

123GREETINGS (SINGAPORE) PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No: 200706172G)

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2014**

JACHIN PUBLIC ACCOUNTING CORPORATION
PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS, SINGAPORE

123GREETINGS (SINGAPORE) PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No: 200706172G)

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of the Company for the year ended 31st March 2014.

1. DIRECTORS

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

KAJARIA ARVIND
BHALOTIA VISHNU
ARUN ASHISH

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of the financial year nor at any time during that year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The directors holding office at the end of the financial year and their interests in the share capital or debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Companies Act, Chapter 50 were as follows:-

| Name of Directors and Companies in which Interests are held | Number of Shares | |
|---|------------------|------------------|
| | As at 01/04/2013 | As at 31/03/2014 |
| The Company <u>123GREETINGS (SINGAPORE) PTE. LTD.</u> | | |
| KAJARIA ARVIND | - | - |
| ARUN ASHISH | - | - |
| BHALOTIA VISHNU | - | - |
| Holding Company <u>INTRASOFT TECHNOLOGIES LIMITED</u> | | |
| KAJARIA ARVIND | 2,800,014 | 2,800,014 |
| ARUN ASHISH | - | - |
| BHALOTIA VISHNU | - | - |

By virtue of Section 7 of the Singapore Companies Act, Mr Kalaria Arvind is deemed to have an interest in 200,000 ordinary shares in the Company at the beginning and at the end of the financial year.

4. DIRECTORS' CONTRACTUAL BENEFITS

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

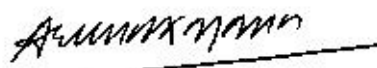
5. SHARE OPTIONS

During the year, no option to take up unissued shares of the Company has been granted, and there were no shares issued by virtue of the exercise of options. As at 31st March 2014, there were no unissued shares under option outstanding.

6. AUDITORS

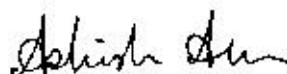
The auditors, JACHIN PUBLIC ACCOUNTING CORPORATION, have expressed their willingness to accept re-appointment.

On behalf of the Board



KAJARIA ARVIND

Director



ARUN ASHISH

Director

SINGAPORE
30TH APRIL 2014

123GREETINGS (SINGAPORE) PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No: 200706172G)

STATEMENT BY DIRECTORS

We the undersigned Directors, state that, in the opinion of the Directors,

- (a) the financial statements set out on pages 5 to 21 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31st March 2014 and of the results of the business, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards; 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.

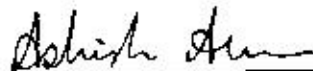
The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board



KAJARIA ARVIND

Director



ARUN ASHISH

Director

SINGAPORE
30TH APRIL 2014

JACHIN PUBLIC ACCOUNTING CORPORATION

PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS, SINGAPORE

(Company Registration No. 201200048H)

3 Shenton Way #12-06 Shenton House Singapore 068805 Tel: (65) 62227275 Fax: (65) 62226926

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
123GREETINGS (SINGAPORE) PTE. LTD.**(Incorporated in the Republic of Singapore)
(Company Registration No: 200706172G)

We have audited the accompanying financial statements of 123GREETINGS (SINGAPORE) PTE. LTD., which comprise the statement of financial position as at 31st March 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory 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, Cap. 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 disclosures in the financial statements. The procedures selected depend on the auditors' judgement, 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 auditors consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.


We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31st March 2014 and the results, changes in equity and cash flows of the Company for the year ended on that date.

REPORT ON OTHER LEGAL 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.


