

Director's Statement and
Audited Consolidated Financial Statements

CONVEYOR HOLDINGS PTE. LTD.

Company Registration No: 201224662W

AND ITS SUBSIDIARY

31 MARCH 2016



Certified Public Accountants

CONVEYOR HOLDINGS PTE. LTD.
(Company No: 201224662W)
AND ITS SUBSIDIARY

GENERAL INFORMATION

DIRECTOR

Gowri Saminathan Mrs Gowri Wade

SECRETARIES

Pathima Muneera Azmi
Cheng Lian Siang

REGISTERED OFFICE

80, Raffles Place
#26-01 UOB Plaza
Singapore 048624

AUDITORS

TKNP International
Chartered Accountants and
Public Accountants, Singapore

PRINCIPAL BANKER

J.P.Morgan International Limited

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CONVEYOR HOLDINGS PTE. LTD.
(Company No: 201224662W)
AND ITS SUBSIDIARY

DIRECTOR'S STATEMENT

The director presents her report to the members together with the audited financial statements of Conveyor Holdings Pte. Ltd. (the "Company") and its subsidiary (the "Group") for the financial year ended 31 March 2016.

1. OPINION OF THE DIRECTOR

In the opinion of the director, the consolidated and separate statements of financial position, consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and consolidated statement of cash flows together with the notes thereon are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 March 2016 and of the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended and, at the date of this statement, there are reasonable grounds to believe that the Company, with the support of the ultimate holding company, will be able to pay its debts as and when they fall due.

2. DIRECTORS

Gowri Saminathan Mrs Gowri Wade is the sole director of the Company in office at the date of this report.

3. ARRANGEMENTS TO ENABLE DIRECTOR TO ACQUIRE SHARES OR DEBENTURES

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

4. DIRECTOR'S INTEREST IN SHARES

According to the register of director' shareholding, no director who held office at the end of financial year had interests in shares, share option, warrants or debentures of the Company, or of related corporations, either at the date of incorporation, or date of appointment if later, or at the end of the financial year.

There was no change between the end of financial year and the date of this report.

CONVEYOR HOLDINGS PTE. LTD.
(Company No: 201224662W)
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DIRECTOR' STATEMENT

5. SHARE OPTIONS

No option to take up unissued shares of the Company was granted during the financial year.

During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares.

There were no unissued shares of the Company under option as at the end of the financial year.

6. AUDITORS

The auditors, **TKNP** International, Public Accountants and Chartered Accountants of Singapore, have expressed its willingness to accept re-appointment as auditor.

Board of Directors,

.....
Gowri Saminathan Mrs Gowri Wade
Director

Date:

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

CONVEYOR HOLDINGS PTE. LTD.

(Company No: 201224662W)

AND ITS SUBSIDIARY

Report on Consolidated Financial statements

We have audited the accompanying consolidated financial statements of Conveyor Holdings Pte. Ltd. (the "Company") and its subsidiary (collectively, the "Group") which comprise the consolidated and separate statements of financial position as at 31 March 2016, the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 March 2016 and the results, changes in equity and cash flows of the Group and the changes in equity of the company for the year ended on that date.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

CONVEYOR HOLDINGS PTE. LTD.

(Company No: 201224662W)

AND ITS SUBSIDIARY

Emphasis of Matter

We draw attention to Note 2.1a in the financial statements. The Group's and Company's total and current liabilities exceeded the total and current assets by US\$ 1,058,025 (2015: US\$ 735,806) and US\$ 434,501 (2015: US\$ 390,030) and US\$ 428,835 (2015: US\$ 215,581) and US\$ 34,711 (2015: US\$ Nil) respectively. The validity of the going concern assumption on which the financial statements are prepared depends on the continuing financial support from the ultimate holding company. If the support as mentioned is not met, the going concern of company would be uncertain.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

TKNP International
Public Accountants and
Chartered Accountants
Singapore



Victor Yuen Jun Mun, CA (Singapore)
Partner (Signing Auditor)
Singapore,

Date: -

CONVEYOR HOLDINGS PTE. LTD.
(Company No: 201224662W)
AND ITS SUBSIDIARY

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2016

	<u>Note</u>	<u>Group</u> <u>2016</u> <u>US\$</u>	<u>Group</u> <u>2015</u> <u>US\$</u>	<u>Company</u> <u>2016</u> <u>US\$</u>	<u>Company</u> <u>2015</u> <u>US\$</u>
<u>ASSETS</u>					
Current assets					
Bank balance	4	90,289	241,703	-	18,776
Trade and other receivables	5	154,442	771,146	269	52,886
Inventories	6	1,369,451	1,105,215	-	-
Total current assets		<u>1,614,182</u>	<u>2,118,064</u>	<u>269</u>	<u>71,662</u>
Non-current assets					
Property, plant and equipment	7	23,740	24,408	-	-
Investment in subsidiary	8	-	-	96	96
Loan to subsidiary	9	-	-	-	85,463
Total non-current assets		<u>23,740</u>	<u>24,408</u>	<u>96</u>	<u>85,559</u>
Total assets		<u>1,637,922</u>	<u>2,142,472</u>	<u>365</u>	<u>157,221</u>
<u>EQUITY AND LIABILITIES</u>					
Current liabilities					
Bank overdraft	4	86	12,273	86	12,273
Trade and other payables	10	2,036,491	1,357,980	34,894	2,147
Amount due to third parties	11	-	1,127,615	-	-
Finance Lease obligation	12	12,106	10,226	-	-
Total current liabilities		<u>2,048,683</u>	<u>2,508,094</u>	<u>34,980</u>	<u>14,420</u>
Non-current liabilities					
Trade and other payables	10	394,220	358,382	394,220	358,382
Finance lease obligation	12	-	11,802	-	-
Bank loan	13	253,044	-	-	-
Total non-current liabilities		<u>647,264</u>	<u>370,184</u>	<u>394,220</u>	<u>358,382</u>
Total liabilities		<u>2,695,947</u>	<u>2,878,278</u>	<u>429,200</u>	<u>372,802</u>
Equity contributable to owners of the Company					
Share capital	14	500,100	500,100	500,100	500,100
Translation reserve		83,998	94,278	-	-
Retained earnings		(1,642,123)	(1,330,184)	(928,935)	(715,681)
TOTAL EQUITY		<u>(1,058,025)</u>	<u>(735,806)</u>	<u>(428,835)</u>	<u>(215,581)</u>
Total equity and liabilities		<u>1,637,922</u>	<u>2,142,472</u>	<u>365</u>	<u>157,221</u>

