INSEARCH (Shanghai) Limited

Jing AN 310000400256739

Financial statements for the year ended 31 December 2015

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This financial statements cover INSEARCH (Shanghai) Limited as an individual entity. The financial statements are presented in Australian currency.

INSEARCH (Shanghai) Limited is a foreign enterprise limited by shares, incorporated and domiciled in People's Republic of China. Its registered office and principal place of business is:

INSEARCH (Shanghai) Limited
Suite 3107, United Plaza
1468 Nanjing Road West, Jing'an District
Shanghai, China.

INSEARCH (Shanghai) Limited
Statement of comprehensive income
For the year ended 31 December 2015

	Notes	2015 $	2014 $
Revenue from continuing operations	4	**1,021,544**	745,164
Other income	5	**-**	22,453
Employee benefits expense		**(269,038)**	(217,746)
Travel expenses		**(170,411)**	(122,146)
Rental expenses		**(177,496)**	(152,564)
Communications		**(35,793)**	(24,651)
Printing & Stationery		**(7,854)**	(6,126)
Depreciation expense	6	**(14,037)**	(25,004)
Other expenses	6	**(336,932)**	(252,743)
Surplus/(deficit) before income tax		**9,983**	(33,363)
Income tax expense	7	**(126)**	(125)
Surplus/(deficit) for the year		**9,857**	(33,488)
Other comprehensive income			
Currency translation differences arising during the year	14(a)	**16,097**	55,330
Other comprehensive income for the year, net of tax		**16,097**	55,330
Total comprehensive income for the year		**25,954**	21,842

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

INSEARCH (Shanghai) Limited
Statement of financial position
As at 31 December 2015

	Notes	2015 $	2014 $
ASSETS			
Current assets			
Cash and cash equivalents	8	**319,023**	299,510
Trade and other receivables	9	**5,702**	4,927
Total current assets		**324,725**	304,437
Non-current assets			
Property, plant and equipment	10	**18,781**	21,260
Other assets	11	**44,966**	41,945
Total non-current assets		**63,747**	63,205
Total assets		**388,472**	367,642
LIABILITIES			
Current liabilities			
Trade and other payables	12	**43,627**	48,751
Total current liabilities		**43,627**	48,751
Non-current liabilities			
Total non-current liabilities		**-**	-
Total liabilities		**43,627**	48,751
Net assets		**344,845**	318,891
EQUITY			
Contributed equity	13	**941,737**	941,737
Reserves	14(a)	**(307,092)**	(323,189)
Accumulated funds	14(b)	**(289,800)**	(299,657)
Total equity		**344,845**	318,891

The above statement of financial position should be read in conjunction with the accompanying notes.

INSEARCH (Shanghai) Limited
Statement of changes in equity
For the year ended 31 December 2015

	Contributed equity $	Other reserves $	Accumulated funds $	Total equity $
Balance at 1 January 2014	941,737	(378,519)	(266,169)	297,049
Surplus/(deficit) for the year	-	-	(33,488)	(33,488)
Other comprehensive income	-	55,330	-	55,330
Total comprehensive income/(loss) for the year	**-**	**55,330**	**(33,488)**	**21,842**
Balance at 31 December 2014	**941,737**	**(323,189)**	**(299,657)**	**318,891**
Balance at 1 January 2015	941,737	(323,189)	(299,657)	318,891
Surplus/(deficit) for the year	-	-	9,857	9,857
Other comprehensive income	-	16,097	-	16,097
Total comprehensive income for the year	**-**	**16,097**	**9,857**	**25,954**
Balance at 31 December 2015	**941,737**	**(307,092)**	**(289,800)**	**344,845**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

INSEARCH (Shanghai) Limited
Statement of cash flows
For the year ended 31 December 2015

	Notes	2015 $	2014 $
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**1,019,305**	760,552
Payments to suppliers and employees (inclusive of goods and services tax)		**(1,006,444)**	(781,255)
		12,861	(20,703)
Interest received		**2,239**	1,879
Income taxes		**(126)**	(125)
Net cash inflow (outflow) from operating activities	21	**14,974**	(18,949)
Cash flows from investing activities			
Payments for property, plant and equipment	10	**(9,881)**	(4,724)
Net cash (outflow) from investing activities		**(9,881)**	(4,724)
Net cash inflow (outflow) from financing activities		**-**	-
Net increase (decrease) in cash and cash equivalents		**5,093**	(23,673)
Cash and cash equivalents at the beginning of the year		**299,510**	269,616
Effects of exchange rate changes on cash and cash equivalents		**14,420**	53,567
Cash and cash equivalents at end of year	8	**319,023**	299,510

The above statement of cash flows should be read in conjunction with the accompanying notes.