JACHIN PUBLIC ACCOUNTING CORPORATION
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS

SINGAPORE
30TH APRIL 2014



123GREETINGS (SINGAPORE) PTE. LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No: 200706172G)

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH 2014

| | NOTE | 2014 S\$ | 2013 S\$ |
|----------------------------------|------|-------------|-------------|
| CURRENT ASSETS | | | |
| Trade receivables | 4 | 3,449 | 8,532 |
| Cash and cash equivalents | 5 | 51,811 | 70,639 |
| | | 55,260 | 79,171 |
| LESS: CURRENT LIABILITIES | | | |
| Trade and other payables | 6 | 5,361 | 4,550 |
| | | 5,361 | 4,550 |
| NET CURRENT ASSETS | | 49,899 | 74,621 |
| | | 49,899 | 74,621 |
| REPRESENTING: | | | |
| EQUITY | | | |
| Share capital | 7 | 200,000 | 200,000 |
| Accumulated losses | | (150,101) | (125,379) |
| | | 49,899 | 74,621 |

The annexed notes form an integral part of and should be read in conjunction with the financial statements.

123GREETINGS (SINGAPORE) PTE. LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No: 200706172G)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2014**

| | NOTE | 2014 S\$ | 2013 S\$ |
|---|-----------|------------------------|------------------------|
| REVENUE | 8 | 15,505 | 43,272 |
| Cost of sales | | <u>(28,000)</u> | <u>(28,000)</u> |
| GROSS (LOSS) / PROFIT | | (12,495) | 15,272 |
| Selling and distribution expenses | | (420) | (14,792) |
| Administrative expenses | | <u>(11,807)</u> | <u>(11,054)</u> |
| LOSS BEFORE TAX | 9 | (24,722) | (10,574) |
| Income tax expense | 10 | <u>-</u> | <u>-</u> |
| LOSS FOR THE YEAR | | (24,722) | (10,574) |
| Other comprehensive loss for the year, net of tax | | - | - |
| TOTAL COMPREHENSIVE LOSS FOR THE YEAR | | <u>(24,722)</u> | <u>(10,574)</u> |

The annexed notes form an integral part of and should be read in conjunction with the financial statements.

123GREETINGS (SINGAPORE) PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No: 200706172G)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH 2014**

| | SHARE CAPITAL S\$ | ACCUMULATED LOSSES S\$ | TOTAL S\$ |
|---|-------------------------|------------------------------|--------------|
| 2014 | | | |
| BALANCE AS AT 1ST APRIL 2013 | 200,000 | (125,379) | 74,621 |
| <u>Total comprehensive loss</u> | | | |
| Net loss for the year | - | (24,722) | (24,722) |
| Other comprehensive loss for the year, net of tax | - | - | - |
| Total comprehensive loss for the year | - | (24,722) | (24,722) |
| <u>Contributions by and distributions to owners</u> | | | |
| Total transactions with owners | - | - | - |
| BALANCE AS AT 31ST MARCH 2014 | 200,000 | (150,101) | 49,899 |
| 2013 | | | |
| BALANCE AS AT 1ST APRIL 2012 | 200,000 | (114,805) | 85,195 |
| <u>Total comprehensive loss</u> | | | |
| Net loss for the year | - | (10,574) | (10,574) |
| Other comprehensive loss for the year, net of tax | - | - | - |
| Total comprehensive loss for the year | - | (10,574) | (10,574) |
| <u>Contributions by and distributions to owners</u> | | | |
| Total transactions with owners | - | - | - |
| BALANCE AS AT 31ST MARCH 2013 | 200,000 | (125,379) | 74,621 |

The annexed notes form an integral part of and should be read in conjunction with the financial statements.

123GREETINGS (SINGAPORE) PTE. LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No: 200706172G)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2014**

| | NOTE | 2014 S\$ | 2013 S\$ |
|---|------|-----------------|---------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| LOSS BEFORE TAX | | (24,722) | (10,574) |
| OPERATING LOSS BEFORE WORKING CAPITAL CHANGES | | (24,722) | (10,574) |
| Decrease in trade receivables | | 5,083 | 16,707 |
| Increase in trade and other payables | | 811 | 350 |
| NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES | | (18,828) | 6,483 |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | | (18,828) | 6,483 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | | 70,639 | 64,156 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 5 | 51,811 | 70,639 |

The annexed notes form an integral part of and should be read in conjunction with the financial statements.