See accompanying notes to the financial statements

CONVEYOR HOLDINGS PTE. LTD.
(Company No: 201224662W)
AND ITS SUBSIDIARY

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	<u>Note</u>	<u>Group</u> <u>2016</u> US\$	<u>Group</u> <u>2015</u> US\$	<u>Company</u> <u>2016</u> US\$	<u>Company</u> <u>2015</u> US\$
REVENUE					
Sale of goods	15	2,977,828	1,401,593	-	-
Gain from investments		-	-	-	-
Interest income		-	15	4,159	5,456
Other income		150,129	-	346	-
Total revenue		<u>3,127,957</u>	<u>1,401,608</u>	<u>4,505</u>	<u>5,456</u>
COSTS AND EXPENSES					
Cost of sales		2,633,377	1,190,213	-	-
Depreciation		3,062	3,360	-	-
Employee benefits expenses	16	396,100	392,212	134,344	271,984
Foreign exchange gain		-	-	-	-
Foreign exchange loss		23,338	191,276	4,800	17,129
Other operating expenses	17	383,959	495,234	78,555	152,110
Total costs and expenses		<u>(3,439,836)</u>	<u>(2,272,295)</u>	<u>(217,699)</u>	<u>(441,223)</u>
(Loss) before income tax		(311,879)	(870,687)	(213,194)	(435,767)
Income tax expense	18	(60)	-	(60)	-
(Loss) after income tax		<u>(311,939)</u>	<u>(870,687)</u>	<u>(213,254)</u>	<u>(435,767)</u>
Other comprehensive income:					
Translation differences		(10,280)	86,713	-	-
Other comprehensive income, net of tax		<u>(10,280)</u>	<u>86,713</u>	<u>-</u>	<u>-</u>
Total comprehensive (loss) for the year, which attributable to owners of the parent		<u>(322,219)</u>	<u>(783,974)</u>	<u>(213,254)</u>	<u>(435,767)</u>

See accompanying notes to the financial statements

CONVEYOR HOLDINGS PTE. LTD.
(Company No: 201224662W)
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CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

<u>Group</u>	<u>Share capital</u> US\$	<u>Translation reserve</u> US\$	<u>Retained earnings</u> US\$	<u>Total</u> US\$
As at 1 April 2014	500,100	7,565	(459,497)	48,168
Total comprehensive income/(loss) for the year	-	86,713	(870,687)	(783,974)
As at 31 March 2015	<u>500,100</u>	<u>94,278</u>	<u>(1,330,184)</u>	<u>(735,806)</u>
Total comprehensive income/(loss) for the year	-	(10,280)	(311,939)	(322,219)
As at 31 March 2016	<u>500,100</u>	<u>83,998</u>	<u>(1,642,123)</u>	<u>(1,058,025)</u>
		<u>Share capital</u> US\$	<u>Retained earnings</u> US\$	<u>Total</u> US\$
<u>Company</u>				
As at 1 April 2014		500,100	(279,914)	220,186
Total comprehensive (loss) for the year		-	(435,767)	(435,767)
As at 31 March 2015		<u>500,100</u>	<u>(715,681)</u>	<u>(215,581)</u>
Total comprehensive (loss) for the year		-	(213,254)	(213,254)
As at 31 March 2016		<u>500,100</u>	<u>(928,935)</u>	<u>(428,835)</u>

See accompanying notes to the financial statements

CONVEYOR HOLDINGS PTE. LTD.
(Company No: 201224662W)
AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	<u>Note</u>	<u>Group</u> <u>2016</u> <u>US\$</u>	<u>Group</u> <u>2015</u> <u>US\$</u>
Cash flows from operating activities			
(Loss) before income tax		(311,879)	(870,687)
Adjustments:			
Depreciation	7	3,062	3,360
Exchange rate realignment		216	(438)
Interest income		-	(15)
Currency translation difference arising on consolidation		(10,280)	86,713
Operating (loss) before working capital changes		<u>(318,881)</u>	<u>(781,067)</u>
Changes in working capital:-			
Decrease/(Increase) in trade and other receivables		616,704	(633,714)
(Increase) in inventories		(264,236)	(247,708)
Increase in trade and other payables		714,349	1,183,954
Net cash (used in) operations		<u>747,936</u>	<u>(478,535)</u>
Interest received		-	15
Income tax paid		(60)	-
Net cash generated from/(used in) operating activities		<u>747,876</u>	<u>(478,520)</u>
Cash flows from investing activity			
Purchase of equipment	7	(2,258)	(718)
Exchange rate realignment		(352)	-
Net cash (used in) investing activity		<u>(2,610)</u>	<u>(718)</u>
Cash flows from financing activities			
Amount due to third parties		(1,127,615)	516,175
Finance lease obligations		(9,922)	(4,584)
Bank loans		253,044	-
Net cash (used in)/generated from financing activities		<u>(884,493)</u>	<u>511,591</u>
Net (decrease)/increase in bank balance		(139,227)	32,353
Bank balance at beginning of the year		229,430	197,077
Bank balance at end of the year	4	<u>90,203</u>	<u>229,430</u>

See accompanying notes to the financial statements

CONVEYOR HOLDINGS PTE. LTD.
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NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

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

1. CORPORATE INFORMATION

Conveyor Holdings Pte. Ltd. (the "Company") is a private limited liability company which is domiciled and incorporated in Singapore. The immediate and ultimate holding company is International Conveyors Limited, which is domiciled and incorporated in India.

