HONG KONG MARITIME MUSEUM LIMITED

(Trading in name of HONG KONG MARITIME MUSEUM)

AUDITED FINANCIAL STATEMENTS

31 MARCH 2012

鄒景福會計師事務所

PHILIP CHOW & COMPANY

Certified Public Accountants

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DIRECTORS' REPORT

The directors herewith submit their annual report and the audited financial statements for the year ended 31 March 2012.

PRINCIPAL ACTIVITIES

The principal activities of the company are management and operation of a museum under the trading name of "HONG KONG MARITIME MUSEUM", admission tickets selling and retailing.

RESULTS

The results of the company for the year ended 31 March 2012 and the state of the company's affairs as at that date are set out in the financial statements.

DIVIDENDS

No dividend is recommended by the directors during the year.

PROPERTY, PLANT AND EQUIPMENT

Details of changes in property, plant and equipment are shown in note 9 to the financial statements.

SHARE CAPITAL

Details of share capital of the company are set out in note 17 to the financial statements.

DIRECTORS

The directors who held office during the year and up to the date of this report were:-

Anthony John Hardy
Chan Yiu Kei
Chen Yee, Andrew
Liang Ming Shing
Waung Sik Ying, William
Chin Kong, James
Koo Chee Kong, Kenneth
Shek Yuk Yu
Tung Lieh Sing Alan (appointed on 1 April 2012)

In accordance with the company's Articles of Association, all existing directors shall remain in office.

DIRECTORS' INTERESTS

Except as disclosed in note 19 to the financial statements, no contracts of significance to which the company was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

ARRANGEMENTS TO PURCHASE OF SHARES OR DEBENTURES

At no time during the year was the company a party to any arrangements to enable the directors of the company to acquire benefits by means of the acquisition of shares in, or debentures of the company or any other body corporate.

DIRECTORS' REPORT (CONT'D)

AUDITORS

The financial statements have been audited by Messrs. Philip Chow & Company, Certified Public Accountants, who retire and being eligible, offer themselves for re-appointment.

By order of the Board

Director

Date: - 2 AUG 2012

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF HONG KONG MARITIME MUSEUM LIMITED
(Trading in the name of "HONG KONG MARITIME MUSEUM")
(incorporated in Hong Kong with limited liability)

We have audited the financial statements of Hong Kong Maritime Museum Limited (the "company") set out on pages 5 to 23, which comprise the balance sheet as at 31 March 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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. This report is made solely to you, as a body, in accordance with Section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to 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 of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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 give a true and fair view of the state of affairs of the company as at 31 March 2012 and of the its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the inherent uncertainty as to the continuation of the financial support by the holding entity. The financial statements have been prepared on a going concern basis, the validity of which depends upon future financial support being available. The financial statements do not include any adjustments that would result from a failure to obtain such financial support. Details of the circumstances relating to this materiality uncertainty are described in note 3(a). We consider that appropriate estimates and disclosures have been made and our opinion is not qualified in this respect.

PHILIP CHOW & COMPANY
Certified Public Accountants
Hong Kong
- 2 AUG 2012

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2012

	Note	**2012** *HK$*	2011 *HK$*
TURNOVER	*4*	**1,143,970**	956,910
Other revenue	*5*	**52,778**	133,071
Government subvention - consultancy studies grant		**2,126,775**	9,176,200
Government subvention - capital grant		**11,319,903**	---
Grant received from FIL Foundation		**1,950,000**	---
Cost of sales		**(164,043)**	(119,061)
Depreciation		**(44,961)**	(31,456)
Staff costs		**(3,594,937)**	(3,079,102)
Relocation and expansion - consultancy studies grant from the Government of the HKSAR		**(2,126,775)**	(9,176,200)
Relocation and expansion - capital grant from the Government of the HKSAR		**(11,319,903)**	---
Relocation and expansion - grant from FIL Foundation		**(1,950,000)**	---
Operating expenses		**(3,511,969)**	(2,467,565)
LOSS BEFORE TAXATION	*6*	**(6,119,162)**	(4,607,203)
Income tax	*8*	**(5,881)**	3,056
LOSS FOR THE YEAR		**(6,125,043)**	(4,604,147)
Other comprehensive income		**---**	---
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(6,125,043)**	(4,604,147)