1 Company profile

INSEARCH (Shanghai) Limited was formed in the Peoples Republic of China in 2001 and is the wholly owned entity of INSEARCH Limited, which is incorporated and domiciled in Australia.

The company provides consulting, marketing support and other services to INSEARCH Limited

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board [AASB] and the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*. Where there are inconsistencies between the above requirements, the legislative provisions have prevailed. INSEARCH (Shanghai) Limited is a not for profit entity for the purpose of preparing the financial statements.

The financial statements were authorised for issue by the directors on 21 March 2016.

(i) Statement of Compliance

The company's financial statements and accompanying notes comply with Australian Accounting Standards which include Australian Accounting Interpretations.

Generally accepted accounting principles, authoritative pronouncements of the AASB, including Interpretations; the *Public Finance & Audit Act 1983 and Public Finance and Audit Regulation 2015* have been used to prepare the company's financial statements.

(ii) Historical cost convention

These financial statements have been prepared under the historical cost convention.

(iii) New and amended standards adopted by the company

The company has applied the following standards and amendments for first time in their annual reporting period commencing 1 January 2015:

- AASB 2013-3 *Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets*
- AASB 2013-4 *Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting*
- Interpretation 21 *Accounting for Levies*
- AASB 2014-1 *Amendments to Australian Accounting Standards*

The adoption of AASB 2013-3 had a small impact on the impairment disclosures and AASB 2014-1 has required additional disclosures in our segment note. Other than that, the adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

The company also elected to adopt the following two standards early:

- Amendments made to Australian Accounting Standards by AASB 2015-1 (Improvements 2012-2014 cycle), and
- Amendments made to AASB 101 by AASB 2015-2 (Disclosure initiative)

As these amendments merely clarify the existing requirements, they do not affect the company's accounting policies or any of the disclosures.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2015 reporting periods and have not been early adopted by the company. The company's assessment of the impact of these new standards and interpretations is set out below.

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by company
AASB 9 *Financial Instruments*	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.	Following the changes approved by the AASB in December 2014, the company no longer expects any impact from the new classification, measurement and derecognition rules on the company's financial assets and financial liabilities. While the company has yet to undertake a detailed assessment of the debt instruments currently classified as available-for-sale financial assets, it would appear that they would satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI) and hence there will be no change to the accounting for these assets. There will also be no impact on the company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the company does not have any such liabilities. The new hedging rules align hedge accounting more closely with the company's risk management practices. As a general rule it will be easier to apply hedge accounting going forward as the standard introduces a more principles-based approach. The new standard also introduces expanded disclosure requirements and changes in presentation. The new impairment model is an expected credit loss (ECL) model which may result in the earlier recognition of credit losses. The company has not yet assessed how its own hedging arrangements and impairment provisions would be affected by the new rules.	Must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by company
AASB 15 *Revenue from Contracts with Customers*	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 January 2018), ie without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.	Management is currently assessing the impact of the new rules and has identified the following areas that are likely to be affected: • extended warranties, which will need to be accounted for as separate performance obligations, which will delay the recognition of a portion of the revenue • consignment sales where recognition of revenue will depend on the passing of control rather than the passing of risks and rewards • IT consulting services where the new guidance may result in the identification of separate performance obligations which could again affect the timing of the recognition of revenue, and • the statement of financial position presentation of rights of return, which will have to be grossed up in future (separate recognition of the right to recover the goods from the customer and the refund obligation) At this stage, the company is not able to estimate the impact of the new rules on the company's financial statements. The company will make more detailed assessments of the impact over the next twelve months.	Mandatory for financial years commencing on or after 1 January 2018. Expected date of adoption by the company: 1 January 2018.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(v) Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates.

Estimates are based on the historical experience and other factors that are considered to be relevant, including latest available management information of financial performance and position. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

2 Summary of significant accounting policies (continued)

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars, which is INSEARCH (Shanghai) Limited's presentation currency, however its functional currency is Chinese Yuan. The average of opening and closing year-end exchanges rates were used for this presentation purposes.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities as described below. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities using the methods outlined below.