The registered office is located at 80 Raffles Place, #26-01 UOB Plaza, Singapore 048624. The principal place of business of the Company is located at 8 Eu Tong Sen Street #20-97 The Central Singapore 059818.

The principal activities of the Company are those of other investment holding company. There have been no significant changes in the nature of these activities during the financial year. The principal activities of the subsidiary are set out in Note 8 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1) BASIS OF PREPARATION

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Singapore Companies Act, Cap. 50.

The Group's financial statements are presented in United States dollar ("US\$"), which is also the Company's functional currency.

The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgment in the process of applying the Group's and Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

The Group and the Company has adopted the new and revised FRS that are mandatory from the effective date stated in the relevant FRS. The adoption of these FRS did not result in any significant changes in the accounting policies nor any significant impact on the financial statements.

2.1a) GOING CONCERN

The financial statements are prepared on a going-concern basis on the assumption that the ultimate holding company and related parties will continue financing the operations of the company and to provide adequate funds for the company to meet its obligations as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at the end of the reporting period. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

(a) *Business combination under common control*

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.

(b) *Subsidiary*

Subsidiary is entity controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of the subsidiary is included in the consolidated financial statements from the date that control commences until the date that control ceases.

In the Company's separate financial statements, investment in subsidiary is accounted for at cost less impairment loss, if any.

(c) *Transactions with non-controlling interests*

Non-controlling interests represent the portion of profit and loss and net assets in subsidiary not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the parent entity extension method, whereby, on acquisition of non-controlling interests, the difference between the consideration and the net book value of the share of the net assets acquired is recognised in goodwill. Gain or loss on disposal to non-controlling interests is recognised in profit or loss account.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3) FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group and the Company are measured using the currency of the primary economic environment in which the Company operates ("functional currency"). The financial statements of the Group and the Company are presented in United States dollar.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at balance sheet date are recognised in the income statement, unless they arise from borrowings in foreign currencies, other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the financial statements and transferred to the income statement as part of gain or loss on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Consolidated financial statements

For consolidation purposes, the assets and liabilities of the foreign subsidiary are translated at the rate of exchange ruling at the reporting period and statement of comprehensive income items are translated at the average rate. The effects of translation are taken directly to foreign currency translation reserves within equity. Such translation differences are recognised in profit or loss in the period in which its subsidiary is disposed of.

2.4) PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, 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 Group and Company and the cost of the item can be measured reliably.

Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and 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 the property, 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

- Equipment	3 years
- Motor vehicle	8 years

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

The residual value, useful life and depreciation method are reviewed at the end of each financial year to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, 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 profit or loss in the period the asset is derecognised.

2.5) IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group and the Company assess at each reporting date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is assessed based on the higher of its fair value less costs to sell or its value in use as considered appropriate and is determined for an individual asset, 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in profit or loss as 'impairment losses' except for assets that were 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 each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised and to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. All reversals of impairment are recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through profit or loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6) FINANCIAL ASSETS

Financial assets are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. The Group and the Company determine the classification of its financial statements at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the 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 has been recognised directly in equity is recognised in profit or loss.

All regular way purchase and sale of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset. Regular way purchases or sales are purchase or sale of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

The Group and the Company classify its investment in financial assets in the following category: loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss is not revocable. At the end of the financial year, the Group and Company have financial assets under loans and receivables, which consist of trade and other receivables.

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 profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

2.7) IMPAIRMENT OF FINANCIAL ASSETS

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) *Assets carried at amortised cost*

For the financial assets carried at amortised cost, the Group and Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group and Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7) IMPAIRMENT OF FINANCIAL ASSETS (CONT'D)

(a) **Assets carried at amortised cost (cont'd)**

Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

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 assets'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 profit or loss.

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 Group and the Company consider factors such as the probability of insolvency or significant financial 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 profit or loss.

2.8) FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provision of the financial instrument. The Group and the Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are initially recognised at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

- *Financial liabilities at fair value through profit or loss*

The Group and Company have not designated any financial liabilities upon initial recognition at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8) FINANCIAL LIABILITIES (CONT'D)

- *Other financial liabilities*

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

2.9) DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is derecognised when:

- The Group and the Company transfer the contractual rights to receive the cash flows of the financial asset; or
- The Group and the Company have transferred their rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group and the Company have transferred their rights to receive cash flows from an asset and have neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's and the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

Financial Liabilities

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 profit or loss when the liabilities are derecognised or impaired, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

2.10) TRADE AND OTHER RECEIVABLES

Trade and other receivables excluding prepayments are classified and accounted for as loans and receivables. Non-current other receivables are also classified and accounted for in the same way. The accounting policy for this category of financial assets is stated in Note 2.6 to the financial statements.

Further details on the accounting policy for impairment of financial assets are stated in Note 2.7 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise bank balance that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Cash carried in the statement of financial position are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.6 to the financial statements.

2.12) SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.13) PROVISIONS

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made to the amount of the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.14) INVENTORIES

Inventories are stated at the lower of cost and net realisable value (NRV). Cost is determined using the first-in, first-out (FIFO) method.

When necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The costs of conversion of inventories include costs directly related to the units of production, such as direct labour. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods.

