

Tala Island Facility Management Co.

Financial statements for the
year ended 31 December 2010

Tala Island Facility Management Co.
Financial statements for the year ended 31 December 2010

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Tala Island Facility Management Co.
Administration and Contact details as at 31 December 2010

Management	Jameel Ali Matrook Al Matrook Ashraf Sameer Saleem Othman
Office	Building No. 1034, Road No. 5710 Block No. 257 PO Box 18286 Amwaj Islands Kingdom of Bahrain
Auditors	BDO 17 th Floor Diplomat Commercial Office Tower PO Box 787 Manama Kingdom of Bahrain

Independent auditor's report to the management of Tala Island Facility Management Co.

Report on the financial statements

We have audited the accompanying financial statements of Tala Island Facility Management Co. ("the Company"), which comprise the statement of financial position as at 31 December 2010, the statement of income and expenditure, the statement of changes in accumulated funds and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

Basis for qualified opinion

We draw attention to Note 7 to the financial statements which explains that the Company has not complied with the provisions of Clause 29 of the Tala Island Owners' Association Agreement which requires the Company to set aside amounts towards the sinking fund from the contributions received. No amounts have been transferred to the sinking fund during the year ended 31 December 2010.

Qualified opinion

In our opinion, except for the effects of the matter referred to in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

We draw attention to Note 2 in the financial statements which states that the Company has reported an excess of expenditure over income amounting to BD256,965 during the year ended 31 December 2010. Further, the Company's net worth has been completely eroded and the accumulated deficit amounted to BD370,740 as at 31 December 2010. These factors raise substantial doubt about the Company's ability to continue to operate as a going concern without the continued financial support of the Managing Company. However, these financial statements have been prepared on a going concern basis as the Managing Company has confirmed its willingness to continue the business and provide adequate financial support to the Company, whenever considered necessary, to meet its liabilities as and when they fall due. Our opinion is not qualified in respect of this matter.



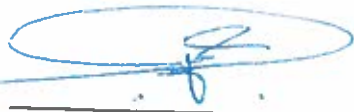
Manama, Kingdom of Bahrain
30 June 2016



Tala Island Facility Management Co.
 Statement of financial position as at 31 December 2010
 (Expressed in Bahrain Dinars)

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
ASSETS			
Non-current assets			
Plant and equipment	5	1,885	2,451
Current assets			
Fee and other receivables	6	79,794	205,178
Total assets		81,679	207,629
EQUITY AND LIABILITIES			
Capital and reserves			
Accumulated deficit		(370,740)	(113,775)
Non-current liabilities			
Employees' terminal benefits	8	2,122	884
Current liabilities			
Trade and other payables	9	450,297	320,520
Total equity and liabilities		81,679	207,629

These financial statements, set out on pages 4 to 17, were approved and authorised for issue and signed by the management on 30 June 2016.



 Jameel Ali Matrook Al Matrook
 Director




 Ashraf Sameer Saleem Othman
 Director

Tala Island Facility Management Co.
Statement of income and expenditure for the year ended 31 December 2010
(Expressed in Bahrain Dinars)

	Notes	Year ended 31 December 2010	Period from 1 January 2007 to 31 December 2009
Revenue	10	197,365	347,296
Direct costs	11	<u>(323,391)</u>	<u>(302,272)</u>
		(126,026)	45,024
Other income		<u>1,260</u>	<u>257</u>
		<u>(124,766)</u>	<u>45,281</u>
Expenses			
General and administrative expenses	12	<u>(132,199)</u>	<u>(159,056)</u>
Excess of expenditure over income for the year		<u>(256,965)</u>	<u>(113,775)</u>

These financial statements, set out on pages 4 to 17, were approved and authorised for issue and signed by the management on ~~20~~ June 2016.


 Jameel Ali Matrook Al Matrook
 Director


 Ashraf Sameer Saleem Othman
 Director

Tala Island Facility Management Co.
Statement of changes in accumulated funds for the year ended 31 December 2010
(Expressed in Bahrain Dinars)

	<u>Accumulated funds</u>
Excess of expenditure over income for the period and as at 31 December 2009	(113,775)
Excess of expenditure over income for the year	<u>(256,965)</u>
At 31 December 2010	<u>(370,740)</u>

Tala Island Facility Management Co.
Statement of cash flows for the year ended 31 December 2010
(Expressed in Bahrain Dinars)