The accompanying notes form part of these financial statements

BALANCE SHEET
AS AT 31 MARCH 2012

	Note	2012 HK$	2011 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**98,797**	45,116
Intangible asset	*10*	**185,833**	185,833
		284,630	230,949
CURRENT ASSETS			
Inventories	*11*	**414,782**	361,379
Trade and other receivables	*12*	**999,980**	171,954
Cash and cash equivalents		**738,792**	682,728
		2,153,554	1,216,061
CURRENT LIABILITIES			
Other payables	*13*	**673,229**	109,829
Provision for long service payment	*14*	**30,481**	7,975
		703,710	117,804
NET CURRENT ASSETS		**1,449,844**	1,098,257
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,734,474**	1,329,206
NON-CURRENT LIABILITIES			
Deferred taxation	*15*	**(7,659)**	(1,778)
Amount due to the holding entity	*16*	**(32,090,246)**	(25,565,816)
NET LIABILITIES		**(30,363,431)**	(24,238,388)
CAPITAL AND RESERVES			
Share capital	*17*	**2**	2
Accumulated losses		**(30,543,433)**	(24,418,390)
Capital subvention	*18*	**180,000**	180,000
		(30,363,431)	(24,238,388)

Director

Director

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2012

	Share capital *HK$*	Accumulated losses *HK$*	Capital subvention *HK$*	Total *HK$*
Balance at 31.3.2010	2	(19,814,243)	180,000	(19,634,241)
Total comprehensive loss for the year	---	(4,604,147)	---	(4,604,147)
Balance at 31.3.2011	2	(24,418,390)	180,000	(24,238,388)
Total comprehensive loss for the year	**---**	**(6,125,043)**	**---**	**(6,125,043)**
Balance at 31.3.2012	**2**	**(30,543,433)**	**180,000**	**(30,363,431)**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2012

	2012 HK$	2011 HK$
OPERATING ACTIVITIES		
Loss before taxation	**(6,119,162)**	(4,607,203)
Adjustments for:		
Depreciation	**44,961**	31,456
Loss on disposal of property, plant and equipment	**449**	1,620
Interest income	**(54)**	(98)
OPERATING LOSS BEFORE CHANGES IN WORKING CAPITAL	**(6,073,806)**	(4,574,225)
(Increase)/decrease in inventories	**(53,403)**	19,926
Increase in accounts receivable	**(397,237)**	(14,851)
Increase in rental, utility and sundry deposits	**(251,014)**	---
(Increase)/decrease in prepayments	**(179,775)**	15,497
Increase in accrued expenses	**573,400**	10,066
(Decrease)/increase in temporary receipt	**(10,000)**	900
Increase/(decrease) in provision for long service payment	**22,506**	(78,837)
Increase in amount due to the holding entity	**6,524,430**	4,644,415
NET CASH GENERATED FROM OPERATING ACTIVITIES	**155,101**	22,891
INVESTING ACTIVITIES		
Payment for the purchase of property, plant and equipment	**(99,091)**	(9,607)
Bank interest received	**54**	98
NET CASH USED IN INVESTING ACTIVITIES	**(99,037)**	(9,509)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**56,064**	13,382
CASH AND CASH EQUIVALENTS AT 1 APRIL	**682,728**	669,346
CASH AND CASH EQUIVALENTS AT 31 MARCH	**738,792**	682,728

ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	2012 HK$	2011 HK$
Cash and bank balances	**738,792**	682,728

1. GENERAL

The company is incorporated as a private limited company in accordance with Companies Ordinance in Hong Kong. The address of registered office of the company is Suite B, 12/F, Two Chinachem Plaza, 135 Des Voeux Road Central, Hong Kong. The address of principal place of business of the company is Ground Floor, Murray House, Stanley Plaza, Stanley, Hong Kong.

The principal activities of the company are management and operation of a museum under the trading name of "HONG KONG MARITIME MUSEUM", admission tickets selling and retailing.

2. ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS

The company has adopted all the new or revised standards, amendments and interpretations (herein collectively referred to as HKFRSs) issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) that are effective for the current accounting period. The adoption of these new standards has not had any significant effect on the accounting policies or result and financial position of the company. Accordingly, no prior year adjustment is required.

The HKICPA has issued a number of new or revised HKFRSs but are not yet effective, and the company has not early adopted in these financial statements.

The company is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the directors have concluded that while the adoption of the new or revised HKFRSs, may result in new or amended disclosure, these are unlikely to have a significant impact on the company's result of operations and financial position.

3. PRINCIPAL ACCOUNTING POLICIES

(a) Going concern

Notwithstanding the deficiency of net assets, the financial statements have been prepared on a going concern basis, as the holding entity has agreed to provide financial support and assistance as and when required in order to maintain the company as a going concern.