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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15) EMPLOYEE BENEFITS

Defined contribution plans

Contributions to defined contribution pension plans (Central Provident Fund contributions-CPF) are recognised as an expense in profit or loss in the financial year to which it relates. The Company has no further obligations once the contributions have been paid.

Employee leave entitlement

Employees' annual leave entitlement is not accumulated and provided for at reporting date and it is at the discretion of management to allow for the accumulation of leave past reporting date.

2.16) LEASES

When the Group is the lessee:

Operating leases

Rentals payable under operating leases (net of any incentives received from lessors) are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred, if any.

Finance leases

Leases of assets in which the Group and the company assumes substantially the risks and rewards of ownerships are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included under liabilities. The interest element of the finance cost is taken to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2.17) REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

Revenue is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery and acceptance of the goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods net of goods and services tax, rebates and discounts.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17) REVENUE RECOGNITION (CONT'D)

(b) Interest income

Interest income is recognised using the effective interest method.

2.18) INCOME TAX

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period and based on the tax consequences which will follow from the manner in which the Group and Company expects, at the financial year end, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19) RELATED PARTY

A related party is a person or entity that is related to the Group and Company and includes:

- (a) A person or a close member of that person's family which is related to reporting entity if that person:
 - (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

- (b) An entity which is related to a reporting entity if any of the following conditions applies:
 - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of the group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third party and the other entity is an associate of the third party.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or any related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key personnel of the entity (or of a parent of the entity).

Related party refer to the International Conveyors Limited Group of Companies and key management personal.

Key management personnel are people having the authority and responsibility of planning, directing and controlling the activities of the Group and Company.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the Group's and the Company's financial statements requires management to exercise judgements and requires the use of estimates and assumptions. These judgements affect the application of the Group and Company's accounting policies. The use of estimates and assumptions affect the reported amounts of assets, liabilities, income and expenses and disclosures made. They are assessed on an on-going basis and are based on experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1) Judgements made in applying accounting policies

The management is of the opinion that there are no significant judgments made in applying accounting estimates and policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.2) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of loans and receivables

The Group and the Company assess at the end of each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the receivables 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. As at the end of the financial year, the carrying amount of the Group's and the Company's loans and receivables is disclosed in Note 23 to the financial statements.

Impairment of non-financial assets

The Group and the Company assesses whether there are any indications of impairment for all non-financial assets at each reporting date. Plant and equipment are tested for impairment annually and at other times when such indicators exist.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

As at financial year end, the carrying value of property, plant and equipment is disclosed in Note 7 to the financial statements.

Depreciation of fixed assets

Fixed assets are depreciated on a straight-line basis over their estimated useful lives. The Group and the Company estimates the useful lives of these fixed assets to be 3-8 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised. The carrying amount of fixed assets as at the end of the financial year is disclosed in Note 7 to the financial statements.

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4. CASH AND CASH EQUIVALENTS

For the purpose of cash flow statement, cash and cash equivalents as at 31 March 2016 comprised the following:

	<u>Group</u> <u>2016</u> US\$	<u>Group</u> <u>2015</u> US\$	<u>Company</u> <u>2016</u> US\$	<u>Company</u> <u>2015</u> US\$
Bank balance	90,289	241,703	-	18,776
Bank overdraft	(86)	(12,273)	(86)	(12,273)
	90,203	229,430	(86)	6,503

Bank balance are denominated in the following currencies:

	<u>Group</u> <u>2016</u> US\$	<u>Group</u> <u>2015</u> US\$	<u>Company</u> <u>2016</u> US\$	<u>Company</u> <u>2015</u> US\$
Australian dollar	90,289	196,935	-	12
United States dollar	-	44,768	-	18,764
Singapore dollar	(86)	(12,273)	(86)	(12,273)
	90,203	229,430	(86)	6,503

As at 31 March 2016, the carrying amount of cash and cash equivalents approximates its fair value.

5. TRADE AND OTHER RECEIVABLES

	<u>Group</u> <u>2016</u> US\$	<u>Group</u> <u>2015</u> US\$	<u>Company</u> <u>2016</u> US\$	<u>Company</u> <u>2015</u> US\$
<u>Trade receivables</u>				
Non-related parties	94,123	702,953	-	-
<u>Other receivables</u>				
Deposits	-	23,880	-	23,880
Sundry receivables	60,319	19,313	269	4,006
Amount due from related company	-	25,000	-	25,000
	154,442	68,193	269	52,886
Total trade and other receivables	154,442	771,146	269	52,886

Trade and other receivables are denominated in the following currencies:

	<u>Group</u> <u>2016</u> US\$	<u>Group</u> <u>2015</u> US\$	<u>Company</u> <u>2016</u> US\$	<u>Company</u> <u>2015</u> US\$
Australian dollar	154,173	718,260	-	-
Singapore dollar	169	27,786	169	27,786
United States dollar	100	25,100	100	25,100
	154,442	771,146	269	52,886

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5. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables are unsecured, interest-free and repayable within the normal trade credit terms granted to the customers at 30 days.

Amount owing to subsidiary are unsecured, interest-free and repayable upon demand.

As at 31 March 2016, the carrying amount of trade and other receivables approximates its fair value.

6. INVENTORIES

	<u>Group</u> <u>2016</u> US\$	<u>Group</u> <u>2015</u> US\$	<u>Company</u> <u>2016</u> US\$	<u>Company</u> <u>2015</u> US\$
Finished goods, at lower of cost and NRV	1,369,451	1,105,215	-	-
	<u>Group</u> <u>2016</u> US\$	<u>Group</u> <u>2015</u> US\$	<u>Company</u> <u>2016</u> US\$	<u>Company</u> <u>2015</u> US\$
Beginning of the year	1,105,215	857,507	-	-
Purchases	2,873,966	1,648,185	-	-
Closing balance	(1,369,451)	(1,105,215)	-	-
Translation difference	23,647	(210,264)	-	-
	<u>2,633,377</u>	<u>1,190,213</u>	<u>-</u>	<u>-</u>

Inventories that were expensed off and included in cost of sales for the financial year ended 31 March 2016 amounted to US\$2,633,377 (2015: US\$1,190,213).

