

1 JUNE 2014

**M2L HOLDINGS LIMITED  
AND ITS SUBSIDIARIES  
(UEN 201120428N)  
(Incorporated in the Republic of Singapore)  
(ARBN 154 095 897)**

**ANNUAL REPORT**

FOR THE PERIOD FROM

1 OCTOBER 2012

TO

31 MARCH 2014

## 1. Managing Director's Statement

On behalf of the Board, I am pleased to present to you the 2014 Annual Report of M2L Holdings Limited (the "Company") for the financial period from 1 October 2012 to 31 March 2014 (the "Financial Year Under Review"), and the directors' review of operations for that period. The 2014 Annual Report incorporates the audited financial statements for the Financial Year Under Review (the "Financial Statements") for the Company and its subsidiary (the "Group"). A copy of this audited financial statements is attached to this Supplemental Annual Report as Appendix A.

For and from the Financial Year Under Review, the Company changed its financial year end from 30 September to 31 March. Therefore the Financial Statements is for an 18-month period from 1 October 2012 (the day after the end of the last financial year) to 31 March 2014 (the effective date of the Company's new financial year end).

The Financial Year Under Review has been a particularly eventful. During this period, the Company had undergone substantial changes, the most significant being the shift of the Company's educational business exposure from the emerging market of China to more developed markets such as Singapore and Australia. As a result thereof, the Company:

- (a) disposed of all its investments in the education and education services sector in China; and
- (b) began to actively seek investments in the education sector in developed markets, particularly, Singapore and Australia. One of the potential target is a controlling stake in Guilford Training Centre Private Limited ("Guilford") as was announced by the Company on 4 April 2014.

As of the date of this 2014 Annual Report, definitive agreement for the above mentioned proposed acquisition of Guilford has not been signed. The Company is awaiting the receipt of Guilford's audit financial statements to commence detailed financial due diligence.

Concurrently, the Board is also looking into diversifying into other business to turnaround the Company. One sector which is Board is considering the Company invest in is the minerals and other natural resources exploration, production, and mining and other ancillary activities (the "Natural Resources Sector"). Accordingly, at the upcoming annual general meeting, the Board will seek shareholder's approval to diversify the Company's core business to include the Natural Resources Sector in order to more vigorously pursue possible investments in this sector. If the Company proposes to make any acquisition in the Natural Resources Sector which will give rise to a significant change to the nature and scope of the Company's activities, the Company will:

- (a) immediately notify NSX in accordance with the Listing Rules; and
- (b) seek a separate shareholders' approval for such substantial acquisition.

Finally, the Board thanks shareholders for their patience and support during this difficult Financial Year Under Review, and look forward to shareholders' continued support to implement a viable turnover plan for the Company.

## 2. Principal Activities of the Group

The principal activities of the Company are to carry on business as a content developer and provider of Mandarin Chinese language programmes for adult non-native speakers. The Company was also to 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 carried on business during the Financial Year Under Review.

## 3. Subsidiaries

As of end of the Financial Year Under Review (i.e., 31 March 2014), the Company's subsidiary is:

Name of Subsidiary	Country of incorporation	Equity held	Principal activities
M2L Blue Ocean Holdings Pte Ltd	Singapore	100%	Dormant

At the commencement of the Financial Year under review, the Company had two other subsidiaries (the "Former Subsidiaries"), namely:

Name	Country of incorporation	Deemed interest held	Principal activities
Xiamen Century Blue Ocean Tuition Centre	China	51%	Provide supplementary academic tuition
Beijing Century Educational Development Centre	China	51%	Provide work skills certification

The Former Subsidiaries were acquired from a former director in consideration for new shares in the Company issued to that former director. During the Financial Year Under Review, the Company forfeited the shares issued to, inter alia, that former director for non-performance of his contractual obligations namely: (i) to provide operational and financial accounts of the Former Subsidiaries; and (ii) to transfer legal title of the Former Subsidiaries to the Company's wholly-owned subsidiary, M2L Blue Ocean Holdings Pte Ltd. Following this forfeiture of shares, the Former Subsidiaries ceased to be subsidiaries of the Company.

## 4. Directors' Interests in Securities

As at 30 September 2012, the interests of directors and officers of the Company in equity securities (shares and CDIs) of the Company are as follows:

	Directly Held		Deemed Interests	
	Date of appointment	31.03.2014	Date of appointment	31.03.2014
Chong Hock Tat Robin	1	20,000,000	NIL	NIL
Chua Soon Beng Ellen	2,797,000	2,797,000	NIL	NIL

By virtue of Section 7 of the Companies Act (Cap. 50), Chong Hock Tat, Robin is deemed to have an interest in the ordinary shares of all subsidiaries of the Company.