123GREETINGS (SINGAPORE) PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No: 200706172G)

NOTES ON THE FINANCIAL STATEMENTS – 31ST MARCH 2014

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

The Company is incorporated in Singapore and with its registered office address and principal place of business at 391B Orchard Road, #13-09 Ngee Ann City Tower B, Singapore 238874.

The principal activities of the Company are those of Online Greetings and IT enabled services.

The immediate and ultimate holding company is Intrasoftware Technologies Limited, incorporated in India.

The financial statements of the Company for the year ended 31st March 2014, were authorised for issue by the directors on 30th April 2014.

2. SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies adopted in the preparation of these financial statements:-

(a) BASIS OF PREPARATION

These financial statements are prepared in accordance with Singapore Financial Reporting Standards (FRS) including related interpretations, and the provisions of the Singapore Companies Act.

The financial statements are presented in Singapore Dollars. They are prepared on the historical cost basis except for certain financial assets and financial liabilities which are stated at their fair values.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates are based on management's best knowledge of current events and actions and the actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Adoption of New and Revised Standards

In the current financial period, the Company had adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for annual periods beginning on or after 1st April 2013. The adoption of these new/revised FRSs and INT FRSs has no material effect on the amounts reported for the current financial period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

(c) CASH AND CASH EQUIVALENTS

Cash consists of cash on hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

(d) TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(e) LEASES

(i) FINANCE LEASES

Finance leases, which effectively transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at amounts equal at the inception of the lease to the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. Finance charges are charged directly to the income statement.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

(ii) OPERATING LEASES

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(f) 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. Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Company's activities. Revenue is presented, net of taxes, rebates and discounts. Revenue is recognised as follows:-

(i) SALE OF GOODS

Sale of goods - revenue from sale of goods is recognised when the Company has delivered the products to the customer, the customer has accepted the products and the collectibility of the related receivables is reasonably assured.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) REVENUE RECOGNITION (CONT'D)

(ii) SERVICES INCOME

Services income - services income is recognised upon the completion of services performed and acceptance by customers.

(g) PROVISIONS

Provisions, if any, are recognised when the Company has a present obligation (legal or constructive) as a result of 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.

(h) SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

(i) INCOME TAXES

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the profit and loss statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all deductible temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the 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 profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted at the balance sheet date.

(j) EMPLOYEE BENEFITS

(i) DEFINED CONTRIBUTION PLAN

Contributions to defined contribution pension plans are recognised as an expense in the profit and loss account as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) EMPLOYEE BENEFITS (CONT'D)

(ii) EMPLOYEE LEAVE ENTITLEMENT

Employee entitlements to annual leave and long-service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date.

(k) RELATED PARTIES

Related parties refer to companies 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 or exercise significant influence over the other party in making financial and operating decisions.

(l) IMPAIRMENT OF ASSETS

At each balance sheet date, the Company reviews the carrying amounts of its assets so as 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 of money and the risks specific to the asset.

If the recoverable amount of an asset (or 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, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) FUNCTIONAL AND PRESENTATION CURRENCY

The company's accounting records are maintained in Singapore Dollars. The functional currency of the Company is the Singapore Dollar as it reflects the economic substance of the underlying events and circumstances of the Company's transaction. Transactions in foreign currencies that are not denominated in Singapore Dollars are recorded using the rates ruling at the dates of the transactions. At each balance sheet date, recorded monetary balances and balances carried at fair value that are not denominated in Singapore Dollars are reported at the rates ruling at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. All realised and unrealised exchange adjustment gains and losses are dealt with in the profit and loss statement.

(n) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities carried on the balance sheet include cash and cash equivalents, trade and other receivables and payables.

