

HEALTHSERVE LIMITED
(LIMITED BY GUARANTEE)
(Incorporated in Singapore. Unique Entity Number ("UEN") 200615440H)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

HEALTHSERVE LIMITED
(LIMITED BY GUARANTEE)
(Incorporated in Singapore. UEN 200615440H)

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HEALTHSERVE LIMITED (LIMITED BY GUARANTEE) (UEN 200615440H)

DIRECTORS' REPORT

For the financial year ended 31 December 2011

The Directors are pleased to present their report to the members together with the audited financial statements of Healthserve Limited (Limited by Guarantee) (the "Company") for the financial year ended 31 December 2011.

Directors

The Directors of the company in office at the date of this report are:

Goh Wei Leong
Soh Ling Ling
Saw Seang Kuan (appointed on 1.3.12)
Chan Lai Gwen (appointed on 5.5.11)
Koh Jianyi, Calvin (appointed on 5.5.11)

Arrangements to enable Directors to acquire shares or debentures

The Company is limited by guarantee and has no share capital. None of the Directors holding office at the end of the financial year had an interest in the share capital of the Company that is to be reported pursuant to Section 201(6)(g) of the Singapore Companies Act, Cap.50.

Directors' interests in shares or debentures

The Company is limited by guarantee, whereby each member of the Company undertakes to meet the debts and liabilities of the Company, in the event of its liquidation, to an amount not exceeding \$10 per member. As at 31 December 2011, the Company has 3 members. There were no shares or debentures in issue in the Company at the end of the financial year.

Directors' contractual benefits

Since the beginning of the financial year, no Director of the Company has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Companies Act, Cap. 50, by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest.

HEALTHSERVE LIMITED (LIMITED BY GUARANTEE) (UEN 200615440H)

DIRECTORS' REPORT

For the financial year ended 31 December 2011

Share options

During the financial year, there were:

- (a) no options granted by the Company to any person to take up unissued shares in the Company; and
- (b) no shares issued by virtue of the exercise of options to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Independent auditors

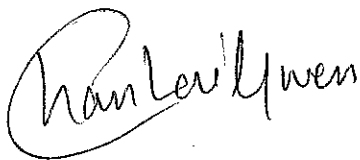
The independent auditors, S. K. Cheong & Co., have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors



.....
GOH WEI LEONG

Director



.....
CHAN LAI GWEN

Director

Singapore 2 May 2012

HEALTHSERVE LIMITED (LIMITED BY GUARANTEE) (UEN 200615440H)

STATEMENT BY DIRECTORS

For the financial year ended 31 December 2011

In the opinion of the directors,

- (a) the accompanying statement of financial position, statement of financial activities, statement of changes in equity and statement of cash flows together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2011 and the results of the business, changes in equity and cash flows of the Company for the financial year 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 Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors



.....
GOH WEI LEONG

Director



.....
CHAN LAI GWEN

Director

Singapore 2 May 2012



S. K. CHEONG & CO.
Public Accountants and
Certified Public Accountants

S. K. Cheong & Co.
Public Accountants and
Certified Public Accountants
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#19-02 Suntec Tower Two
Singapore 038989
Tel: (65) 63386966
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UEN S83PF0385E

Independent auditors' report

For the financial year ended 31 December 2011

To the members of HEALTHSERVE LIMITED (UEN 200615440H)

Report on the Financial Statements

We have audited the accompanying financial statements of Healthserve Limited (the "Charity") set out on pages 6 to 30, which comprise the statement of financial position as at 31 December 2011, and the statement of financial activities, 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, Chapter 50 (the "Act"), the Singapore Charities Act, Chapter 37 (the "Charities 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.

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 Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of 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 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

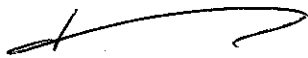
In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act, the Charities Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Charity as at 31 December 2011 and the results, changes in equity and cash flows of the Charity for the year 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 Charity have been properly kept in accordance with the provisions of the Act.