Save as disclosed above, no director or officer of the Company has a vested right to receive any distribution made on the securities or is entitled to exercise or direct the exercise of the voting rights attaching to the securities.

As of the end of the Financial Year Under Review:

- (a) the Company and its subsidiaries does not have on issue any debt security; and
- (b) the Company has not granted any right to subscribe for any equity or debt security of the Company to any person, including a director or officer of the Company

**5. Forecast**

The Company has not published any forecast in relation to the Financial Year Under Review.

**6. Directors' Service Contract**

During the Financial Year Under Review, there is no service contract in force with any director of the Company.

**7. Material or Significant Contracts**

During the Financial Year Under Review:

- (a) the Company entered into a sale and purchase agreement with Mr Yan Bohan, an unconnected third party, to purchase the entire issued and paid up share capital of Jade Palm Group Limited for a purchase consideration of A\$442,000, satisfied in full by the issue of 4,420,000 new CDIs credited as being fully paid;
- (b) the Company settled a sum of S\$193,764.44 owed to Global Community College Pte Ltd ("GCC"), a company which Chong Hock Tat Robin, a director, has an interest in, by way of assigning the unexpired lease term under the Lease Agreement dated 12 September 2011 to GCC, details which are set out in Note 9 of the Financial Statements; and
- (c) the Company entered into a sale and purchase agreement in the form of a Bought-Sold Note with Fidus Custodians Limited, an unconnected third party, for the disposal of the entire issued and paid up share capital of Jade Palm Group Limited for a consideration of S\$10,000 which was received in full in cash.

Save as disclosed above and in the Financial Statements:

- (A) there is no other material contract the Company had entered into during the Financial Year Under Review: and
- (B) there is no contract subsisting during or at the end of the Financial Year Under Review:
  - (i) in which a director of the issuer is or was materially interested, either directly or indirectly; or

- (ii) between the Company, or one of its subsidiaries, and a controlling shareholder or any of its subsidiaries; or
- (iii) for the provision of services to the Group by a controlling shareholder or any of its subsidiaries;

#### **8. Discloseable Arrangements with Directors and Shareholders**

During and at the end of the Financial Year Under Review, there has been no arrangement under which:

- (a) a director has waived or agreed to waive any emoluments; or
- (b) a shareholder has waived or agreed to waive any dividends.

#### **10. Directors' Review of Operations**

Directors' review of operations is incorporated in the Managing Director's statement set out in paragraph 1.

#### **11. Statement of Main Corporate Governance Practices**

Given the size of the Company, the board has not formally adopt corporate governance procedures. However, in performing its duties and functions, the board closely follows the informal principles and guidelines set out in this Note 11. As the Company's activities develop in size, nature and scope, the implementation of additional corporate governance structures will be given further consideration.

The primary responsibility of the board is to represent and advance shareholders' interests and to protect the interests of all stakeholders. To fulfil this role the board is responsible for the overall corporate governance of the Company, including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The responsibilities of the Board include:

- (a) protection and enhancement of shareholder value;
- (b) formulation, review and approval of the objectives and strategic direction of the Company;
- (c) approving all significant business transactions, including acquisitions, divestments and capital expenditure;
- (d) monitoring the financial performance of the Company by reviewing and approving budgets and results;
- (e) ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- (f) identification of significant business risks and ensuring that such risks are adequately managed;

- (g) reviewing the performance and remuneration of executive directors and key staff; and
- (h) establishment and maintenance of appropriate ethical standards.

As of the end of the Financial Year Under Review, the board comprise of one independent non-executive director, Tham Khai Wor, one non-executive non-independent director, Chua Soon Beng Ellen, and one executive director, Chong Hock Tat Robin. The position of chair of the Board is vacant, although Chua Soon Beng Ellen normally act as chair at directors' meetings.

At present, the board does not have a fixed number of meetings it will hold per annum. The board meets as frequently as may be required to deal with matters arising.