It is not considered, therefore, that any significant adjustments would need to be made to reduce the value of assets to their recoverable amount, to provide for any additional liabilities or to reclassify assets and liabilities.

(b) Basis of preparation

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the requirements of Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by the company is set out below.

3. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(b) ***Basis of preparation*** (Cont'd)

The measurement basis used in the preparation of the financial statements is historical cost convention, except for certain financial instruments which are measured at fair values.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the 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.

Judgements made by management in the application of HKFRSs that have no significant effect on the financial statements and estimate no significant risk of material adjustment in the next year.

(c) ***Property, plant and equipment and depreciation***

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Depreciation is provided to charge the cost of depreciable assets over their estimated useful lives on straight line basis, at the following rates per annum:-

Furniture and equipment	20%
Computer equipment	30%

Where parts of property, plant and equipment have the different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the company. All other subsequent expenditure is recognised as an expense in the year in which it is incurred.

(d) ***Intangible assets***

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the company has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses. Other development expenditure is recognised as an expense in the period in which it is incurred.

3. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(d) Intangible assets (Cont'd)

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets.

(e) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as expenses in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(f) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and balances with banks, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

3. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(h) Impairment of assets

(i) Impairment of other receivables

Other current receivables that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is determined and recognised 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 (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through statement of comprehensive income. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the property, plant and equipment may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

If any such indication exists, the asset's recoverable amount is estimated.

- *Calculation of recoverable amount*

  The recoverable amount of an asset is the greater of its net selling price 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 time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- *Recognition of impairment losses*

  An impairment loss is recognised in statement of comprehensive income whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro-rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

- *Reversals of impairment losses*

  An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

3. **PRINCIPAL ACCOUNTING POLICIES** (Cont'd)

(h) Impairment of assets (Cont'd)

(ii) Impairment of other assets (Cont'd)

- *Reversals of impairment losses* (Cont'd)

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to statement of comprehensive income in the year in which the reversals are recognised.

(i) Other payables

Other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(j) Related parties

For the purpose of these financial statements, related party includes a person and entity as defined below:

(a) A person or a close member of that person's family is related to the company if that person:

(i) is a member of the key management personnel of the company;

(ii) has control over the company; or

(iii) has joint control or significant influence over the reporting entity or has significant voting power in it.

(b) An entity is related to the company if any of the following conditions applies:-

(i) the entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of a third entity.

(iv) either entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant voting power in the entity.

3. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(k) Subvention

Subvention are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Company will comply with the conditions attaching to them.

Subvention that compensate the Company for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

(l) Employee benefits

Salaries, annual bonuses, paid annual leave, leave passage and the cost to the company of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the company. Where payment or settlement is deferred and the effect would be material, provisions are made for the estimated liability as a result of services rendered by employees up to the balance sheet date.

The company operates defined contribution retirement schemes (including the Mandatory Provident Fund) for its employees, the assets of which are generally held in separate trustee - administered funds. The schemes are generally funded by payments from the company and employees.

The company's contributions to the defined contribution schemes are recognised as an expense in the statement of comprehensive income in the period to which the contributions relate.

(m) Operating lease

Rental payable under operating lease are charged to the statement of comprehensive income on a straight-line basis over the periods of the respective leases.

(n) Income tax

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

3. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(n) Income tax (Cont'd)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases using in the computation of taxable profit. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, expect when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

(o) Revenue recognition

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

(i) Admission income is recognised when the tickets are issued to the customers.

(ii) Management fee income is recognised when the management services have been provided to the customers.

(iii) Sales of goods are recognised when goods are delivered to customers and title has passed.

(iv) Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rate applicable.

4. TURNOVER

	2012	2011
	HK$	*HK$*
Admission income	**579,482**	541,826
Management fee income	**1**	1
Sales	**564,487**	415,083
	1,143,970	956,910

5. OTHER REVENUE

	2012	2011
	HK$	*HK$*
Exhibition income	**---**	22,500
Interest income	**54**	98
Reversal of provision for long service payment	**---**	78,837
Sundry income	**52,724**	31,636
	52,778	133,071

6. LOSS BEFORE TAXATION

Loss before taxation is stated after charging the following:-

	2012	2011
	HK$	*HK$*
Auditors' remuneration	**27,000**	20,500
Rent paid under operating lease	**344,821**	241,436
Loss on disposal of property, plant and equipment	**449**	1,620
Provision for long service payment	**22,506**	(78,837)

7. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:-

	2012	2011
	HK$	*HK$*
Salaries and allowances	**Nil**	Nil
Mandatory Provident Fund contributions	**Nil**	Nil

8. INCOME TAX IN THE STATEMENT OF COMPREHENSIVE INCOME

	2012	2011
	HK$	*HK$*
Deferred tax:		
Current year *(note 15)*	**5,881**	(3,056)

No provision for profits tax has been made in the financial statements as the company sustains a tax loss during the year (2011: Nil).