During the course of our audit, nothing has come to our attention that causes us to believe that during the year:

- a. The use of the donation moneys was not in accordance with the objectives of the Charity as required under regulation 16 of the Charities (Institutions of a Public Character) Regulations; and
- b. The Charity has not complied with the requirements of regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.



S.K.CHEONG & CO.

*Public Accountants and
Certified Public Accountants*

Singapore 2 May 2012

HEALTHSERVE LIMITED (LIMITED BY GUARANTEE) (UEN 200615440H)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2011

	Note	2011 \$	2010 \$
ASSETS			
Non-current assets			
Plant and equipment	4	20,368	29,470
Current assets			
Other receivables	5	6,047	2,939
Cash and cash equivalents	6	346,515	33,044
		352,562	35,983
Total assets		372,930	65,453
EQUITY AND LIABILITIES			
The funds of the Charity			
<u>Unrestricted funds</u>			
Accumulated fund		328,379	26,110
Non-current liabilities			
Loans and borrowings	7	-	4,612
Current liabilities			
Loans and borrowings	7	4,614	4,644
Other payables	8	13,000	13,000
Accrued operating expenses	8	26,937	17,087
Income tax payable	14	-	-
		44,551	34,731
Total funds		372,930	65,453

The accompanying notes form an integral part of these financial statements.

HEALTHSERVE LIMITED (LIMITED BY GUARANTEE) (UEN 200615440H)

STATEMENT OF FINANCIAL ACTIVITIES
For the financial year ended 31 December 2011

	Note	<i>Unrestricted funds</i>	
		2011	2010
		\$	\$
Revenue	9	731,302	231,373
Other income	10	5,000	13,308
		<u>736,302</u>	<u>244,681</u>
Other items of expense			
Administrative expenses		(376,577)	(298,605)
Finance expense	11	(626)	(1,695)
Other expenses		(59,379)	(56,662)
Profit/(loss) before tax	12	<u>299,720</u>	<u>(112,281)</u>
Income tax benefit	14	2,549	2,651
Profit/(loss) for the financial year		<u>302,269</u>	<u>(109,630)</u>
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income/(loss) attributable to owners of the Company		<u><u>302,269</u></u>	<u><u>(109,630)</u></u>

The accompanying notes form an integral part of these financial statements.

HEALTHSERVE LIMITED (LIMITED BY GUARANTEE) (UEN 200615440H)

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2011

	Retained earnings	Total equity
	\$	\$
2011		
Opening balance at 1 January 2011	26,110	26,110
Profit, net of tax, representing total comprehensive income for the year	302,269	302,269
Closing balance at 31 December 2011	<u>328,379</u>	<u>328,379</u>
2010		
Opening balance at 1 January 2010	135,740	135,740
Loss net of tax, representing total comprehensive loss for the year	(109,630)	(109,630)
Closing balance at 31 December 2010	<u>26,110</u>	<u>26,110</u>

The accompanying notes form an integral part of these financial statements.

HEALTHSERVE LIMITED (LIMITED BY GUARANTEE) (UEN 200615440H)

STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2011

	Note	2011 \$	2010 \$
Cash flows from operating activities			
Profit/(loss) before tax		299,720	(112,281)
Adjustments for:			
Depreciation of plant and equipment	4	11,264	12,203
Interest expense		626	1,695
Gain on sale of plant and equipment		-	(652)
Operating cash flows before changes in working capital		<u>311,610</u>	<u>(99,035)</u>
<u>Changes in working capital</u>			
Decrease/(increase) in:			
Receivables		(3,109)	(756)
Increase in:			
Accrued operating expenses		9,850	2,544
Cash flows (used in)/generated from operations		<u>318,351</u>	<u>(97,247)</u>
Interest paid		(626)	(1,695)
Tax refunded/(paid)		2,549	(11,218)
Net cash generated from/(used in) operating activities		<u>320,274</u>	<u>(110,160)</u>
Cash flows from investing activities			
Cash purchase of plant and equipment	4	(2,162)	(24,563)
Proceeds from sale of plant and equipment		-	15,853
Net cash used in investing activities		<u>(2,162)</u>	<u>(8,710)</u>
Cash flows from financing activities			
Proceeds of loans and borrowings		-	-
Repayment of loans and borrowings		(4,641)	(3,540)
Net cash used in financing activities		<u>(4,641)</u>	<u>(3,540)</u>
Net increase/(decrease) in cash and cash equivalents		313,471	(122,410)
Cash and cash equivalents at 1 December		<u>33,044</u>	<u>155,454</u>
Cash and cash equivalents at 31 December	6	<u>346,515</u>	<u>33,044</u>