## 12. List of Top-10 Shareholders

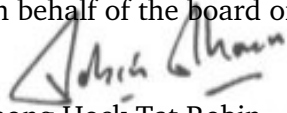
As of 30 May 2014 (the latest practical date before the 2014 Annual Report is issued), the ten (10) largest holders of CDIs issued by the Company (including non-listed CDIs which are subject to escrow arrangements and CDIs held by the Company) are:

S/No.	Name of CDI-holder	Number of CDIs held	%
1.	Chong Hock Tat Robin <sup>(1)</sup>	19,999,000	32.56
2.	Chua Soon Beng Ellen	2,797,000	4.55
3.	Chong Hock Huat Raymond	2,461,667	4.00
4.	Yan Bohan	2,208,000	3.60
5.	Baohua Liu	2,080,000	3.39
6.	Chua Kee Leng	2,000,000	3.26
7.	Tay Meow Kian	1,713,333	2.79
8.	Michael Lim Chung Khoon	1,100,000	1.79
9.	Fong Pei Lian Jamie	1,000,000	1.63
10.	Lam Yew Kong	1,000,000	1.63
		36,359,000	59.20
Held by the Company <sup>(2)</sup>		21,797,999	35.49
Held by other CDI-holders		3,260,001	5.31
		61,417,000	100.00

<sup>(1)</sup> Chong Hock Tat Robin holds an additional 1,000 shares in script form

<sup>(2)</sup> The Company holds an additional 2,000 shares in script form

On behalf of the board of Directors

  
Chong Hock Tat Robin  
Managing Director  
Singapore, 1 June 2014

**MGI SINGAPORE PAC**  
**CHARTERED ACCOUNTANTS, SINGAPORE**  
(Company Regn. No. 200606965Z)

**M2L HOLDINGS LIMITED**  
(Incorporated in the Republic of Singapore)  
ACRA No. 2011-20428-N

For the period from  
30 September 2012 to 31 March 2014

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## M2L HOLDINGS LIMITED

### **DIRECTORS' REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

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The Directors have pleasure in submitting their report together with the audited financial statements of the Company for the financial period from 1 October 2012 to 31 March 2014.

The Company changed its financial year end from 1 October to 31 March during the financial period.

The current financial period is from 1 October 2012 to 31 March 2014.

#### **1. DIRECTORS**

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

CHUA SOON BENG ELLEN (Appointed on 14 January 2014)  
CHONG HOCK TAT ROBIN  
THAM KHAI WOR

#### **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 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, 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:

	Holdings registered in the <u>name of Director</u>	
	As at 1.10.2012	As at 31.03.14
<u>The Company</u>		
Chong Hock Tan Robin	20,000,000	20,000,000
Chua Soon Beng Ellen	2,797,000	2,797,000

#### **4. DIRECTORS' BENEFITS**

Except as disclosed in the financial statements, since the end of the previous financial period, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

#### **5. SHARE OPTIONS**

There were no share options granted by the Company during the financial period.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

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



**M2L HOLDINGS LIMITED**

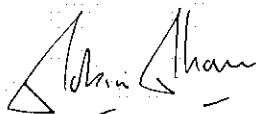
**DIRECTORS' REPORT  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

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**6. AUDITORS**

The independent auditors, MGI SINGAPORE PAC have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,



**CHONG HOCK TAT ROBIN**



**CHUA SOON BENG ELLEN**

Singapore,  
30 May 2014

## **M2L HOLDINGS LIMITED**

### **STATEMENT BY DIRECTORS**

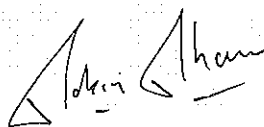
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In the opinion of the directors:-

- a) the accompanying financial statements set out in the following sections of the financial statements:
- Statement of Financial Position
  - Statement of Comprehensive Income
  - Statement of Changes in Equity
  - Cash Flows statement
  - Notes, comprising a summary of significant accounting policies and other explanatory notes
- are drawn up so as to give a true and fair view of the state of affairs of the Company as at 30 June 2012 and of the results, of the business changes in equity and cash flows of the Company for the financial year then ended, on that date, and
- b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Directors authorised these financial statements for issued on the date of this report.

On behalf of the Board of Directors,



**CHONG HOCK TAT ROBIN**



**CHUA SOON-BENG ELLEN**

Singapore,  
30 May 2014

**MGI SINGAPORE PAC**  
**CHARTERED ACCOUNTANTS, SINGAPORE**  
(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 the **M2L Holdings Limited** (the "Company") which comprise the statement of financial position as at 31 March 2014, statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

***Management 's responsibility for the financial statements***

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

***Auditors' responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk 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 of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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.