7. PROPERTY, PLANT AND EQUIPMENT

<u>2016</u>	Equipment US\$	Motor vehicle US\$	Total US\$
Cost			
1 April 2015	718	26,612	27,330
Additions	2,258	-	2,258
Exchange rate realignment	149	203	352
As at 31 March 2016	<u>3,125</u>	<u>26,815</u>	<u>29,940</u>
Accumulated depreciation			
1 April 2015	388	2,534	2,922
Depreciation for the year	210	2,852	3,062
Exchange rate realignment	16	200	216
As at 31 March 2016	<u>614</u>	<u>5,586</u>	<u>6,200</u>
Carrying amount			
As at 31 March 2016	<u>2,511</u>	<u>21,229</u>	<u>23,740</u>

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7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Equipment	Motor vehicle	Total
<u>2015</u>	US\$	US\$	US\$
Cost			
1 April 2014	-	-	-
Additions	718	26,612	27,330
As at 31 March 2015	718	26,612	27,330
Accumulated depreciation			
1 April 2014	-	-	-
Depreciation for the year	446	2,914	3,360
Exchange rate realignment	(58)	(380)	(438)
As at 31 March 2015	388	2,534	2,922
Carrying amount			
As at 31 March 2015	330	24,078	24,408

In 2015, the cash outflow on the acquisition of the motor vehicle amounted to US\$ Nil. In the statement of cash flows, the purchase of the property, plant and equipment represents the cash paid to acquire the assets.

8. INVESTMENT IN SUBSIDIARY

	<u>Group</u> <u>2016</u> US\$	<u>Group</u> <u>2015</u> US\$	<u>Company</u> <u>2016</u> US\$	<u>Company</u> <u>2015</u> US\$
<u>Unquoted shares, at cost</u>				
100 ordinary shares of AU\$1 each	-	-	96	96

The following information relates to the subsidiary:

<u>Name of entity</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Percentage of paid-up capital held</u>
* International Conveyors Australia Pty Ltd	Australia	Those of other investment holding company	100%

* Audited by a firm other than **TKNP** International.

Investment in subsidiary is accounted for at cost less impairment loss, if any.

9. LOAN TO SUBSIDIARY

The loan to subsidiary was based on the term of 9 years and 364 days, with an interest rate at 7.25% and 4% per annum respectively.

The carrying amount of loan to subsidiary approximated its fair value and was denominated in Australian dollar.

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10. TRADE AND OTHER PAYABLES

	<u>Group</u> <u>2016</u> <u>US\$</u>	<u>Group</u> <u>2015</u> <u>US\$</u>	<u>Company</u> <u>2016</u> <u>US\$</u>	<u>Company</u> <u>2015</u> <u>US\$</u>
<u>Non-Current</u>				
Amount due to ultimate holding company	394,220	358,382	394,220	358,382
<u>Current</u>				
<u>Trade payables</u>				
Related parties	1,891,058	1,311,980	-	-
Third parties	115,959	-	-	-
<u>Other payables</u>				
Accrued expenses		18,264	-	-
Other creditors	29,474	13,462	34,798	-
Amount due to subsidiary	-	-	96	96
Payroll accruals		12,223	-	-
CPF payable		2,051	-	2,051
	29,474	46,000	34,894	2,147
Total trade and other payables current	2,036,491	1,357,980	34,894	2,147
Total trade and other payables	2,430,711	1,716,362	429,114	360,529

Trade and other payables are denominated in the following currencies:

	<u>Group</u> <u>2016</u> <u>US\$</u>	<u>Group</u> <u>2015</u> <u>US\$</u>	<u>Company</u> <u>2016</u> <u>US\$</u>	<u>Company</u> <u>2015</u> <u>US\$</u>
Australian dollar	2,001,693	1,355,929	96	96
Singapore dollar	34,798	2,051	34,798	2,051
United States dollar	394,220	358,382	394,220	358,382
	2,430,711	1,716,362	429,114	360,529

Trade payables are interest-free and repayable within the trade credit terms granted from the supplier within 60 days.

The amount due to subsidiary is non-trade in nature, unsecured, interest-free and repayable on demand.

The amount due to ultimate immediate holding is non-trade in nature, unsecured, interest bearing at 10.00 % per annum and is repayable within the next ten years.

As at 31 March 2016, the carrying amount of trade and other payables approximates its fair value.

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11. AMOUNT DUE TO THIRD PARTIES

The amount due to third parties arises from subsidiary, as follows:

	<u>Group</u> <u>2016</u> US\$	<u>Group</u> <u>2015</u> US\$	<u>Company</u> <u>2016</u> US\$	<u>Company</u> <u>2015</u> US\$
Amount due to third parties	-	1,127,615	-	-

Amount due to third parties is denominated in the following currencies:

	<u>Group</u> <u>2016</u> US\$	<u>Group</u> <u>2015</u> US\$	<u>Company</u> <u>2016</u> US\$	<u>Company</u> <u>2015</u> US\$
Australian dollar	-	288,560	-	-
United States dollar	-	839,055	-	-
	-	1,127,615	-	-

The amount due to third parties is trade-related in nature, unsecured, interest-free and repayable on demand.

As at 31 March 2016, the carrying amount of amount due to third parties approximates its fair value.