The accompanying notes form an integral part of these financial statements.

HEALTHSERVE LIMITED (LIMITED BY GUARANTEE) (UEN 200615440H)

**NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2011**

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

The financial statements were authorised for issue by the Board of Directors on 2 May 2012.

1. Corporate information

Healthserve Limited (the "Company") is incorporated and domiciled in Singapore. The registered office and principal place of business of the Company is located at No.1 Lorong 23 Geylang #01-07 Building 4, Singapore 388352.

The Company became an approved charity and an institution of public character (IPC000733) with effect from 15 July 2011.

The principal activity of the Company is to educate, promote and organise healthcare services for the alleviation of ill-health ignorance and suffering.

2. Summary of significant accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are measured and presented in the currency of the primary economic environment in which the Company operates ("functional currency"). The financial statements are presented in Singapore dollars (SGD or \$), which is also the Company's functional currency.

b) Changes in accounting policies

The Company has adopted all the new and revised standards and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2011. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Company.

c) Standards issued but not yet effective

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

The Company has not adopted new/ reused FRS and interpretations which have been issued but are not yet effective.

The Company does not expect these standards and interpretations to have a material effect on adoption.

HEALTHSERVE LIMITED (LIMITED BY GUARANTEE) (UEN 200615440H)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2011

2. Summary of significant accounting policies (continued)

d) Functional currency

The Company has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be SGD. Incoming resources and resources expended are primarily influenced by fluctuations in SGD.

e) Plant and equipment

All items of plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit and loss, in which case the increase is recognised in profit and loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Depreciation is computed on a reducing balance basis over the estimated useful lives of each part of these assets. The annual depreciation rates based on estimated useful lives are as follows:

• Computer and equipment	3 years
• Renovation	5 years
• Furniture and fittings	3 years
• Motor vehicle	5 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2011

2. Summary of significant accounting policies (continued)

e) Plant and equipment (continued)

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

f) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and its determined for an individual assets, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by available fair value indicators. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the statement of comprehensive income except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses for an asset may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the statement of comprehensive income unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2011

2. Summary of significant accounting policies (continued)

g) Financial assets

Financial assets are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

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

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the statement of comprehensive income.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Company commits to purchase or sell 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

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 amortised cost using the effective interest method. Gains and losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired, and through the amortisation process.

h) Impairment of financial assets

The Company assess at the end of each reporting period whether there is any objective evidence that a finance asset is impaired.

Assets carried at amortised cost

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. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2011

2. Summary of significant accounting policies (continued)

h) Impairment of financial assets (continued)

Assets carried at amortised cost (continued)

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 assets has been incurred, the Company considers factors such as the probability of insolvency or significant 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 the statement of comprehensive income.

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.

i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and bank overdraft. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statements.

Cash and cash equivalents carried in the statement of financial position are classified and accounted as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2g.

HEALTHSERVE LIMITED (LIMITED BY GUARANTEE) (UEN 200615440H)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2011

2. Summary of significant accounting policies (continued)

j) Provisions

Provisions are recognised when the Company has present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

k) Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Grants related to income are presented as a credit in the profit or loss, either separately or under a general heading such as "Other income."

l) Financial liabilities

Financial liabilities within the scope of FRS 39 are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the statement of comprehensive income. Net gains or losses on derivatives include exchange differences.