**Emphasis of matter**

We draw your attention to Note 6 to the financial statements which disclosed that the Company did not prepare one set of consolidated financial statements incorporating the financial statements of its wholly-owned subsidiary on the basis that the relevant subsidiary has not commenced operations since its incorporation, is dormant, has only a \$2 paid-up capital with no other assets and liabilities, and that the subsidiary will be applying to the Accounting and Corporate Regulatory Authority to strike it off pursuant to Section 344 of the Companies Act. This is not in accordance with Singapore Financial Report Standards No.27 "*Consolidated and Separate Financial Statements*" and does not comply with the Companies Act, Chapter 50. Having considered the circumstances and materiality of this matter, our opinion is not qualified in respect of this matter.

-Continued


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

**Emphasis of matter-continued**

Without qualifying our opinion, except for the above matter, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March 2014 and the results, changes in equity and cash flows of the company for the period ended on that date.

**Report on other legal and regulatory requirements**

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

The image shows a handwritten signature in black ink. The signature appears to be 'MGI SINGAPORE PAC' written in a stylized, cursive manner.

***MGI SINGAPORE PAC***

Chartered Accountants and  
Public Accountant of Singapore

30 May 2014

**M2L HOLDINGS LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**As at 31 March 2014**

	Note	2014 \$	2012 \$
<b>ASSETS</b>			
<b>Current Asset</b>			
Cash at bank		-	103
<b>Non-current Assets</b>			
Amount due from subsidiary	7	-	2,216,600
Investment in subsidiary	8	2	2
Other receivables	9	-	201,307
Intangible asset	10	-	49,999
		<u>-</u>	<u>2,467,908</u>
<b>Total Assets</b>		<u><b>2</b></u>	<u><b>2,468,011</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Liabilities</b>			
<b>Current Liability</b>			
Other payables	11	40,948	121,604
<b>Capital and Reserves</b>			
Share capital	12	3,101,594	2,541,226
Shares held for re-issue	13	(2,266,599)	-
Loss for the period		(875,941)	(194,819)
		<u>(40,946)</u>	<u>2,346,407</u>
<b>Total Equity and Liabilities</b>		<u><b>2</b></u>	<u><b>2,468,011</b></u>

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 1 October 2012 to 31 March 2014**

	Note	Period from 1.10.2012 to 31.3.2014	Period from 30.8.2011(in- corporation) to 30 September 2012
		\$	\$
<b>Revenue</b>		-	-
	14	27,590	
Other Income-waiver of debts			
<b>Cost and expenses</b>			
Employee benefits	15	-	92,820
Loss on disposal of subsidiary		550,365	-
Other operating expenses		158,347	-
		<u>708,712</u>	<u>194,819</u>
Loss before taxation		(681,122)	(194,819)
Taxation	16	<u>-</u>	<u>-</u>
Loss after taxation		(681,122)	(194,819)
Other comprehensive income		-	-
Total comprehensive loss for the period		<u>(681,122)</u>	<u>(194,819)</u>

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 1 October 2012 to 31 March 2014**

<b>2014</b>	<b>Note</b>	<b>Share capital \$</b>	<b>Loss for the period \$</b>	<b>Total equity \$</b>
Balance as at 01.10.2012	12	2,541,226	(194,819)	2,346,407
Issue of shares	12	560,386	-	560,386
Total comprehensive loss for the period		-	(681,122)	(681,122)
<b>Balance as at 31.03.2014</b>	<b>12</b>	<b>3,101,594</b>	<b>(875,941)</b>	<b>2,171,671</b>

<b>2012</b>	<b>Note</b>	<b>Share capital \$</b>	<b>Loss for the period \$</b>	<b>Total equity \$</b>
Balance as at 30.08.2011 (date of incorporation)	12	2	-	2
Issue of shares	12	2,706,837	-	2,706,837
Share issuance expenses	12	(165,613)	-	(165,613)
Total comprehensive loss for the period from 30 August 2011 to 30 September 2012		-	(194,819)	(194,819)
<b>Balance as at 30.09.2012</b>	<b>12</b>	<b>2,541,226</b>	<b>(194,819)</b>	<b>2,346,417</b>

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 1 October 2012 to 31 March 2014**