8. INCOME TAX IN THE STATEMENT OF COMPREHENSIVE INCOME(Cont'd)

The result for the year can be reconciled to the loss per statement of comprehensive income as follows:-

	2012 HK$	2011 HK$
Loss before taxation	**(6,119,162)**	(4,607,203)
Tax at the domestic profits tax rate of 16.5% (2011: 16.5%)	**(1,009,661)**	(760,189)
Tax effect on income that are not chargeable to tax	**(9)**	(13,024)
Tax effect on expense that are not deductible to tax	**3,713**	---
Tax loss not recognised	**1,011,838**	770,157
Actual tax expense	**5,881**	(3,056)

9. PROPERTY, PLANT AND EQUIPMENT

	Furniture & equipment HK$	Computer equipment HK$	Total HK$
Cost			
As at 1.4.2010	120,649	183,151	303,800
Additions	2,787	6,820	9,607
Disposal	(8,349)	(3,760)	(12,109)
As at 31.3.2011 and 1.4.2011	115,087	186,211	301,298
Additions	71,952	27,139	99,091
Disposal	(359)	(15,513)	(15,872)
As at 31.3.2012	186,680	197,837	384,517
Accumulated depreciation			
As at 1.4.2010	71,017	164,198	235,215
Charge for the year	16,889	14,567	31,456
Written back	(7,645)	(2,844)	(10,489)
As at 31.3.2011 and 1.4.2011	80,261	175,921	256,182
Charge for the year	29,949	15,012	44,961
Written back	(144)	(15,279)	(15,423)
As at 31.3.2012	110,066	175,654	285,720
Net book value			
As at 31.3.2012	**76,614**	**22,183**	**98,797**
As at 31.3.2011	34,826	10,290	45,116

10. INTANGIBLE ASSET

	Development costs HK$
Cost	
As at 1.4.2011 and 31.3.2012	185,833
Accumulated amortisation	
As at 1.4.2011	---
Charge for the year	---
As at 31.3.2012	---
Net book value	
As at 31.3.2012	**185,833**
As at 31.3.2011	185,833

In the opinions of the directors, the expenditures on development software for the catalogue "The Hong Kong Maritime Museum Reference Chart and Pilotage Collection for China Sea Water: The Catalogue" are capitalised as the software is technically and commercially feasible and the company has sufficient resources and the intention to complete development. The expenditures capitalised are not amortised as their useful lives are assessed to be indefinite.

11. INVENTORIES

	2012 **HK$**	2011 HK$
Merchandise	**414,782**	361,379

12. TRADE AND OTHER RECEIVABLES

	2012 **HK$**	2011 HK$
Accounts receivable	**416,993**	19,756
Rental, utility and sundry deposits	**326,807**	75,793
Prepayments	**256,180**	76,405
	999,980	171,954

Trade receivable of HK$4,822 (2011:HK$19,756) are due within one month. Other receivable and prepayments are expected to be recovered within one year.

13. OTHER PAYABLES

	2012	2011
	HK$	*HK$*
Accrued expenses	**672,029**	98,629
Temporary receipt	**1,200**	11,200
	673,229	109,829

The other payables are expected to be settled within one year.

14. PROVISION FOR LONG SERVICE PAYMENT

	2012	2011
	HK$	*HK$*
Balance brought forward	**7,975**	86,812
Add: Provision for the year	**22,506**	---
Less: Reversal of provision for the year	**---**	(78,837)
Balance carried forward	**30,481**	7,975

15. DEFERRED TAXATION

The following are the major deferred tax liabilities recognised and movements thereon during the current and prior reporting periods:-

	Accelerated tax depreciation
	HK$
As at 1.4.2010	4,834
Credit to the statement of comprehensive income *(note 8)*	(3,056)
As at 31.3.2011 and 1.4.2011	1,778
Credit to the statement of comprehensive income *(note 8)*	**5,881**
As at 31.3.2012	**7,659**

A deferred tax assets of approximately HK$4.7 million (2011: HK$3.7 million) has not been recognised in the financial statements in respect of tax losses available to offset future profits as it is not certain that the tax losses will be utilised in the foreseeable future.