HEALTHSERVE LIMITED (LIMITED BY GUARANTEE) (UEN 200615440H)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2011

2. Summary of significant accounting policies (continued)

l) Financial liabilities (continued)

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the statement of comprehensive income. Net gains or losses on derivatives include exchange differences.

m) Borrowing costs

Borrowing costs are recognised in the statement of comprehensive income as incurred except to the extent that they are capitalised. Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

n) Employee benefits

Defined contribution plans

The Company participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Employees leave entitlement

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2011

2. Summary of significant accounting policies (continued)

n) Employee benefits (continued)

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability 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

o) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

i) Finance leases - as lessee

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

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

Operation lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

HEALTHSERVE LIMITED (LIMITED BY GUARANTEE) (UEN 200615440H)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2011

2. Summary of significant accounting policies (continued)

o) Leases (continued)

ii) Operating leases - lessee

Leases of premises where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

p) Revenue

Revenue from donations is recognised upon receipt of donation from donors.

Revenue from clinic services provided is recognised when the service is accepted by the customer. Revenue from sale of books is recognised when the risks and rewards of ownership is transferred to the customer.

q) Income taxes

With effect from 15 July 2011, the Company became an approved charity and an Institution of Public Character under the Income Tax Act, Cap. 134.

With effect from Year of Assessment 2008, all registered charities will enjoy automatic income tax exemption without having the need to meet the 80% spending rule. Thus the Company is exempt from Income Tax.

r) Finance cost

Finance cost comprise interest expense on borrowings and impairment losses recognised on financial assets.

Foreign currency gains and losses are reported on a net basis.

s) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Company.

Contingent liabilities and assets are not recognised in the statement of financial position of the Company.

HEALTHSERVE LIMITED (LIMITED BY GUARANTEE) (UEN 200615440H)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2011

2. Summary of significant accounting policies (continued)

t) Related parties

A party is considered to be related to the Company if:

- (a) The party, directly or indirectly through one or more intermediaries,
 - (i) controls, is controlled by, or is under common control with, the Company;
 - (ii) has an interest in the Company that gives it significant influence over the Company; or
 - (iii) has joint control over the Company;
- (b) The party is an associate;
- (c) The party is a jointly-controlled entity;
- (d) The party is a member of the key management personnel of the Company or its parent;
- (e) The party is a close member of the family of any individual referred to in (a) or (d); or
- (f) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) The party is a post-employment benefit plan for the benefit of the employees of the Company, or of any entity that is a related party of the Company.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2011

3. Significant accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(i) Judgements made in applying accounting policies

In the process of applying the Company's accounting policies, the management considers that no judgements need be made, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

(ii) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which 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.

(i) Impairment of loans and receivables

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where 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 amount of the Company's other receivables at 31 December 2011 was \$104 (2010: \$NIL).

(ii) Useful lives of plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these plant and equipment to be within 5 years. The carrying amount of the Company's plant and equipment at 31 December 2011 was \$20,368 (2010: \$29,470). Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

HEALTHSERVE LIMITED (LIMITED BY GUARANTEE) (UEN 200615440H)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2011

4. Plant and equipment

	Renovation \$	Computer and equipment \$	Furniture and Fitting \$	Motor vehicles \$	Total \$
Cost:					
At 1 January 2010	22,693	5,690	1,856	19,000	49,239
Additions	642	2,131	1,990	19,800	24,563
Disposals	-	-	-	(19,000)	(19,000)
At 31 December 2010 and 1 January 2011	23,335	7,821	3,846	19,800	54,802
Additions	-	1,112	1,050	-	2,162
Disposals	-	-	-	-	-
At 31 December 2011	23,335	8,933	4,896	19,800	56,964
Accumulated depreciation:					
At 1 January 2010	9,078	3,432	619	3,800	16,929
Depreciation charge for the year	4,667	2,521	1,055	3,960	12,203
Disposals	-	-	-	(3,800)	(3,800)
At 31 December 2010 and 1 January 2011	13,745	5,953	1,674	3,960	25,332
Depreciation charge for the year	4,667	1,868	769	3,960	11,264
Disposals	-	-	-	-	-
At 31 December 2011	18,412	7,821	2,443	7,920	36,596
Net carrying amount:					
At 31 December 2010	9,590	1,868	2,172	15,840	29,470
At 31 December 2011	4,923	1,112	2,453	11,880	20,368