FINANCIAL ASSETS

The Company initially recognises financial assets on the date that they are originated.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

FINANCIAL LIABILITIES

The Company initially recognises financial liabilities on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) CRITICAL JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES

In the process of applying the Company's accounting policies, the management is of the opinion that there is no instance of application of judgements which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations described below.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) 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 within the next financial year, are as follows:-

Impairment of Receivables

The Company assesses at each balance sheet date whether there is any objective evidence that a receivable is impaired. The Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. When there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of trade, intercompany and other receivables are disclosed in the balance sheet.

4. TRADE RECEIVABLES

| | 2014 | 2013 |
|-------------------|-------|-------|
| | S\$ | S\$ |
| Trade receivables | 3,449 | 8,532 |

Trade receivables are all denominated in Singapore dollar, non-interest bearing and are on 30 to 120 days (2013 : 30 to 120 days) credit term.

Trade receivables that are past due but not impaired

The Company has trade receivables amounting to S\$59 (2013 : Nil) that were past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet is as follows:-

| | 2014 | 2013 |
|---------------|------|------|
| | S\$ | S\$ |
| Over 120 days | 59 | - |

Trade receivables that are impaired

There are no trade receivables that were impaired as at balance sheet date.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are denominated in Singapore dollar and comprise the following:-

| | 2014 | 2013 |
|--------------|--------|--------|
| | S\$ | S\$ |
| Cash at bank | 51,811 | 70,639 |

6. TRADE AND OTHER PAYABLES

| | 2014 | 2013 |
|---------------------------------------|--------------|--------------|
| | S\$ | S\$ |
| Amount due to holding company – trade | - | 750 |
| Accruals | 3,800 | 3,800 |
| Advance from customers | 1,561 | - |
| | <u>5,361</u> | <u>4,550</u> |

Trade payables are non-interest bearing and are normally settled on 30 to 120 days (2013 : 30 to 120 days) credit term.

7. SHARE CAPITAL

| | 2014 | | 2013 | |
|--|----------------|----------------|----------------|----------------|
| | No. of Shares | S\$ | No. of Shares | S\$ |
| Issued and fully paid:- | | | | |
| Balance at beginning and end of the year | <u>200,000</u> | <u>200,000</u> | <u>200,000</u> | <u>200,000</u> |

The Company has one class of ordinary shares with no par value and carry no right to fixed income.

8. REVENUE

| | 2014 | 2013 |
|--------------|---------------|---------------|
| | S\$ | S\$ |
| Services fee | <u>15,505</u> | <u>43,272</u> |

9. LOSS FROM OPERATIONS

This is arrived at after charging:-

| | 2014 | 2013 |
|-----------------------------|--------------|--------------|
| | S\$ | S\$ |
| Auditors' remuneration | 2,500 | 2,500 |
| Professional and legal fees | <u>7,040</u> | <u>6,620</u> |

10. TAXATION

| | 2014 S\$ | 2013 S\$ |
|---|-----------------|-----------------|
| Current taxation | <u>-</u> | <u>-</u> |
| Reconciliation of effective tax rate:- | | |
| | 2014 S\$ | 2013 S\$ |
| Loss before tax | <u>(24,722)</u> | <u>(10,574)</u> |
| Income tax using Singapore tax rate of 17% (2013 : 17%) | (4,203) | (1,798) |
| Deferred tax asset not taken up | <u>4,203</u> | <u>1,798</u> |
| | <u>-</u> | <u>-</u> |

The Company has tax losses carried forward amounting to S\$132,030 (2013 : S\$107,308) available for set-off against future taxable profits subject to agreement with the tax authorities and subject to there being no substantial change in the shareholdings as required by the provisions of the Income Tax Act.

No deferred tax asset is recognised due to the uncertainty of its recoverability.

11. RELATED COMPANY/PARTY TRANSACTIONS AND BALANCES

Related company and related party in these financial statements refer to the ultimate holding company and company with common direct or indirect shareholders/directors respectively.