	<u>Notes</u>	<u>Year ended 31 December 2010</u>	<u>Period from 1 January 2007 to 31 December 2009</u>
Operating activities			
Excess of expenditure over income for the year/period		(256,965)	(113,775)
Adjustments for:			
Depreciation	5	1,864	2,651
Changes in operating assets and liabilities:			
Fee and other receivables		125,384	(205,178)
Trade and other payables		129,777	320,520
Employees' terminal benefits, net		<u>1,238</u>	<u>884</u>
Net cash provided by operating activities		<u>1,298</u>	<u>5,102</u>
Investing activities			
Purchase of plant and equipment	5	<u>(1,298)</u>	<u>(5,102)</u>
Net cash used in investing activities		<u>(1,298)</u>	<u>(5,102)</u>
Net movement in cash and cash equivalents		-	-
Cash and cash equivalents, beginning of the year/period		<u>-</u>	<u>-</u>
Cash and cash equivalents, end of the year/period		<u>-</u>	<u>-</u>

1 Organisation and activities

Tala Island Facility Management Co. ("the Company"), is operated by Tala Property Development W.L.L. ("the Managing Company"), a limited liability company registered with the Ministry of Industry and Commerce in the Kingdom of Bahrain and operates under commercial registration number 52089 obtained on 29 October 2003.

On progressive completion of various units located within Tala Island, the Company provided facility management and related services to the residents through the Managing Company till the formation of the individual owners' association.

The principal activities of the Company are to provide facility management services to the residents of Tala Island on behalf of the owners' association for the properties located in the Tala Island.

The office of the Company is located in Amwaj Islands in the Kingdom of Bahrain.

2 Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as promulgated by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Going concern

The Company has reported an excess of expenditure over income amounting to BD256,965 during the year ended 31 December 2010. Further, the Company's net worth has been completely eroded and the accumulated deficit amounted to BD370,740 as at 31 December 2010. These factors raise substantial doubt about the Company's ability to continue to operate as a going concern without the continued financial support of the Managing Company. However, these financial statements have been prepared on a going concern basis as the Managing Company has confirmed its willingness to continue the business and provide adequate financial support to the Company, whenever considered necessary, to meet its liabilities as and when they fall due.

Basis of presentation

The financial statements have been prepared under the historical cost convention and using the going concern assumption. The financial statements have been presented in Bahrain Dinars which is the functional currency of the Company.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

Improvements/amendments to IFRS (2010)

Improvements/amendments to IFRS issued in 2010 contained numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. The amendments are effective for the Company's 2011 annual audited financial statements with earlier adoption permitted. No material changes to accounting policies are expected as a result of these amendments.

2 Basis of preparation (continued)

Standards, amendments and interpretations effective in 2010 but not relevant

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 July 2009/1 January 2010, but are not relevant to the Company's operations:

<u>Standard or interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
IFRS 1	First Time Adoption of International Financial Reporting Standards	1 July 2009/ 1 January 2010
IFRS 2	Share Based Payments	1 July 2009/ 1 January 2010
IFRS 3	Business Combinations	1 July 2009
IFRS 5	Non-Current Assets Held for Sale and Discontinued Operations	1 July 2009/ 1 January 2010
IFRS 8	Operating Segments	1 January 2010
IAS 1	Presentation of Financial Statements	1 January 2010
IAS 7	Statement of Cash Flows	1 January 2010
IAS 17	Leases	1 January 2010
IAS 18	Revenue	1 January 2010
IAS 27	Consolidated and Separate Financial Statements	1 July 2009
IAS 28	Investments in Associates	1 July 2009
IAS 31	Interests in Joint Ventures	1 July 2009
IAS 36	Impairment of Assets	1 January 2010
IAS 38	Intangible Assets	1 July 2009
IAS 39	Financial Instruments - Recognition and Measurement	30 June 2009/ 1 July 2009/ 1 January 2010
IFRIC 9	Reassessment of Embedded Derivatives	1 July 2009
IFRIC 15	Agreements for the Construction of Real Estate	1 January 2010
IFRIC 16	Hedges of Net Investment in a Foreign Operation	1 July 2009
IFRIC 17	Distributions of Non-cash Assets to Owners	1 July 2009
IFRIC 18	Transfers of Assets from Customers	1 July 2009

2 Basis of preparation (continued)

Standards, amendments and interpretations issued but not yet effective in 2010

The following IFRS and IFRIC interpretations issued/revised as at 1 January 2010 or subsequent periods have not been adopted early by the Company's management:

<u>Standard or Interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
IFRS 1	First Time Adoption of International Financial Reporting Standards	1 July 2010/ 1 January 2011/
IFRS 3	Business Combinations	1 July 2011
IFRS 7	Financial Instruments - Disclosures	1 July 2010 1 January 2011/
IFRS 9	Financial Instruments - Classification and Measurement	1 July 2011
IAS 1	Presentation of Financial Statements	1 January 2013
IAS 12	Income Taxes	1 January 2011
IAS 24	Related Party Disclosures	1 January 2012
IAS 27	Consolidated and Separate Financial Statements	1 January 2011
IAS 32	Financial Instruments - Presentation	1 July 2010
IAS 34	Interim Financial Reporting	1 February 2010
IFRIC 13	Customer Loyalty Programmes	1 January 2011
IFRIC 14	The Limit on Defined Benefit Assets, Minimum Funding Requirements and their Interaction	1 January 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2011 1 July 2010

There would have been no changes in the operational results of the Company for the year ended 31 December 2010 had the Company early adopted any of the above standards applicable to the Company.

Early adoption of amendments or standards in 2014

The Company did not early-adopt any new or amended standards in 2010.

3 Significant accounting policies

A summary of the significant accounting policies adopted in the preparation of these financial statements is set out below. These policies have been consistently applied to all the years presented, unless stated otherwise.

Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation. Cost includes all costs directly attributable to bringing the plant and equipment to their present location and condition for their intended use.

Depreciation is calculated on the straight-line method to write-off the cost of plant and equipment to their estimated residual values over their expected useful lives as follows:

Office equipment	3 years
Furniture and fixtures	3 years

Gains and losses on disposal of plant and equipment are determined by reference to their carrying amount and are taken into account in determining net profit.

Repairs and renewals are charged to the statement of income and expenditure when the expenditure is incurred.

The carrying values of the plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amounts plant and equipment are written-down to their recoverable amounts.

3 Significant accounting policies (continued)

Fee receivables

Fee receivables are carried at their anticipated realisable values. An estimate is made for impaired fee receivables based on a review of all outstanding amounts at the year-end. Impaired fee receivables which are not considered recoverable are written-off when they are identified.

Trade payables

Trade payables are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Deferred income

Deferred income represents fees and commission income received in advance which are recognised as income in the period in which they arise.

Provisions

The Company recognises provisions when it has a present legal or constructive obligation to transfer economic benefits as a result of past events and a reasonable estimate of the obligation can be made.

Employee benefits

Short-term benefits

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

Post employment benefits

Employee benefits and entitlements to annual leave, holiday, air passage and other short-term benefits are recognised as they accrue to the employees. The Company contributes to the pension scheme for Bahraini nationals administered by the Social Insurance Organisation in the Kingdom of Bahrain. This is a defined contribution pension plan and the Company's contributions are charged to the statement of income and expenditure in the year to which they relate. In respect of this plan, the Company has a legal obligation to pay the contributions as they fall due and no obligation exists to pay the future benefits.

The expatriate employees of the Company are paid leaving indemnity in accordance with the provisions of the Bahrain Labour Law. The Company accrues for its liability in this respect on an annual basis.

Revenue recognition

Revenue represents the contributions collected in return for providing facility management services to the residents of Tala Island on behalf of the Owners' association, which is recorded based on the agreements entered into and is accounted for on the accruals basis.

Other income is recognised on an accruals basis, unless collectability is in doubt.

4 Critical accounting judgments and key source of estimation uncertainty

The preparation of financial statements in accordance with IFRS requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The determination of estimates requires judgments which are based on historical experience, current and expected economic conditions, and all other available information. Actual results could differ from those estimates.

The most significant areas requiring the use of management estimates and assumptions in these financial statements relate to:

- economic useful lives of plant and equipment;
- provisions; and
- contingencies.

Economic useful lives of plant and equipment

The Company's plant and equipment are depreciated on a straight-line basis over their economic useful lives. Useful economic lives of plant and equipment are reviewed by management periodically. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Company.

