, the Company's maximum exposure to credit risk is represented by the carrying amount of amount due from subsidiary recognised in the statement of financial position. No other financial assets carry a significant exposure to credit risk.

M2L HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENT - 30 September 2012**

14 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - Continued**b) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility.

The table below summarises the maturity profile of the Company's financial liabilities at the end of the reporting period base on contractual undiscounted payments.

	2012
	\$
Other payable – related party	109,604
Accrued expenses	12,000
	<u>121,604</u>

c) Interest rate risk

The Company is not exposed to significant interest rate risk as the cash and cash equivalent and borrowings are non-interest bearing.

d) Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Company is not exposed to significant foreign currency risk as the financial instruments of the company are denominated in Singapore Dollars.

e) Market price risk

Market price risk relates to the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices, other than changes in interest rates and foreign exchange rates. The Company is not exposed to significant market price risk.

M2L HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENT - 30 September 2012

15 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern;
- to support the Company's stability and growth;
- to provide capital for the purpose of strengthening the Company's risk management capability;
- to provide an adequate return to shareholders.

The Company actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders' returns, taking into consideration the future capital requirements of the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

16 FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amount of cash and cash equivalents, and other payables approximate their respective fair values due to the relative short term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

17 SUBSEQUENT EVENTS

Subsequent to the financial year end, the following events occurred:

- (i) On 3 October 2012, the Company entered into a sale & purchase agreement ("SPA") with Yan Bo Han to acquire 100% of issued and paid up capital of JADE PALM GROUP LIMITED. The total consideration for the acquisitions is Australian Dollar AUD442,000 payable by the issue of 4,420,000 shares in the share capital of M2L HOLDINGS LIMITED.
- (ii) On 5 December 2012, the Company held the Extra Ordinary General Meeting at Chui Huai Lim Club, 115 Keng Lee Road, Singapore 308401 the following resolutions were passed as Ordinary Resolutions:
 - (a) the removal of Tay Kwee Yong as Director of the Company;
 - (b) the removal of Lan Shiren as Director of the Company;
 - (c) pursuant to Section 71 of the Company Act (Cap.50) the Cancellation of Forfeited Share for non-performance of contractual duties.

18 COMPARATIVE INFORMATION

No comparative figures have been presented for the Company as this is the first set of financial statements prepared for the Company since its incorporation.

19 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial period ended 30 September 2012 were authorised for issue in accordance with a resolution of the directors on the date of this report.