The Company has significant transactions with related company/party on terms agreed between the parties as follows:-

| | 2014 | | | 2013 | | |
|---|--------------|---------------------------|--------------------------------------|--------------|---------------------------|--------------------------------------|
| | Total Billed | Amount Paid in current FY | Balance Outstanding as at 31/03/2014 | Total Billed | Amount Paid in current FY | Balance Outstanding as at 31/03/2013 |
| | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ |
| Professional fees and disbursement paid to a Company in which a director has interest | 7,040 | (7,040) | - | 6,620 | (6,620) | - |
| Purchases and support fee paid and payable to holding company | | | | | | |
| - Trade | 28,000 | (28,750) | - | 28,000 | (27,750) | 750 |

12. FINANCIAL RISK MANAGEMENT

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The Board of directors reviews and agrees policies and procedures for the management of the risks.

(a) FOREIGN CURRENCY RISK

The Company's foreign currency exposures arose mainly from the exchange rate movement of the Singapore Dollars.

The Company manages its foreign currency risk arising from cash flows from anticipated transactions denominated in foreign currencies by maintaining adequate foreign currencies balances.

The Company's currency exposure at the balance sheet date is as follows:-

| <u>As at 31st March 2014</u> | <u>Singapore Dollar S\$</u> | <u>United States Dollar S\$</u> | <u>Total S\$</u> |
|------------------------------|-------------------------------------|---|----------------------|
| <u>Financial Assets</u> | | | |
| Trade receivables | 3,449 | - | 3,449 |
| Cash and cash equivalents | 51,811 | - | 51,811 |
| | 55,260 | - | 55,260 |
| <u>Financial Liabilities</u> | | | |
| Trade and other payables | 5,361 | - | 5,361 |
| | 49,899 | - | 49,899 |

12. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) FOREIGN CURRENCY RISK (CONT'D)

| | Singapore Dollar S\$ | United States Dollar S\$ | Total S\$ |
|------------------------------|----------------------------|--------------------------------|--------------|
| <u>As at 31st March 2013</u> | | | |
| <u>Financial Assets</u> | | | |
| Trade receivables | 8,532 | - | 8,532 |
| Cash and cash equivalents | 70,639 | - | 70,639 |
| | 79,171 | - | 79,171 |
| <u>Financial Liabilities</u> | | | |
| Trade and other payables | 4,550 | - | 4,550 |
| Currency exposure | 74,621 | - | 74,621 |

Sensitivity Analysis

Nil foreign currency risk as at 31st March 2014 and 2013.

(b) INTEREST RATE RISK

The Company has no significant exposure to interest rate risk through the impact of interest rates changes on interest-bearing assets and liabilities.

The Company has cash balances placed with creditworthy financial institutions as follows:-

| | Variables rates | | |
|---------------------------|------------------------|-----------------|-----------------|
| | Less than 12 months | 1 to 5 years | Over 5 years |
| <u>At 31st March 2014</u> | S\$ | S\$ | S\$ |
| <u>Assets</u> | | | |
| Cash and cash equivalents | 51,811 | - | - |
| <u>At 31st March 2013</u> | | | |
| <u>Assets</u> | | | |
| Cash and cash equivalents | 70,639 | - | - |

12. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) CREDIT RISK

The Company has no significant concentrations of credit risk. Cash and bank balance are placed with the reputable institutions. The maximum exposure to credit risk is represented by the carrying amount of each financial asset presented on the balance sheet. The Company adopts the policy of dealing only with high credit quality counterparties. In addition, receivables balance are monitored on an on-going basis which the result that the Company's exposure to the bad debts is not significant.

(d) LIQUIDITY RISK

The Company monitors its liquidity risk and maintains a level of cash & cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

The analysis of maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows is as follows:-

| | Carrying amount S\$ | Contracted undiscounted cash flows | | | |
|---------------------------|---------------------------|------------------------------------|-------------------------|------------------------------------|------------------------|
| | | Total S\$ | Within 1 year S\$ | Between 1 and 5 Years S\$ | Over 5 years S\$ |
| <u>At 31st March 2014</u> | | | | | |
| Trade and other payables | 5,361 | 5,361 | 5,361 | - | - |
| <u>At 31st March 2013</u> | | | | | |
| Trade and other payables | 4,550 | 4,550 | 4,550 | - | - |

(e) FAIR VALUES

The carrying amount of financial assets and financial liabilities recorded in the financial statements represent their respective net fair values.