	<b>Not e</b>	<b>2014</b>	<b>2012</b>
		<b>\$</b>	<b>\$</b>
<b>Operating activities</b>			
Loss before taxation		(681,122)	(194,819)
Adjustments for:-			
Amortisation of prepayment		-	53,692
Waiver of debts		-	
<b>Operating profit before working capital changes</b>		<b>(681,122)</b>	<b>(141,127)</b>
<u>Changes in working capital</u>			
Amount due to subsidiary		2,216,600	-
Other receivables		201,307	-
Intangible asset		49,999	-
Other payables		(80,656)	121,604
<b>Cash flow (used in) operations</b>		<b>1,706,128</b>	<b>(19,523)</b>
<b>Net cash flow (used in) operating activities</b>		<b>1,706,128</b>	<b>(19,523)</b>
<b>Cash flows from investing activity</b>			
Net cash inflow from acquisition of subsidiary		3	-
Investment in subsidiary	8	-	(2)
<b>Net cash flows (used in) investing activity</b>		<b>3</b>	<b>(2)</b>
<b>Cash flows from financing activity</b>			
Shares held for re-issue		(2,266,599)	-
Net proceeds from issue of shares		560,365	19,628
<b>Net cash flows from financing activity</b>		<b>(1,706,234)</b>	<b>19,628</b>
<b>Net (decrease)/increase in cash at bank balance</b>		<b>(103)</b>	<b>103</b>
Cash at bank at beginning of financial period		103	-
<b>Cash at bank at end of financial period</b>		<b>0</b>	<b>103</b>

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



**1 CORPORATE INFORMATION**

The financial statements of M2L Holdings Limited for the period ended 31 March 2014 were authorised for issue in accordance with the resolution of the directors on 25 May 2014.

M2L Holdings Limited is a public company limited by shares incorporated in Singapore and listed on the national Stock Exchange of Australia.

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 a) Basis of preparation**

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards ("FRS") including Interpretations of Financial Reporting Standards ("INT FRS") and are prepared under the historical cost convention.

The financial statements of the Company are measured and 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 Dollars, which is the functional currency of the Company and the presentation currency for the financial statements.

**b) Changes in accounting policies**

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 January 2013. The adoption of these standards did not have any effect on the financial performance or position of the Company except as discussed below:

## 2 SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

## b) Standards issued but not yet effective

Description		Effective date (Annual period beginning on or after)
Revised FRS 27	Separate Financial Statements	1 January 2014
Revised FRS 28	Investments in Associates and Joint Ventures	1 January 2014
FRS 110	Consolidated Financial Statements	1 January 2014
FRS 111	Joint Arrangements	1 January 2014
FRS 112	Disclosure of Interests in Other Entities	1 January 2014
Amendments to FRS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2014

Except for FRS 111, Revised FRS 28 and FRS 112, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 111, Revised FRS 28 and FRS 112 are described below.

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures are effective for financial periods beginning on or after 1 January 2014.

FRS 111 classifies joint arrangements either as joint operations or joint ventures. Joint operations is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities of the arrangement whereas joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

FRS 111 requires the determination of joint arrangement's classification to be based on the parties' rights and obligations under the arrangement, with the existence of a Separate legal vehicle no longer being the key factor. FRS 111 disallows proportionate consolidation and requires joint ventures to be accounted for using the equity method. The revised FRS 28 was amended to describe the application of equity method to investments in joint ventures in addition to associates.

The Company currently applies proportionate consolidation for its joint ventures. Upon adoption of FRS 111, the Company expects the change to equity accounting for these joint ventures will result in decrease in total assets and total liabilities.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 Disclosure of interests in Other Entities is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Company when applied in 2014.

2 SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.2 Financial Instrument

Financial Assets

Financial assets are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classifications of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

All regular purchases and sales of financial assets are recognised on the trade date i.e the date that the company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less impairment. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, and through the amortization process.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the profit and loss statement.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2 SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

**Financial liabilities and equity**

**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 financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification as follows:

**a) Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition 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 gains 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.

**b) Other financial liabilities**

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

2 SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.3 Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

a) Financial assets carried at 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 assets, 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 asset's 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 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 asset.

To determine whether there is objective evidence that an impairment loss on financial asset has been incurred, the Company considers factors such as the 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.

b) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or 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 SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.4 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit and loss account, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination.

2.5 Cash and cash equivalents

Cash and bank balances comprise cash in hand and at bank, bank overdraft and fixed deposits that are subject to an insignificant risk of changes in value.

2.6 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured regard less of when the payment is made. Revenue is measured at fair value of consideration received or receivable and represent amounts receivable taking into account contractually, defined terms of payment and excluding taxes and duty.