(i) Other fees and charges

Fees are recognised as revenue when services are provided.

(ii) Other income

Other income includes sale of non-current assets, foreign exchange gain or loss and net gain or loss on disposal of non-current assets. Sale of non-current assets are recognised on an accrual basis.

(d) Expense recognition

All expenses are charged against revenue when the liability has been recognised.

(e) Income tax

The income tax rate of the entity in 2015 ratified by the taxation administration in the People's Republic of China is 10% (2014: 10%), net of local government economic incentive tax exemption of 15% (2014: 15%).

Business income tax payable for the 2015 and 2014 financial year shall be subject to the liquidation amount of responsible tax administrations.

(f) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets. Assets are initially recorded at their cost at the date of acquisition. Cost is measured as the fair value of the consideration provided at the date of exchange and incidental costs directly attributable to the acquisition.

2 Summary of significant accounting policies (continued)

(g) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank and fixed term deposits with financial institutions.

Cash at bank is interest bearing with an interest rate of 0.30% (2014: 0.35%)

(i) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

The collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(j) Property, plant and equipment

(i) Acquisitions

All plant and equipment is initially stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate when it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the item can be measured reliably. Repairs and maintenance of the assets are charged to the statement of comprehensive income during the financial period in which they are incurred.

Subsequently all plant and equipment is stated at its recoverable amount, as the carrying amounts of the assets are reviewed annually to determine whether they are in excess of their recoverable amount at balance date. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(ii) Depreciation

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over its expected useful life. The estimated useful lives, residual values and depreciation method of assets are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis. The expected useful lives of all asset groups are 5 years.

2 Summary of significant accounting policies (continued)

(j) Property, plant and equipment (continued)

(iii) Disposal

Gains and losses on disposal of assets are determined by comparing the proceeds received with the carrying amount of the asset. The net gain or loss on disposal is included in the statement of comprehensive income.

(k) Leases

Leases of property in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. All leases of the company are operating leases.

Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis, over the period of the lease.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(m) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(n) Employee benefits

(i) Wages and salaries

Liabilities for wages and salaries, including non-monetary benefits expected to be settled within 12 months of the end of the reporting period are recognised in other payables in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Social Insurance

This amount represents social insurance provided for in compliance with Chinese *Labour Contract Law 2007.*

(iii) Housing Superannuation

Housing superannuation is provided for in compliance with Chinese *Labour Contract Law 2007.*

(o) Financial instruments

Financial instruments generate financial assets or liabilities for INSEARCH (Shanghai) Limited. These include cash and cash equivalents, receivables, payables and other financial assets and liabilities. Note 3 discloses the risks and management of those risks of the financial instruments.

3 Financial risk management

INSEARCH (Shanghai) Limited's principal financial instruments are outlined below. These financial instruments arise directly from the company's operations or are required to finance the company's operation. INSEARCH (Shanghai) Limited does not enter into or trade in financial instruments.

INSEARCH (Shanghai) Limited's risks arising from financial instruments are outlined below, together with the company's objectives and policies for measuring and managing risk.

INSEARCH (Shanghai) Limited's Board has overall responsibility for the establishment and oversight of risk management. Risk management policies are established to identify and analyse the risk limits and controls, and to monitor risks.

	Assets at FVOCI $	Assets at FVPL $	Derivatives used for hedging $	Financial assets at amortised cost $	Total $
Financial assets					
2015					
Cash and cash equivalents	-	-	-	**319,023**	**319,023**
Other assets - non-current	-	-	-	**44,966**	**44,966**
	-	-	-	**363,989**	**363,989**
2014					
Cash and cash equivalents	-	-	-	299,510	299,510
Other assets - non-current	-	-	-	41,945	41,945
	-	-	-	341,455	341,455

	Liabilities at FVTOCI $	Derivatives at FVPL $	Derivatives used for hedging $	Liabilities at amortised cost $	Total $
Financial liabilities					
2015					
Trade and other payables	-	-	-	**43,627**	**43,627**
2014					
Trade and other payables	-	-	-	48,751	48,751

The fair value of the above financial instruments is equal to their carrying value.