13. CLASSIFICATION OF FINANCIAL INSTRUMENTS

Comparisons by category of carrying amounts of the Company's financial instruments that are carried in the financial statements are as follows:-

| | <u>Loans and Receivables</u> S\$ | <u>Non- financial assets</u> S\$ | <u>Total</u> S\$ |
|-----------------------------|---|--|---------------------|
| <u>At 31st March 2014</u> | | | |
| <u>Assets</u> | | | |
| Trade and other receivables | 3,449 | - | 3,449 |
| Cash and cash equivalents | 51,811 | - | 51,811 |
| | <u>55,260</u> | <u>-</u> | <u>55,260</u> |
| | | | |
| | <u>Liabilities at amortised cost</u> S\$ | <u>Non- financial liabilities</u> S\$ | <u>Total</u> S\$ |
| <u>Liabilities</u> | | | |
| Trade and other payables | 5,361 | - | 5,361 |
| | | | |
| | <u>Loans and Receivables</u> S\$ | <u>Non- financial assets</u> S\$ | <u>Total</u> S\$ |
| <u>At 31st March 2013</u> | | | |
| <u>Assets</u> | | | |
| Trade and other receivables | 8,532 | - | 8,532 |
| Cash and cash equivalents | 70,639 | - | 70,639 |
| | <u>79,171</u> | <u>-</u> | <u>79,171</u> |
| | | | |
| | <u>Liabilities at amortised cost</u> S\$ | <u>Non- financial liabilities</u> S\$ | <u>Total</u> S\$ |
| <u>Liabilities</u> | | | |
| Trade and other payables | 4,550 | - | 4,550 |

14. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit standing and healthy capital ratios in order to support its business and maximize shareholders' value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares, adjust the dividend payment to shareholders or return capital to shareholders.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital. In general, the Company's policy is to keep the gearing ratio within 50%.

The Company is not subject to any externally imposed capital requirements.

**THE FOLLOWING SCHEDULE DOES NOT FORM PART OF
THE AUDITED STATUTORY FINANCIAL STATEMENTS**

123GREETINGS (SINGAPORE) PTE. LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No: 200706172G)

**DETAILED PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2014**

| | 2014 S\$ | 2013 S\$ |
|--|-------------|-------------|
| REVENUE | | |
| Services fee | 15,505 | 43,272 |
| LESS: COST OF SALES | | |
| Purchases and support fee | 28,000 | 28,000 |
| | 28,000 | 28,000 |
| GROSS (LOSS) / PROFIT | (12,495) | 15,272 |
| LESS: OPERATING EXPENSES (Schedule A - Page 2) | (12,227) | (25,846) |
| NET LOSS FOR THE YEAR | (24,722) | (10,574) |

123GREETINGS (SINGAPORE) PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No: 200706172G)

**OPERATING EXPENSES
FOR THE YEAR ENDED 31ST MARCH 2014**

| | 2014 S\$ | 2013 S\$ |
|--|---------------|---------------|
| SELLING AND DISTRIBUTION EXPENSES | | |
| Commission fee | 334 | 14,792 |
| Delivery discount | 86 | - |
| | 420 | 14,792 |
| ADMINISTRATIVE EXPENSES | | |
| Auditors' remuneration | 2,500 | 2,500 |
| Bank charges | 530 | 422 |
| General expenses | 120 | - |
| Printing, postage and stationery | 342 | 210 |
| Legal and professional fees | 7,040 | 6,620 |
| Tax services | 1,200 | 1,200 |
| Telecommunication | - | 102 |
| Travelling and conveyance | 75 | - |
| | 11,807 | 11,054 |
| TOTAL OPERATING EXPENSES | 12,227 | 25,846 |