Provisions

The Company creates provision for impaired fee receivables to account for estimated losses resulting from the inability of customers to make the required payments. At 31 December 2010, in the opinion of the Company's management, no provision is required towards impaired fee receivables (2009: BDNil). When evaluating the adequacy of provision for impaired fee receivables, management bases its estimate on current overall economic conditions, ageing of the fee receivable balances, historical write-off experience, customer creditworthiness and changes in payment terms. Changes in the economy, industry or specific customer conditions may require adjustments to the provision for impaired fee receivables recorded in these financial statements.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Tala Island Facility Management Co.
Notes to the financial statements for the year ended 31 December 2010
(Expressed in Bahrain Dinars)

5	Plant and equipment			
		<u>Office equipment</u>	<u>Furniture and fixtures</u>	<u>Total</u>
	<i>Cost</i>			
	Additions during the period and at 31 December 2009	4,747	355	5,102
	Additions	<u>1,298</u>	<u>-</u>	<u>1,298</u>
	At 31 December 2010	<u>6,045</u>	<u>355</u>	<u>6,400</u>
	<i>Accumulated depreciation</i>			
	Charge for the period (Note 12) and at 31 December 2009	2,507	144	2,651
	Charge for the year (Note 12)	<u>1,745</u>	<u>119</u>	<u>1,864</u>
	At 31 December 2010	<u>4,252</u>	<u>263</u>	<u>4,515</u>
	<i>Net book amount</i>			
	At 31 December 2010	<u>1,793</u>	<u>92</u>	<u>1,885</u>
	At 31 December 2009	<u>2,240</u>	<u>211</u>	<u>2,451</u>

The Company operates from related party premises with no rent obligations (2009: BDNil).

6	Fee and other receivables		
		<u>31 December 2010</u>	<u>31 December 2009</u>
	Fee receivables	79,794	167,809
	Amounts due from a related party (Note 13)	-	37,335
	Prepayments and other receivables	<u>-</u>	<u>34</u>
		<u>79,794</u>	<u>205,178</u>

Fee receivables are generally on 90 to 120 days credit terms.

Amounts due from a related party are unsecured, bear no interest and have no fixed repayment terms.

As at 31 December, the ageing of unimpaired fee receivables is as follows:

	<u>31 December 2010</u>	<u>31 December 2009</u>
Less than six months	<u>701</u>	<u>1,475</u>
More than six months	<u>79,093</u>	<u>166,334</u>

Unimpaired fee receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over fee receivables and, therefore, are all unsecured. In the opinion of the Company's management, the fair values of the fee receivables are not expected to be significantly different from their carrying values.

The Company's fee receivables are primarily denominated in Bahrain Dinars.

7 Sinking fund

In accordance with Clause 29 of the Tala Island Owners' Association Agreement, an amount equivalent to 10% of the contributions received from the Owners over a period of 10 years shall be set aside in a special fund and shall belong to the Owner's Association. Such amounts maintained shall be treated as a sinking fund and shall be earmarked to meet any renovations and emergency requirements. No deductions have been made as of 31 December 2010 and no amount has been transferred to the sinking fund during the year ended 31 December 2010 (2009: BDNil).

8 Employees' terminal benefits

Local employees

The contributions made by the Company towards the pension scheme for Bahraini nationals administered by the Social Insurance Organisation in the Kingdom of Bahrain for the year ended 31 December 2010 amounted to BD2,924 (2009: BD763).

Expatriate employees

The movement in leaving indemnity liability applicable to the expatriate employees is as follows:

	31 December <u>2010</u>	31 December <u>2009</u>
Opening balance	884	-
Accruals for the year/period	1,460	884
Payments during the year/period	<u>(222)</u>	<u>-</u>
Closing balance	<u>2,122</u>	<u>884</u>
Number of staff employed by the Company	<u>31</u>	<u>31</u>

9 Trade and other payables

	31 December <u>2010</u>	31 December <u>2009</u>
Trade payables	22,977	20,259
Advances from customers	143,774	297,183
Accruals and other payables	8,978	3,078
Amounts due to related parties (Note 13)	<u>274,568</u>	<u>-</u>
	<u>450,297</u>	<u>320,520</u>

Trade payables are generally settled within 30 to 60 days of the suppliers' invoice date.

Amounts due to related parties are unsecured, non-interest bearing and have no fixed repayment terms.

As at 31 December 2010, the maturity profile of trade payables is as follows:

	<u>Total</u>	<u>Less than 6 months</u>	<u>More than 6 months</u>
At 31 December 2010	<u>22,977</u>	<u>22,977</u>	<u>-</u>
At 31 December 2009	<u>20,259</u>	<u>20,259</u>	<u>-</u>

Tala Island Facility Management Co.
Notes to the financial statements for the year ended 31 December 2010
(Expressed in Bahrain Dinars)