The Company remained dormant during the financial year and till date of the financial report.

2 SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.7 **Impairment of tangible assets**

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell 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.

If the recoverable amount of an asset /cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset/cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss statement, unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset /cash-generating unit is increased to the revised estimate of its recoverable amount, to the extent the increased carrying amount does not exceed the carrying amount that would have been determined had no impairments loss been recognised for the asset/cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.8 **Income tax**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the profit and loss statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is calculated using tax rates that have been enacted at the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates that have been enacted.

2 SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.8 **Income tax (continued)**

or substantively enacted by the balance sheet. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2.9 **Related parties**

A related party is defined as follows:

- a) A person or a close member of that person's family is related to the Group and Company if that person:
  - (i) has control or joint control over the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of the key management personnel of the Company or of a parent of the Company.
- b) An entity is related to Company if any of the following conditions applies :
  - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) both entities are joint ventures of the same third party.
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.10 **Share capital and share issuance expenses**

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.



2 SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.11 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.

2.12 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.

2.13 Employee benefits

Pensions and other post employment benefits

The company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. These contributions are recognised as an expense in the year in which the related service is performed.

**2 SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**2.14 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.

**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 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES-continued

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. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the entity's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. 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 year in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affect both current and future periods.

*Critical judgements in applying the company's accounting policies*

Management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements.

*Key sources of estimation uncertainty*

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

*(i) Income Taxes*

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

5. **FINANCIAL INSTRUMENT, FINANCIAL RISKS AND CAPITAL RISKS ARRANGEMENT-  
RISK MANAGEMENT**

**a) Financial risk management objective and policies**

The Company's activities expose it to credit risks, market risks (including foreign currency risks and interest rate risks). The Company's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Management is responsible for setting the objectives and underlying principles of financial risk management for the Company. The Company's management then establishes the detailed policies such as risk identification and measurement, exposure limits, in accordance with the objectives and underlying principles set.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risk.

**Credit Risks**

Credit risk refers to the risk that the counterparty will default on their obligations to pay the amounts owing to the Company, resulting in a loss to the Company. The Company seeks to minimise the potential adverse effects on its performance by adopting stringent credit policy in extending credit terms to customers and in the monitoring its credit risk.

The Company's credit policy states clearly the guidelines on extending credit terms to customers. These include assessing and evaluating each customer's credit worthiness. In certain instances, the Company would also request for letters of credits or advance payments from its customers in order to mitigate its exposures to credit risk.

The Company have no significant concentration of credit risk.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Company's maximum exposure to credit risk.

**Market risks**

The Company is exposed to any market risks.

**Liquidity risk**

The Company ensures availability of funds through funding from its holding company. Due to the dynamic nature of the underlying businesses, the Company's financial control maintains flexibility in funding by maintaining availability under sufficient balance of cash.

**Foreign currency risk**

The Company is exposed to fluctuations in Australian dollars

The management minimises the risk with constant monitoring of these risks.

**b) Capital risk management policies and objectives**

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares, and sell assets to reduce debt, or adjust the amount of dividends paid to shareholders.

**6. SIGNIFICANT RELATED PARTY TRANSACTIONS**

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

The Company did not conduct any transactions with related parties nor related companies except as disclosed elsewhere in the notes to the financial statements.

**7. AMOUNT DUE FROM SUBSIDIARY**

	2014	2012
	\$	\$
Amount due from subsidiary	-	2,216,600

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

The amount due from subsidiary, which is classified as non-current is considered part of net investments in subsidiaries. It arise from the Company's issue of shares in its issued and paid-up share capital as payment of consideration for the subsidiary's proposed acquisition of controlling stakes in two entities registered in the People's Republic of China, namely Xiamen Century Blue Ocean Tuition Centre and Beijing Century Educational Development Centre (the "Former Subsidiaries").

The amount is non-trade in nature, unsecured, interest free and has no fixed term of repayment. The Company has agreed not to demand repayment of debts until the resources of the subsidiary permit.

The amount due from subsidiary was set-off when the Former Subsidiaries were disposed of during the financial period. Details of this disposal is set out in Note 8 to the financial statements below.