16. AMOUNT DUE TO THE HOLDING ENTITY

The amount is unsecured, interest free and has no fixed terms of repayment.

17. SHARE CAPITAL

	2012	2011
	HK$	*HK$*
Authorised:		
10,000 ordinary shares of HK$1 each	**10,000**	10,000
Issued and fully paid:		
2 ordinary shares of HK$1 each	**2**	2

Fully paid ordinary shares, which have a par value of HK$1 each, carry one vote per share and carry a right to dividends.

18. CAPITAL SUBVENTION

	HK$
As at 31.3.2011 and 31.3.2012	180,000

The fund support from The Lord Wilson Heritage Trust (the "Trust") totaling HK$360,000. The purpose of the Trust is to support initiatives from community organizations by granting financial assistance for carrying out heritage-related projects.

In previous years, the company received a grant of HK$180,000 towards the software development cost for the catalogue "The Hong Kong Maritime Museum Reference Chart and Pilotage Collection for China Sea Water: The Catalogue".

19. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these financial statements, the company had the following transactions with the related party:-

Name of related party	Relationship	Nature	**2012**	2011
			HK$	*HK$*
Hong Kong Maritime Museum Trust	Holding entity	Management fee income	**1**	1
		Amount due to the holding entity	**32,090,246**	25,565,816

The balance with the holding entity is unsecured, interest-free and has no fixed terms of repayment.

20. CAPITAL MANAGEMENT

The company manages its capital to ensure that it will be able to continue as a going concern through the continuity of financial support from its holding entity. The company is not subject to externally imposed capital requirements. There have been no material changes in the company's capital management strategy during the year.

21. CATEGORIES OF FINANCIAL INSTRUMENTS

	2012 *HK$*	2011 *HK$*
Financial assets		
Loans and receivables		
(including cash and cash equivalents)	**1,738,772**	854,682
Financial liabilities		
Financial liabilities at amortised cost	**32,793,956**	25,683,620

22. FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity, interest rate, foreign currency risk and equity price risk arises in the normal course of the company's business. These risks are limited by the company's financial management policies and practices described below.

(a) Credit risk

The company's credit risk is primarily attributable to trade and other receivables, and cash and cash equivalents. Management has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis. Majority of cash is placed in various authorised institutions.

Bank balances are placed in authorised institutions and directors of the company consider the credit risk for such is minimal.

(b) Liquidity risk

The company maintains sufficient reserves of cash and cash equivalents to meet its liquidity requirements in the short and longer term.

22. FINANCIAL RISK MANAGEMENT(Cont'd)

(b) *Liquidity risk*(Cont'd)

The following details the company's non-derivative financial liabilities and the earliest date the company can be required to pay:

	2012			2011		
	Within one year	**Over five year**	**Total**	Within one year	Over five year	Total
	HK$	***HK$***	***HK$***	*HK$*	*HK$*	*HK$*
Other payables	**673,229**	**---**	**673,229**	109,829	---	109,829
Provision for long service payment	**30,481**	**---**	**30,481**	7,975	---	7,975
Amount due to the holding entity	**---**	**32,090,246**	**32,090,246**	---	25,565,816	25,565,816
	703,710	**32,090,246**	**32,793,956**	117,804	25,565,816	25,683,620

(c) *Interest rate risk*

The company does not have any borrowing and therefore no significant exposure to interest rate risk.

(d) *Foreign currency risk*

Most of the net assets of the company are denominated in Hong Kong dollars. The company does not have significant exposure to foreign currency risk.

(e) *Equity price risk*

The company does not have any quoted and/or unquoted equity investment in other entities and movements in its own equity share price, and therefore no significant exposure to equity risk.

(f) *Fair values of financial instruments*

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2012 and 2011.

23. OPERATING LEASE COMMITMENT

At 31 March 2012, the future minimum lease payments under non-cancellable operating leases are as follows:-

	2012	2011
	HK$	*HK$*
Operating leases which expire:		
- within one year	**134,103**	207,027
- In the second to fifth years inclusive	**---**	---
	134,103	207,027

24. CAPITAL COMMITMENT

Capital commitment outstanding at 31 March 2012 not provided for in the financial statements was as follow:-

	2012 HK$	2011 HK$
Contracted for but not provided for	**75,206,122**	5,291,800

25. HOLDING ENTITY

The directors consider that as at the balance sheet date, the company is wholly owned by Hong Kong Maritime Museum Trust.

26. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the directors on - 2 AUG 2012