12. FINANCE LEASE OBLIGATION

<u>GROUP</u>	US\$
<u>2016</u>	
Payable not later than 1 year	
Payable later than 1 year but not later than 5 years	_____
Less: Future finance charges	
Present value of finance lease obligations	_____
Present value of finance lease liabilities:	
Not later than 1 year	
Later than 1 year but not later than 5 years	_____
	12,106
<u>2015</u>	
Payable not later than 1 year	10,175
Payable later than 1 year but not later than 5 years	12,085
	22,260
Less: Future finance charges	(232)
Present value of finance lease obligations	22,028
Present value of finance lease liabilities:	
Not later than 1 year	9,960
Later than 1 year but not later than 5 years	12,068
	22,028

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12. FINANCE LEASE OBLIGATION (CONT'D)

The finance lease obligation is entered for the purchase of motor vehicle by the subsidiary during the year. The finance lease obligation is for tenure of 3 years. Please refer to Note 7 for disclosure.

13. BANK LOAN

The bank loan is unsecured and bears interest at 5.7% (2015: NIL) per annum. The carrying amount of bank loan approximates its fair value and is denominated in Australian dollars.

14. SHARE CAPITAL

<u>Number of ordinary shares</u>	<u>Group</u> <u>2016</u> <u>US\$</u>	<u>Group</u> <u>2015</u> <u>US\$</u>	<u>Company</u> <u>2016</u> <u>US\$</u>	<u>Company</u> <u>2015</u> <u>US\$</u>
Issued and fully paid: 500,100 ordinary shares issued at US\$1 per share	500,100	500,100	500,100	500,100

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

15. SALE OF GOODS

The sale of goods arises from subsidiary is amounting to USD\$ 2,977,828 (2015: US\$1,401,593).

16. EMPLOYEE BENEFIT EXPENSES

	<u>Group</u> <u>2016</u> <u>US\$</u>	<u>Group</u> <u>2015</u> <u>US\$</u>	<u>Company</u> <u>2016</u> <u>US\$</u>	<u>Company</u> <u>2015</u> <u>US\$</u>
CPF contribution	9,355	8,788	9,355	8,788
Salaries	386,593	383,267	124,837	263,039
SDF fund	152	157	152	157
	<u>396,100</u>	<u>392,212</u>	<u>134,344</u>	<u>271,984</u>

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17. OTHER OPERATING EXPENSES

Included in other operating expenses are the following:

	<u>Group</u> <u>2016</u> <u>US\$</u>	<u>Group</u> <u>2015</u> <u>US\$</u>	<u>Company</u> <u>2016</u> <u>US\$</u>	<u>Company</u> <u>2015</u> <u>US\$</u>
Bank charges	4,254	1,231	589	1,231
Legal and professional fees	12,145	2,874	286	160
Office rent	43,623	139,530	33,660	139,530
Consulting fees	176,574	210,048	-	-
Insurance	11,961	7,692	-	-
Interest expense	53,787	54,507	35,882	-
Marketing expense	1,219	11,210	-	-
Other expenses	80,396	68,142	8,138	11,189

18. INCOME TAX EXPENSE

	<u>Group</u> <u>2016</u> <u>US\$</u>	<u>Group</u> <u>2015</u> <u>US\$</u>	<u>Company</u> <u>2016</u> <u>US\$</u>	<u>Company</u> <u>2015</u> <u>US\$</u>
Tax expense attributable to loss is made up of:				
- Current year income tax	-	-	-	-

The tax benefit on loss differs from the amount that would arise using the Singapore standard rate of income tax as explained below:

	<u>Group</u> <u>2016</u> <u>US\$</u>	<u>Group</u> <u>2015</u> <u>US\$</u>	<u>Company</u> <u>2016</u> <u>US\$</u>	<u>Company</u> <u>2015</u> <u>US\$</u>
Loss before tax	(311,879)	(870,687)	(213,253)	(435,767)
Tax benefit at Singapore's statutory income tax rate of 17%	53,019	148,017	36,253	74,081
Effect of:				
- deferred tax assets not recognised	(53,019)	(148,017)	(36,253)	(74,081)

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18. INCOME TAX EXPENSE (CONT'D)

Deferred tax assets have not been recognised in respect of the following terms:

	<u>Group</u> <u>2016</u> <u>US\$</u>	<u>Group</u> <u>2015</u> <u>US\$</u>	<u>Company</u> <u>2016</u> <u>US\$</u>	<u>Company</u> <u>2015</u> <u>US\$</u>
Unabsorbed tax losses	(311,879)	(870,687)	(213,253)	(435,768)

The unabsorbed tax losses for the Group and Company amounting to US\$1,642,123 (2015: US\$1,330,184) and US\$928,935 (2015: US\$715,681) respectively are subjected to agreement with the tax authority and compliance with the provisions of Singapore Income Tax Act Chapter 13. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group and Company can utilize the benefits thereon.

19. RELATED PARTIES TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the related parties took place at terms agreed between the parties during the year:

	<u>Group</u> <u>2016</u> <u>US\$</u>	<u>Group</u> <u>2015</u> <u>US\$</u>	<u>Company</u> <u>2016</u> <u>US\$</u>	<u>Company</u> <u>2015</u> <u>US\$</u>
Recovery of loans to: <i>Subsidiary</i>	-	-	85,463	10,758
Interest on loans: <i>On loan from ultimate holding company</i>	35,838	8,382	35,838	8,382
Purchases from: Related parties*		1,648,185	-	-

* Related parties are referring to entities under the common control of the ultimate holding company - International Conveyors Limited.

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20. OPERATING LEASE COMMITMENTS

a) Operating lease commitments – *where the Group and Company are lessee*

The operating lease is for the rental of office in Australia for its subsidiary, the International Conveyors Australia Pty. Ltd.