Motor vehicle with carrying amount of \$11,880 (2010: \$15,840) respectively were acquired under finance lease agreements (Note 7).

HEALTHSERVE LIMITED (LIMITED BY GUARANTEE) (UEN 200615440H)

**NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2011**

5. Other receivables

	2011	2010
	\$	\$
Other receivable	104	-
Refundable deposits	5,943	2,939
Total other receivables	<u>6,047</u>	<u>2,939</u>
Add: Cash and cash equivalents (Note 6)	346,515	33,044
Total loans and receivables	<u><u>352,562</u></u>	<u><u>35,983</u></u>

Other receivables are denominated in Singapore dollars.

Other receivables

Other receivables are non-interest bearing and are generally on 30 to 60 days' terms.

Receivables that are past due but not impaired

The Company has no other receivables that are past due at the end of the reporting period but not impaired.

6. Cash and cash equivalents

	2011	2010
	\$	\$
Cash at banks and on hand	<u><u>346,515</u></u>	<u><u>33,044</u></u>

Cash and cash equivalents are denominated in Singapore dollars.

HEALTHSERVE LIMITED (LIMITED BY GUARANTEE) (UEN 200615440H)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2011

7. Borrowings

	Maturity	2011	2010
		\$	\$
Current:			
Obligations under finance lease	2013	4,614	4,644
		<u>4,614</u>	<u>4,644</u>
Non-current:			
Obligations under finance lease	2013	-	4,612
		<u>-</u>	<u>4,612</u>
Total borrowings		<u>4,614</u>	<u>9,256</u>

8. Other payables

	Note	2011	2010
		\$	\$
Amount owing to a director		13,000	13,000
Accrued operating expenses		26,937	17,087
Total financial liabilities carried at amortised cost		<u>39,937</u>	<u>17,087</u>

Trade and other payables are denominated in Singapore dollars.

Amount owing to a director is unsecured, non-interest bearing and repayable on demand.

9. Revenue

	2011	2010
	\$	\$
Book sales	2,503	1,681
Clinic services	25,676	31,682
Donations	697,541	177,438
Migrant fund	3,700	20,572
Other income	1,882	-
	<u>731,302</u>	<u>231,373</u>

HEALTHSERVE LIMITED (LIMITED BY GUARANTEE) (UEN 200615440H)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2011

10. Other income

	2011	2010
	\$	\$
Other income	-	10,328
SME cash grant	5,000	-
Jobs credit	-	2,327
Gain on sale of plant and equipment	-	653
	<u>5,000</u>	<u>13,308</u>

11. Finance expense

	2011	2010
	\$	\$
Interest expense on:		
Finance lease	626	1,695
	<u>626</u>	<u>1,695</u>

12. Profit/(loss) before tax

The following items have been included in arriving at profit/(loss) before tax:

	Note	2011	2010
		\$	\$
Employee benefits expenses	13	219,746	181,272
Depreciation of plant and equipment	4	11,264	12,203
		<u>219,746</u>	<u>181,272</u>

13. Employee benefits expenses

	2011	2010
	\$	\$
Salaries and bonus	189,748	166,145
Central Provident Fund contributions	29,998	15,127
	<u>219,746</u>	<u>181,272</u>