10 Revenue

	Year ended 31 December 2010	Period from 1 January 2007 to 31 December 2009
Revenue Garden View Phase 4EFGH	55,702	19,277
Revenue Palm Phase 1FGH	49,571	65,113
Revenue Reef Phase 4CD	31,293	39,058
Revenue Coral Phase 3CDEF	26,128	15,756
Revenue Villas Phase 1C,1D,1E,4A,4B	8,630	46,478
Revenue Sea View Phase 3A	8,316	12,106
Revenue Sea View Phase 2C	7,532	8,419
Revenue Marina Phase 1A1B	6,649	116,827
Revenue Houses Phase 2A,2B,3B	<u>3,544</u>	<u>24,262</u>
	<u>197,365</u>	<u>347,296</u>

11 Direct costs

	Year ended 31 December 2010	Period from 1 January 2007 to 31 December 2009
Costs Garden View Phase 4EFGH	57,560	10,396
Costs Palm Phase 1FGH	57,346	59,519
Costs Marina Phase 1A1B	50,178	80,327
Costs Coral Phase 3CDEF	38,239	13,322
Costs Reef Phase 4CD	34,828	32,675
Costs Villas Phase 1C,1D,1E,4A,4B	27,965	14,032
Costs Houses Phase 2A,2B,3B	14,332	6,931
Costs Sea View Phase 3A	11,844	9,571
Costs Sea View Phase 2C	6,743	11,632
Common Areas	<u>24,356</u>	<u>63,867</u>
	<u>323,391</u>	<u>302,272</u>

12 General and administrative expenses

	Year ended 31 December 2010	Period from 1 January 2007 to 31 December 2009
Staff costs and allowances	90,268	139,612
Depreciation (Note 5)	1,864	2,651
Other general and administrative expenses	<u>40,067</u>	<u>16,793</u>
	<u>132,199</u>	<u>159,056</u>

13 Transactions and balances with related parties

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. Related parties include entities over which the Company exercises significant influence, directors and executive management of the Company. The Company's transactions with related parties are authorised by the management.

The following are the transactions and balances entered into with the related parties during the year ended and as at 31 December:

	Year ended 31 December 2010	Period ended 31 December 2009
Related party transactions		
Expenses (Transactions with parties with common ownership)		
Tala Property Development W.L.L.	184,163	42,835
Ossis B.S.C. (c)	127,740	-
Circo Properties and Facility Management Company W.L.L.	68,300	-
BIW Labour Accommodation Co. W.L.L.	<u>5,940</u>	<u>-</u>
	<u>386,143</u>	<u>42,835</u>
Amounts due from a related party (Note 6)		
Tala Property Development W.L.L. (Common ownership)	<u>-</u>	<u>37,335</u>
Amounts due to related parties (Note 9)		
Tala Property Development W.L.L. (Common ownership)	146,828	-
Ossis B.S.C. (c) (Common ownership)	<u>127,740</u>	<u>-</u>
	<u>274,568</u>	<u>-</u>

14 Financial assets and liabilities and risk management (continued)

Financial assets and liabilities carried on the statement of financial position include fee and other receivables and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise management' value.

The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. No changes were made in the objectives, policies and processes during the year and period ended 31 December 2010 and 2009 respectively.

14 Financial assets and liabilities and risk management (continued)

Capital management (continued)

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, trade and other payables. Capital includes reserves attributable to the management of the Managing Company.

	31 December 2010	31 December 2009
Trade and other payables	<u>450,297</u>	<u>320,520</u>
Net debt	<u>450,297</u>	<u>320,520</u>
Accumulated deficit	<u>(370,740)</u>	<u>(113,775)</u>
Total capital	<u>(370,740)</u>	<u>(113,775)</u>
Total capital and net debt	<u>79,557</u>	<u>206,745</u>
Gearing ratio	<u>-----</u>	<u>-----</u>

As at 31 December 2010 and 2009, the Company's net worth has been fully eroded. Accordingly, no gearing ratio has been calculated.

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk with respect to fee receivables is limited due to the Company's large number of customers. Management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Company's fee receivables.

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company's assets and liabilities, in the opinion of the management, are not sensitive to interest rate risk.

Liquidity risk, also referred to as funding risk, is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial assets and liabilities. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Liquidity risk is managed by monitoring on a regular basis to help ensure that sufficient funds are available to meet all liabilities as they fall due.

Fair value measurement

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial instruments not measured at fair value on recurring basis include fee and other receivables and trade and other payables excluding employee terminal benefits. In the opinion of the management, due to the short-term nature of these financial instruments, the fair value of these financial instruments is not significantly different from their carrying amounts as at 31 December 2010.

15 Events after reporting date

There were no events subsequent to 31 December 2010 and occurring before the date of the report that are expected to have a significant impact on these financial statements.