The future aggregate minimum lease payments under non-cancellable operating lease as at the end of the financial year are as follow:

	<u>Group</u> <u>2016</u> US\$	<u>Group</u> <u>2015</u> US\$	<u>Company</u> <u>2016</u> US\$	<u>Company</u> <u>2015</u> US\$
Within one year	18,316	40,097	-	32,715
Within two to five years	54,948	4,925	-	4,925
	<u>73,264</u>	<u>45,022</u>	<u>-</u>	<u>37,640</u>

21. FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

The main risks arising from the Group's and the Company's financial instruments are liquidity risk, foreign currency risk and credit risk. The Group and Company review and agree on policies for managing this risk as below:

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21. FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk

In the management of liquidity risk, the Group and Company monitor and maintain a level of bank balances deemed adequate by the management to finance the Group and Company's operations and mitigate the effects of fluctuations in cash flows. Additional finance is obtained from the directors and shareholders when required.

<u>Group</u>	<u>Trade and other payables</u> US\$	<u>Finance lease obligation</u> US\$	<u>Bank loans</u> US\$	<u>Total</u> US\$
2016				
Less than one year	2,036,491	12,106	-	1,143,848
Two to five years	394,220	-	253,044	-
At end of year	<u>2,430,711</u>	<u>12,106</u>	<u>253,044</u>	<u>1,143,848</u>

<u>Group</u>	<u>Trade and other payables</u> US\$	<u>Amount due to third parties</u> US\$	<u>Finance lease obligation</u> US\$	<u>Total</u> US\$
2015				
Less than one year	1,357,980	1,127,615	10,226	2,495,821
Two to five years	358,382	-	11,802	370,184
At end of year	<u>1,716,362</u>	<u>1,127,615</u>	<u>22,028</u>	<u>2,866,005</u>

<u>Company</u>	<u>Trade and other payables</u> US\$	<u>Finance lease obligation</u> US\$	<u>Bank loans</u> US\$	<u>Total</u> US\$
2016				
Less than one year	34,894	-	-	34,894
Two to five years	394,220	-	-	394,220
At end of year	<u>429,114</u>	<u>-</u>	<u>-</u>	<u>429,114</u>

<u>Company</u>	<u>Trade and other payables</u> US\$	<u>Amount due to third parties</u> US\$	<u>Finance lease obligation</u> US\$	<u>Total</u> US\$
2015				
Less than one year	2,147	-	-	1,538
Two to five years	358,382	-	-	-
At end of year	<u>360,529</u>	<u>-</u>	<u>-</u>	<u>1,538</u>

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21. FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk

The Group and Company have certain degree of foreign currency risk arising from transactions denominated in Australian dollar ("AUD") and Singapore dollar ("SGD"). However, the Group and Company do not use any hedging instruments to protect against the volatility associated with foreign currency. The Group's significant currencies exposures are to AUD and SGD, which are as follow:

	<u>AUD</u> <u>US\$</u>	<u>SGD</u> <u>US\$</u>	<u>Total</u> <u>US\$</u>
Group			
2016			
<u>Financial assets</u>			
Bank balance	90,289	-	90,289
Trade and other receivables	154,173	169	154,342
	<u>244,462</u>	<u>169</u>	<u>244,631</u>
<u>Financial liabilities</u>			
Trade and other payables	2,001,693	34,798	2,036,491
Finance Lease obligation			
Bank overdraft	-	86	
	<u>-</u>	<u>86</u>	
<u>Net financial assets/(liabilities)</u> <u>currency exposure</u>			
2015			
<u>Financial assets</u>			
Bank balance	196,935	-	196,935
Trade and other receivables	718,260	27,786	746,046
	<u>915,195</u>	<u>27,786</u>	<u>942,981</u>
<u>Financial liabilities</u>			
Trade and other payables	1,355,929	2,051	1,357,980
Amount due to third parties	288,560	-	288,560
Finance lease obligation	22,028	-	22,028
Bank overdraft	-	12,273	12,273
	<u>1,666,517</u>	<u>14,324</u>	<u>1,680,841</u>
<u>Net financial assets/(liabilities)</u> <u>currency exposure</u>	<u>(751,322)</u>	<u>13,462</u>	<u>(737,860)</u>

At 31 March 2016, if the Australian dollar and Singapore dollar had strengthened/weakened by an estimated 5% against the United States dollar with all other variables including tax rate being held constant, the Group's loss after tax for the financial year would have been by approximately **US\$37,416 and US\$673** (2015: US\$37,416 and US\$673) higher as a result of currency translation gains/losses on the remaining financial liabilities denominated in Australian dollar and Singapore dollar respectively.

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21. FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk (cont'd)

	<u>Company</u>		<u>Total</u> <u>US\$</u>
	<u>AUD</u> <u>US\$</u>	<u>SGD</u> <u>US\$</u>	
<u>2016</u>			
<u>Financial assets</u>			
<i>Current assets</i>			
Bank balance	12	-	12
Trade and other receivables	-	27,786	27,786
	12	27,786	27,798
<i>Non-current assets</i>			
Loan to subsidiary	85,463	-	85,463
	85,475	27,786	113,261
<u>Financial liabilities</u>			
Trade and other payables	96	2,051	2,147
Bank overdraft	-	12,273	12,273
	96	14,324	14,420
Net financial assets currency exposure	85,379	13,462	98,841
<u>2015</u>			
<u>Financial assets</u>			
<i>Current assets</i>			
Bank balance	8	-	8
Trade and other receivables	-	25,322	25,322
	8	25,322	25,330
<i>Non-current assets</i>			
Loan to subsidiary	96,221	-	96,221
	96,229	25,322	121,551
<u>Financial liabilities</u>			
Trade and other payables	96	1,442	1,538
Amount due to third parties	-	-	-
	96	1,442	1,538
Net financial assets currency exposure	96,133	23,880	120,013

At 31 March 2016, if the Australian dollar and Singapore dollar had strengthened/weakened by an estimated 5% against the United States dollar with all other variables including tax rate being held constant, the Company's loss after tax for the financial year would have been by approximately US\$ US\$4,270 higher and US\$673 higher (2015: US\$4,806 lower and US\$1,194 lower) as a result of currency translation gains/losses on the remaining financial assets denominated in Australian dollar and Singapore dollar respectively.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

21. FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and Company's exposure to credit risks arise primarily from cash and cash equivalents and trade and other receivables. For other financial assets, the Group and Company minimise credit risks by dealing exclusively with counter parties with high credit rating.