(a) Market risk

The primary area of market risk that INSEARCH (Shanghai) Limited is exposed to is foreign exchange risk.

(i) Foreign exchange risk

INSEARCH (Shanghai) Limited operates in the PRC and is affected by movements in exchange rates. The impact of these movements can affect both the operating surplus expressed in Australian dollars, and the carrying values of the operations on the statement of financial position of the company.

INSEARCH (Shanghai) Limited views these exposures to movements in exchange rates as long term and therefore does not hedge against foreign exchange movements.

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk

INSEARCH (Shanghai) Limited has no borrowings and therefore no associated payable risk as a result of fluctuating interest rates. INSEARCH (Shanghai) Limited does have an exposure to changes in income due to fluctuations in interest rates.

Cash and cash equivalents comprise of cash on hand and bank balances. The cash at bank is bearing interest rates of 0.30% (2014: 0.35%)

(b) Credit risk

Credit risk arises where there is a possibility of the company's debtors defaulting on their contractual obligations, resulting in a financial loss to the company.

(c) Liquidity risk

Liquidity risk is the risk that the company will be unable to meet its payment obligations when they fall due.

INSEARCH (Shanghai) Limited maintains adequate cash balances to ensure that it has sufficient funds to meet future operating expenditure and capital expenditure.

Liquidity is managed by the company through the preparation and review of monthly cash flow statements and cash forecasts. Cash at bank is reconciled on a monthly basis and bank balances are independently confirmed as part of the annual audit process

All of the company's financial liabilities are non interest bearing and are due and payable within 12 months.

4 Revenue

	2015	2014
	$	$
From continuing operations		
Other fees and charges	**1,019,305**	743,285
Interest income	**2,239**	1,879
	1,021,544	745,164

5 Other income

	2015	2014
	$	$
Net foreign exchange gain	-	22,453

6 Expenses

	2015 $	2014 $
Surplus before income tax includes the following specific expenses:		
Other expenses		
Promotion	**90,469**	57,969
Staff wellbeing	**185,154**	144,678
Accounting & audit fees	**2,556**	2,286
Insurance	**16,860**	14,286
Service & business tax	**33,227**	25,576
Others	**8,666**	7,948
Total other expenses	**336,932**	252,743
Depreciation		
Fixtures and fittings	**5,801**	17,757
Plant and equipment	**2,232**	1,238
Computer equipment	**6,004**	6,009
Total depreciation	**14,037**	25,004

7 Income tax expense

(a) Income tax expense

	2015 $	2014 $
Current tax	**126**	125

(b) Reconciliation of income tax expense to prima facie tax payable

	2015 $	2014 $
Surplus/(deficit) from continuing operations before income tax expense	**9,983**	(33,363)
Tax at the PRC tax rate of 10% (2014: 10%)	**998**	(3,336)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Sundry items	**(872)**	3,461
Income tax expense	**126**	125

8 Cash and cash equivalents

	2015 $	2014 $
Current assets		
Cash at bank and on hand	**319,023**	299,510

9 Trade and other receivables

	2015			2014		
	Current	**Non-current**	**Total**	Current	Non-current	Total
	$	**$**	**$**	$	$	$
Prepayments	**5,702**	**-**	**5,702**	4,927	-	4,927

10 Property, plant and equipment

	Plant and equipment $	**Total $**
At 1 January 2014		
Cost	146,972	146,972
Accumulated depreciation	(107,195)	(107,195)
Net book amount	39,777	39,777
Year ended 31 December 2014		
Opening net book amount	39,777	39,777
Exchange differences	1,763	1,763
Additions	4,724	4,724
Depreciation charge	(25,004)	(25,004)
Closing net book amount	21,260	21,260
At 31 December 2014		
Cost	161,197	161,197
Accumulated depreciation	(139,937)	(139,937)
Net book amount	21,260	21,260
Year ended 31 December 2015		
Opening net book amount	21,260	21,260
Exchange differences	1,677	1,677
Additions	9,881	9,881
Depreciation charge	(14,037)	(14,037)
Closing net book amount	18,781	18,781
At 31 December 2015		
Cost	81,111	81,111
Accumulated depreciation	(62,330)	(62,330)
Net book amount	18,781	18,781

11 Other assets

	2015	2014
	$	$
Non-current assets		
Security and accommodation deposits	**44,966**	41,945