HEALTHSERVE LIMITED (LIMITED BY GUARANTEE) (UEN 200615440H)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2011

14. Income tax expense

	2011	2010
	\$	\$
Statement of comprehensive income:		
Current income tax:		
- Current income taxation	-	-
- (Over)/ under provision in respect of previous years	(2,549)	(2,651)
Income tax (credit)/expense recognised in profit or loss	<u>(2,549)</u>	<u>(2,651)</u>

Relationship between tax expense and accounting profit/(loss)

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2011 and 2010 are as follows:

	2011	2010
	\$	\$
Accounting profit/(loss) before tax	<u>299,720</u>	<u>(112,281)</u>
Tax at statutory rate of 17% (2010:17%)	50,952	(19,088)
Adjustments:		
Non-deductible expenses	317	1,925
Income not subjected tax	(49,180)	(396)
Deferred tax assets not previously recognised	(2,089)	17,559
Overprovision of income tax in prior year	(2,549)	(2,651)
Income tax benefit recognised in profit or loss	<u>(2,549)</u>	<u>(2,651)</u>

With effect from 15 July 2011, the Company became an approved charity and an Institution of Public Character under the Income Tax Act, Cap. 134.

As at 31 December 2010, the Company had unabsorbed tax losses of approximately \$74,000 of which about \$12,000 were absorbed in 2011. As the Company became a charity with Institution of Public Character (IPC) status from 15 July 2011, any remaining tax loss is deemed irrecoverable.

With effect from Year of Assessment 2008, all registered charities will enjoy automatic income tax exemption without having the need to meet the 80% spending rule. Thus the Company is exempt from Income Tax.

HEALTHSERVE LIMITED (LIMITED BY GUARANTEE) (UEN 200615440H)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2011

15. Commitments

Operating lease commitments – as lessee

The Company leases unit for its operating premises under non-cancellable operating lease agreements which does not include any contingent rental.

At reporting date, the Company has commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2011	2010
	\$	\$
Not later than one year	28,600	9,920
Later than one year but not later than two years	22,694	-
	<u>51,294</u>	<u>9,920</u>

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2011 amounted to \$33,568 (2010: \$38,257).

Finance lease commitments

The Company has finance lease for motor vehicle.

Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows:

	2011		2010	
	\$		\$	
	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
Not later than one year	4,615	3,988	5,268	4,644
Later than one year but not later than five year	-	-	5,241	4,612
Total minimum lease payments	4,615	3,988	10,509	9,256
Less : Amounts representing finance charge	(627)	-	(1,253)	-
Present value of minimum lease payments	<u>3,988</u>	<u>3,988</u>	<u>9,256</u>	<u>9,256</u>

HEALTHSERVE LIMITED (LIMITED BY GUARANTEE) (UEN 200615440H)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2011

16. Fair value of financial instruments

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

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

17. Financial risk management objectives and policies

Exposure to interest rate risks, liquidity risks, credit and foreign currency risks arise in the normal course of business. The Company's overall business strategies, its tolerance of risks and its general risk management philosophy are determined by management in accordance with prevailing economic and operating conditions. No derivative financial instruments such as interest rate swaps are used to hedge exposures.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Company has no significant exposure to market risk for changes in interest rates.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2011

17. Financial risk management objectives and policies (continued)

Liquidity risk

Liquidity risks refer to the risks in which the Company encounters difficulties in meeting its short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Company manages liquidity risks through monitoring and maintaining a high level of bank balances deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of customers or other parties to settle their financial and contractual obligations to the Company as and when they fall due.

Management has a credit policy in place and the low exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount and outstanding debts are reviewed on an ongoing basis. The Company does not require collateral in respect of financial assets. Cash are placed with financial institutions which are regulated.

At reporting date, there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Foreign currency risk

The Company has no significant exposure to foreign currency risk.

Market risk

Market risk refers to the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices.

The Company has no significant exposure to market risk.