The Group and Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and Company trade only with recognised and creditworthy third parties. It is the Group and Company's policy that all customers who wish to trade on credit terms undergo credit verification procedures. In addition, receivable balances are monitored on an on-going basis to minimise the Group and Company's exposure to bad debts.

The maximum exposure to credit risk is as follows:

There is no other significant concentration of credit risk.

	<u>Group</u> <u>2016</u> US\$	<u>Group</u> <u>2015</u> US\$	<u>Company</u> <u>2016</u> US\$	<u>Company</u> <u>2015</u> US\$
Bank balance	90,289	241,703	-	18,776
Trade and other receivables	154,442	771,146	269	52,886
Total credit exposure	<u>244,731</u>	<u>1,012,849</u>	<u>269</u>	<u>71,662</u>

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group and Company. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default. The amount of the Group and Company's financial assets that are neither past due and/or impaired is US\$ Nil (2015: US\$ Nil).

Financial assets that are past due and not impaired

The age analysis of trade receivables that are past due at the financial year end but not impaired is as follows:

	<u>Group</u> <u>2016</u> US\$	<u>Group</u> <u>2015</u> US\$	<u>Company</u> <u>2016</u> US\$	<u>Company</u> <u>2015</u> US\$
Past due < 30 days	154,442	214,458	269	-
Past due 30 to 60 days	-	214,458	-	-
Past due > 60 days	-	1,509	-	-
	<u>154,442</u>	<u>430,425</u>	<u>269</u>	<u>-</u>

Based on historical default rates, the Group and Company believe that no other impairment is necessary in respect of trade receivables past due as the management has a credit policy to monitor its exposure to credit risk on an ongoing basis. These trade receivables are mainly arising from customers that have a good collection track record with the Group and Company.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

22. CAPITAL MANAGEMENT

Capital risk

The primary objective of the Group's and company's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Group and Company comprises issued share capital and retained earnings.

The Group and 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 Group and Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group and Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the financial year ended 31 March 2016 and 31 March 2015.

The Group and Company is not subject to any externally imposed capital requirements. The Group's and Company's overall strategy remains unchanged from 2015.

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate the value.

Cash and cash equivalents, other receivables and other payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

Unquoted investments

For unquoted investments, it is not practicable to determine the fair values because of the lack of quoted market prices and the assumptions used in valuation models to value these investments cannot be reasonably determined. Unquoted investments are therefore, stated at cost.

Trade receivables and trade payables

The carrying amount of these trade receivables and payables approximate their fair value as they are subject to normal credit terms.

24. CLASSIFICATION OF FINANCIAL INSTRUMENTS

	<u>Fair values</u>			
	<u>Group</u> <u>2016</u> US\$	<u>Group</u> <u>2015</u> US\$	<u>Company</u> <u>2016</u> US\$	<u>Company</u> <u>2015</u> US\$
Loans and receivables				
Bank balance	90,289	241,703	-	18,776
Trade and other receivables	154,442	771,146	269	52,886
	<u>244,731</u>	<u>1,012,849</u>	<u>269</u>	<u>71,662</u>

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24. CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

Financial liabilities measured at amortised cost

	Fair values			
	Group 2016 US\$	Group 2015 US\$	Company 2016 US\$	Company 2015 US\$
Bank overdraft	86	12,273	86	12,273
Trade and other payables	2,430,711	1,716,362	429,114	360,529
Amount due to third parties	-	1,127,615	-	-
Finance lease payable	12,106	22,028	-	-
Bank loans	253,044	-	-	-
	<u>2,695,947</u>	<u>2,878,278</u>	<u>429,200</u>	<u>372,802</u>

25. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting year beginning on 1 January 2016 or later years and which the company has not early adopted. The company's assessment of the impact of adopting those standards, amendments and interpretations does not result in any significant impact on the company's financial statements.

The company has not adopted the following standards that have been issued but not yet effective:

	<i>Effective for annual periods beginning on or after</i>
▪ FRS 115: Revenue from Contracts with Customers	1 Jan 2018
▪ FRS 109 Financial Instruments	1 Jan 2018

26. AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Company and its subsidiary for the financial year ended 31 March 2016 were authorised for issue in accordance with a resolution of the directors as at the date of the Statement by Directors.

THE FOLLOWING SCHEDULES DO NOT FORM PART OF THE STATUTORY FINANCIAL STATEMENTS

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**DETAILED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL
YEAR ENDED 31 MARCH 2016**

	<u>2016</u> US\$	<u>2015</u> US\$
Revenue income		
Interest income	4,159	5,456
Other income	346	-
	<u>4,505</u>	<u>5,456</u>
Less: Administrative expenses		
CPF contribution	9,355	8,788
Salaries	124,837	263,040
SDF fund	152	157
Foreign exchange loss	4,800	17,129
Audit fee	7,002	2,807
Bank charges	589	1,231
Legal and professional fees	286	160
Interest expense	35,881	8,381
Office rent	33,660	139,530
Withholding tax	1,137	-
	<u>(217,699)</u>	<u>(441,223)</u>
(Loss) before income tax	<u>(213,194)</u>	<u>(435,767)</u>