12 Trade and other payables

	2015			2014		
	Current	**Non-current**	**Total**	Current	Non-current	Total
	$	**$**	**$**	$	$	$
Related party payables	**33,778**	**-**	**33,778**	40,684	-	40,684
Other payables	**9,849**	**-**	**9,849**	8,067	-	8,067
	43,627	**-**	**43,627**	48,751	-	48,751

13 Contributed equity

Share capital

	2015	2014
	$	$
Fully paid	**941,737**	941,737

14 Reserves and accumulated funds

(a) Reserves

	2015	2014
	$	$
Foreign currency translation reserve	**(307,092)**	(323,189)

Movements:

	2015	2014
Foreign currency translation reserve		
Balance 1 January	**(323,189)**	(378,519)
Currency translation differences arising during the financial year	**16,097**	55,330
Balance 31 December	**(307,092)**	(323,189)

(b) Accumulated funds

Movements in accumulated funds were as follows:

	2015	2014
	$	$
Balance 1 January	**(299,657)**	(266,169)
Net surplus/(deficit) for the year	**9,857**	(33,488)
Balance 31 December	**(289,800)**	(299,657)

15 Key management personnel disclosures

Directors

The following persons were directors of INSEARCH (Shanghai) Limited during the financial year:

A Murphy

J Gruetzner

W Purcell

N Patrick

P Harris

Remuneration of key management personnel was borne by the ultimate parent entity.

16 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the entity:

Shanghai Tian Cheng Certified Public Accountants Co. Ltd.

	2015 **$**	2014 $
Audit and other assurance services		
Audit and review of financial reports	**2,556**	2,286
Total remuneration for audit and other services	**2,556**	2,286

The fee paid to the Audit Office of NSW for the audit of the financial statements for the year ended 31 December 2015 and 2014 was borne by the ultimate parent entity.

17 Contingencies

The company had no contingent assets or liabilities at 31 December 2015 (2014: nil).

18 Commitments

(a) Lease commitments

Non-cancellable operating leases

	2015 **$**	2014 $
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**168,904**	157,556
Later than one year but not later than five years	**92,897**	244,212
	261,801	401,768

19 Related party transactions

(a) Parent entities

INSEARCH (Shanghai) Limited is a controlled entity of INSEARCH Limited which is incorporated and domiciled in Australia.

(b) Transactions with related parties

INSEARCH (Shanghai) Limited entered into the following transactions with INSEARCH Limited:

	2015	2014
	$	$
Consulting service income	**1,019,305**	743,285

(c) Outstanding balances from related parties

The following balances are outstanding at the end of the reporting date in relation to transactions with related parties:

	2015	2014
	$	$
Payables to INSEARCH Limited	**33,778**	40,684

20 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the company, the results of those operations or the state of affairs of the company or economic entity in subsequent financial years.

21 Cash flow information

Reconciliation of surplus/(deficit) after income tax to net cash inflow (outflow) from operating activities

	2015	2014
	$	$
Surplus/(deficit) for the year	**9,857**	(33,488)
Depreciation	**14,037**	25,004
Change in operating assets and liabilities:		
(Increase) in trade and other receivables	**(3,796)**	(5,186)
(Decrease) in trade and other payables	**(5,124)**	(5,279)
Net cash inflow (outflow) from operating activities	**14,974**	(18,949)

END OF AUDITED FINANCIAL STATEMENTS

In the directors' opinion:

(a) the financial statements and notes set out on pages 1 to 18 are in accordance with the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015* , including:
   (i) complying with Accounting Standards, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015* and other mandatory professional reporting requirements, and
   (ii) giving a true and fair view of the entity's financial position as at 31 December 2015 and of its performance for the year ended on that date, and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors.

A Murphy
Director

Sydney
30 March 2016

INDEPENDENT AUDITOR'S REPORT

Insearch (Shanghai) Limited

To Members of the New South Wales Parliament and Members of Insearch (Shanghai) Limited

I have audited the accompanying financial statements of Insearch (Shanghai) Limited (the Company), which comprise the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act and for such internal control as the directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements 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 judgement, including an 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 the financial statements that give a true and fair view in order to design audit procedures 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.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

- about the future viability of the Company
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.

Caroline Karakatsanis
Director, Financial Audit Services

5 April 2016
SYDNEY