HEALTHSERVE LIMITED (LIMITED BY GUARANTEE) (UEN 200615440H)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2011

18. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder 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 adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2011 and 31 December 2010.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio below 50%. The Company includes within net debt, trade and other payables, accrued operating expenses and loans and borrowings less cash and cash equivalents. Total capital includes equity attributable to the owners of the Company and net debt. As at 31 December 2011, the Company's gearing ratio is NIL% (2010:19%)

	Note	2011 \$	2010 \$
Other payables		13,000	13,000
Accrued operating expenses		26,937	17,087
Loans and borrowings		3,988	9,256
Less: Cash and cash equivalents	6	(346,515)	(33,044)
Net (cash)/debt		<u>(302,590)</u>	<u>6,299</u>
Equity attributable to owners of the Company/Total capital		<u>328,279</u>	<u>26,110</u>
Capital and net debt		<u>328,279</u>	<u>32,409</u>
Gearing ratio (%)		<u>NM</u>	<u>19</u>

NM: Not meaningful

The Company is not subject to externally imposed capital requirements.

HEALTHSERVE LIMITED (LIMITED BY GUARANTEE) (UEN 200615440H)

**NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2011**

19. Related parties

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel compensation

Key management personnel of the Company are those persons having the authority and responsibilities for planning, directing and controlling the activities of the Company. The Company comprises board of directors who are volunteers and they do not receive remuneration.

Other related party transactions

During the year, other than disclosed elsewhere in the financial statements, there were no (2010: NIL) transactions with related parties.

HEALTHSERVE LIMITED (LIMITED BY GUARANTEE) (UEN 200615440H)

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
For the financial year ended 31 December 2011

	2011 \$	2010 \$
Income		
Book sales	2,503	1,681
Clinic services	25,676	31,682
Donations	697,541	177,438
Migrant funds	3,700	20,572
Other income	1,882	-
	<u>731,302</u>	<u>231,373</u>
Add Other income		
Other income	5,000	10,328
Jobs credit	-	2,327
Gain on sale of plant and equipment	-	653
	<u>5,000</u>	<u>13,308</u>
	<u>736,302</u>	<u>244,681</u>
Less Expenses (see schedule on page 2)	(436,582)	(356,962)
Profit/(loss) before tax	<u>299,720</u>	<u>(112,281)</u>

This page does not form an integral part of these financial statements.

HEALTHSERVE LIMITED (LIMITED BY GUARANTEE) (UEN 200615440H)

SCHEDULE OF EXPENSES

For the financial year ended 31 December 2011

	2011 \$	2010 \$
Administrative expenses		
Accounting fee	1,000	1,500
Audit fee	1,600	1,300
Bank charges	237	286
Community health resource	472	-
Contract services	41,100	29,850
Course fees	(240)	7,082
CPF and SDL	29,998	15,127
Donations	800	10,340
Dormitory expense	14,878	17,427
Events expenses	45,832	2,946
Hospitality expenses	1,817	1,252
IT expenses	319	342
Income tax service fee	950	
Income tax service fee - prior year	940	600
Insurance	543	2,272
Licence fees	1,320	180
Medical supplies	14,601	13,400
Migrant expenses	5,924	9,881
Overseas community programs	(1,140)	-
Postage and courier	274	200
Printing and stationery	3,090	1,844
Refreshment	1,166	800
Salaries and bonus	189,748	166,145
Social assistance expense	11,297	6,245
Staff allowance - Eric	306	-
Staff welfare	5,481	5,460
Telephone and internet	4,264	3,969
Thrift shop expense	-	157
	376,577	298,605
Other operating expenses		
Depreciation of plant and equipment	11,264	12,203
General expenses	910	2,780
Office maintenance	357	843
Promotion and publicity	5,793	-
Rental	18,690	20,830
Transport	1,194	740
Vehicle expenses	13,007	8,516
Travelling (overseas)	2,325	2,735
Utilities	5,839	8,015
	59,379	56,662
Finance cost		
Hire purchase interest	626	1,695
Transfer to page 1	<u>436,582</u>	<u>356,962</u>

This page does not form an integral part of these financial statements.