# M2L HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENT – 31 March 2014

### 8. SUBSIDIARIES

	2014	2012
	\$	\$
Unquoted equity investments, at cost	2	2

Name	Country of incorporation	Cost of investment 2014 \$	Cost of investment 2012 \$	Percentage of equity held	Principal activities
<b><u>Held by the Company</u></b>					
M2L Blue Ocean Holdings Pte Ltd ("M2LBO") *	Singapore	2	2	100%	Investment holding
Jade Palm Group	British Virgin Islands	(b),(c)	-	100%	Investment holding
<b><u>Held by M2LBO</u></b>					
Xiamen Century Blue Ocean Tuition Centre	China	-	#	51%	Provision of supplementary academic tuition
Beijing Century Educational Development Centre	China	-	##	51%	Provision of examination to get work skills certification.
		2	2		

During the financial period:

- the Company forfeited the shares issued to a former director for non-performance of his contractual obligations namely: (i) to provide operational and financial accounts of the Former Subsidiaries; and (ii) to transfer legal title of the Former Subsidiaries to M2L Blue Ocean Holdings Pte Ltd. Following this forfeiture of shares, the Former Subsidiaries ceased to be subsidiaries of the Company.
- the Company acquired a 100% equity interest in Jade Palm Group Limited for a consideration of A\$442,000, satisfied in full by the issue of 4,420,000 new shares credited as being fully paid. Of the purchase consideration, a sum of A\$340,000 was attributable to Jade Palm Group Limited's 51% interest in Huaxiu Vocational School and the balance A\$102,000 in goodwill.
- the Company disposed of its entire 100% equity interest in Jade Palm Group Limited for a cash consideration of S\$10,000.

**8. SUBSIDIARIES -continued**

- \* The financial statements of the subsidiary M2L Blue Ocean Limited Pte Ltd (“Blue Ocean”) for the prior financial period were audited by MGI Singapore PAC. The auditor issued a disclaimed audit opinion in the Independent Auditors’ Report on the basis that: (i) they were not able to verify the existence and the ownership of the investment in the Former Subsidiaries; and (ii) Blue Ocean did not prepare one set of consolidated financial statements incorporating the financial statements of the Former Subsidiaries as those financial statements were not available, and for those reasons, they were unable to ascertain whether there had been any impairment in the carrying value of S\$ 2,216,600 in relation to the investment in the Former Subsidiaries.
- # M2L Blue Ocean Holdings Pte Ltd acquired the 51% stake in Xiamen Century Blue Ocean Tuition Centre during the prior financial period from a former director for a consideration of RMB5,342,000 (approximately S\$1,055,524), paid by the issuance of 8,000,000 new shares in the issued and paid up share capital of the Company. As of the date of the end of the prior financial period, legal title to the 51% stake in Xiamen Century Blue Ocean Tuition Centre was not transferred to M2L Blue Ocean Holdings Pte Ltd. As disclosed above, Xiamen Century Blue Ocean Tuition Centre ceased to be a subsidiary during the financial period.
- ## M2L Blue Ocean Holdings Pte Ltd acquired the 51% stake in Beijing Century Educational Development Centre during the prior financial period from a former director for a consideration of RMB5,817,200 (approximately S\$1,161,076), paid by the issuance of 8,800,000 new shares in the issued and paid up share capital of the Company. As of the date of the end of the prior financial period, legal title to the 51% stake in Beijing Century Educational Development Centre was not transferred to M2L Blue Ocean Holdings Pte Ltd. As disclosed above, Beijing Century Educational Development Centre ceased to be a subsidiary during the financial period.
- \* During the prior financial period, 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.
- # During the prior financial period 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 - 31 March 2014****9. OTHER RECEIVABLES**

	2014 \$	2012 \$
<u>Prepayment</u>		
Acquisition during the period	201,307	254,999
Amortisation for the period	(35,133)	(53,692)
Assigned to related party#	(166,174)	-
As at end of period	<u>-</u>	<u>201,307</u>

Prepayment comprise of lease payments under a Lease Agreement entered into during the prior financial year, between the Company and Mr Chong Hock Tat Robin and Madam Chua Soon Beng Ellen (the "Landlord"), directors of the Company, under which the Landlord leased a real property (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.

#During the financial period, the Company assigned the unexpired lease period to a company which Mr Chong Hock Tat Robin, a director, has an interest in as full and final settlement of debts due to that company. The Company recorded a gain of \$27,950 from this assignment.

During the prior financial year, 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 which is the lease period.



**M2L HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENT - 31 March 2014**

**10. INTANGIBLE ASSET**

	<b>2014</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of the financial period	49,999	-
Acquired during the financial period#	-	49,999
Disposed during the financial period##	(49,999)	-
Balance at end of the financial period	<u>-</u>	<u>49,999</u>

# The intangible asset, namely the copyright to a proprietary learning programme and its related coursework and material, was acquired during the period financial period from a former director for a consideration of S\$49,999 payable by the issuance of 4,999,999 new shares in the issued and paid up share capital of the Company.

## During the financial period, the Company forfeited the shares issued to that former director for his failure to deliver the related coursework and material to the Company. Following this forfeiture of shares, the agreement for the acquisition of the intangible asset was terminated and the Company ceased to interest in the copyright.

**11. OTHER PAYABLES**

	<b>2014</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Amount owing to related party	-	109,604
Amount due to a Director	28,949	-
Accruals	12,000	12,000
	<u>40,949</u>	<u>121,604</u>

The amount owing to director/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.

**12. SHARE CAPITAL**

**2014**

	<b>No. of shares</b>	<b>Amount (\$)</b>
Issued and fully paid up:		
As at 01.10.2012	57,000,000	2,541,226
Issued for acquisition of Jade Palm Group Limited:		
As goodwill on acquisition	2,340,000	133,788
Attributable to Jade Palm Group Limited's 51% interest in Huaxiu Vocational School	2,080,000	6,580
As at 31.03.2014	<u>61,420,00</u>	<u>3,101,594</u>

**M2L HOLDINGS LIMITED**
**NOTES TO THE FINANCIAL STATEMENT - 31 March 2014**
**12 SHARE CAPITAL-continued**
**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
	57,000,000	2,706,839
Share issuance expense	-	(165,613)
As at 30.09.2012	57,000,000	2,541,226

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.

**13. CANCELLED SHARES HELD FOR RE-ISSUE**

During the financial period, the following issued and paid up shares were cancelled:

	2014	
	No. of shares	Amount \$
Shares issued for acquisition of Beijing Century Education Development Centre	(8,800,000)	(1,161,076)
Shares issued for acquisition of Xiamen Century Blue Ocean Tuition Centre	(8,000,000)	(1,055,524)
Shares issued for acquisition of copyright	(4,999,999)	(49,999)
	(21,799,999)	(2,266,599)

The above shares were cancelled pursuant to a resolution of members passed at an Extraordinary General Meeting of the Company held on 5 December 2012. The cancelled shares are held by the Company as for re-issue.

**M2L HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENT - 31 March 2014**

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**14. EMPLOYEE BENEFITS**

	<b>2014</b>	<b>2012</b>
	\$	\$
Staff expenses (including executive directors)		
- Director's Stipend	-	45,000
- Central Provident Fund contribution	-	12,820
- Staff welfare	-	35,000
	<u>-</u>	<u>92,820</u>

**15. TAXATION**

There is no tax expense and the Company incurred losses.

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:

	<b>2014</b>	<b>2012</b>
	\$	\$
(Loss) before taxation	<u>(681,122)</u>	<u>(194,819)</u>
Tax at statutory rate 17%	(115,791)	(33,119)
Adjustments:		
Tax effect on non-deductible expenses	-	-
Others	<u>115,791</u>	<u>33,119</u>
	<u>-</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.

## M2L HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENT - 31 March 2014

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#### 16. 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:

	2014	2012
	\$	\$
<u>With Company's director</u>		
Rental expenses	<u>-</u>	<u>53,692</u>

Compensation of directors are as follows:

	2014	2012
	\$	\$
- Director's Stipend	-	45,000
- Central Provident Fund contribution	-	7,200
	<u>-</u>	<u>52,200</u>

#### 17. SUBSEQUENT EVENTS

The Company began to actively seek investments in the education sector in developed markets, particularly, Singapore and Australia. One of the potential target is a controlling stake in Guilford Training Centre Private Limited ("Guilford") as was announced by the Company on 4 April 2014.

As of the date of this 2014 Annual Report, definitive agreement for the above mentioned proposed acquisition of Guilford has not been signed. The Company is awaiting the receipt of Guilford's audit financial statements to commence detailed financial due diligence.

#### 18. COMPARATIVE INFORMATION

The comparative figures are from the period the period from 30 August 2011 (Date of incorporation) to 30 September 2012.

During the financial period, the Company changed it's financial year end.

The current results presented are from 1 October 2012 to 31 March 2014.

#### 19. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial period ended 31 March 2014 were authorised for issue in accordance with a resolution of the directors on the date of this report.