

Directors' Statement and  
Audited Consolidated Financial Statements

**CONVEYOR HOLDINGS PTE. LTD.**  
Company Registration No.: 201224662W  
**AND ITS SUBSIDIARY**

31 MARCH 2018



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

**GENERAL INFORMATION**

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**DIRECTOR**

Gowri Saminathan Mrs Gowri Wade

**SECRETARIES**

Pathima Muneera Azmi  
Cheng Lian Siang

**REGISTERED OFFICE**

160 Robinson Road  
#17-01 Singapore Business Federation Center  
Singapore 068914

**AUDITORS**

**TKNP International**  
Public Accountants and  
Chartered Accountants  
Singapore

**PRINCIPAL BANKERS**

J.P. Morgan International Limited  
Oversea-Chinese Banking Corporation

**INDEX**

	<u>PAGE</u>
<b>Directors' statement</b>	<b>1 - 2</b>
<b>Independent auditors' report</b>	<b>3 - 5</b>
<b>Consolidated and separate statements of financial position</b>	<b>6</b>
<b>Consolidated and separate statements of profit or loss and other comprehensive income</b>	<b>7</b>
<b>Consolidated and separate statements of changes in equity</b>	<b>8</b>
<b>Consolidated statement of cash flows</b>	<b>9</b>
<b>Notes to the financial statements</b>	<b>10 - 34</b>

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

**DIRECTORS' STATEMENT**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

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The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Conveyor Holdings Pte. Ltd. (the "Company") and its subsidiary (collectively the "Group") for the financial year ended 31 March 2018.

**1. OPINION OF THE DIRECTORS**

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the statement of financial position, and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company with the continuing financial support from 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 statement.

**3. ARRANGEMENTS TO ENABLE DIRECTORS 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 objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

**4. DIRECTORS' INTEREST IN SHARES OR DEBENTURES**

According to the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), the directors of the Company who held office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations.

**5. SHARE OPTIONS**

There were no share options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary.

There were no unissued shares of the Company or its subsidiary under option at the end of the financial year.

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

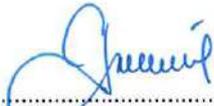
DIRECTORS' STATEMENT  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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6. AUDITORS

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

The Sole Director,



.....  
Gowri Saminathan Mrs Gowri Wade  
Sole Director

Date: 24 MAY 2018

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

**INDEPENDENT AUDITORS' REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CONVEYOR HOLDINGS PTE. LTD.**

**Report on the Audit of the Financial Statements**

*Opinion*

We have audited the 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 of the Group and the Company as at 31 March 2018, the consolidated and separate statements of changes in equity of the Group and the Company and the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date.

*Basis for Opinion*

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Material Uncertainty Related to Going Concern*

The Group and the Company incurred a net loss of US\$584,864 (2017: US\$16,024) and US\$185,971 (2017: US\$100,600) respectively for financial year ended 31 March 2018 and, as at that date, the Group and the Company's current liabilities exceeded its current assets by US\$676,989 (2017: US\$1,095,066) and US\$836,585 (2017: US\$845,037) respectively.

The financial statements have been prepared on a going concern basis which contemplates the realisation of assets and the satisfaction of liabilities in the normal course of business. The ability of the Group to continue as a going concern for the next twelve months after the end of the reporting period is dependent on the ability of the Group to obtain financial support and additional funding from its holding company and the directors who are also shareholders of the holding company as well as the ability of the company to generate sufficient profits and positive net operating cash flows to satisfy working capital requirements.

These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group and Company's ability to continue as a going concern which may affect the validity of the going concern assumption on which the accompanying financial statements are prepared.

*Other Information*

Management is responsible for other information. The other information comprises the Directors' Statement set out on pages 1 to 2.

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

**INDEPENDENT AUDITORS' REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CONVEYOR HOLDINGS PTE. LTD.**  
**(CONT'D)**

*Other Information (Cont'd)*

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of Management and Directors for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

*Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

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

**INDEPENDENT AUDITORS' REPORT  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CONVEYOR HOLDINGS PTE. LTD.  
(CONT'D)**

*Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)*

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**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.

The engagement partner on the audit resulting in this independent auditors' report is Ong Lien Wan.

  
TKNP International  
Public Accountants and  
Chartered Accountants  
Singapore



Date: 24 MAY 2018

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

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2018

	<u>Note</u>	<u>Group</u> <u>2018</u> <u>US\$</u>	<u>Group</u> <u>2017</u> <u>US\$</u>	<u>Company</u> <u>2018</u> <u>US\$</u>	<u>Company</u> <u>2017</u> <u>US\$</u>
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	8	18,076	21,017	-	-
Investment in subsidiary	9	-	-	96	96
Loan to subsidiary	10	-	-	1,121,083	315,506
		<u>18,076</u>	<u>21,017</u>	<u>1,121,179</u>	<u>315,602</u>
<b>Current assets</b>					
Cash and cash equivalents	4	151,923	165,423	13,961	-
Trade and other receivables	5	781,390	233,221	97,089	143
Inventories	6	432,006	645,201	-	-
Other assets	7	-	132,352	-	-
		<u>1,365,319</u>	<u>1,176,197</u>	<u>111,050</u>	<u>143</u>
<b>Total assets</b>		<u>1,383,395</u>	<u>1,197,214</u>	<u>1,232,229</u>	<u>315,745</u>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Bank overdraft	4	-	156	-	156
Bank loan	11	-	1,913	-	-
Loans from ultimate holding company	12	907,095	805,783	907,095	805,783
Trade and other payables	13	1,135,213	1,463,411	40,540	39,241
		<u>2,042,308</u>	<u>2,271,263</u>	<u>947,635</u>	<u>845,180</u>
<b>Total liabilities</b>		<u>2,042,308</u>	<u>2,271,263</u>	<u>947,635</u>	<u>845,180</u>
<b>Equity attributable to owners of the Company</b>					
Share capital	14	1,500,100	500,100	1,500,100	500,100
Translation reserve		86,971	87,586	-	-
Accumulated losses		(2,245,984)	(1,661,735)	(1,215,506)	(1,029,535)
		<u>(658,913)</u>	<u>(1,074,049)</u>	<u>284,594</u>	<u>(529,435)</u>
<b>Total liabilities and equity</b>		<u>1,383,395</u>	<u>1,197,214</u>	<u>1,232,229</u>	<u>315,745</u>

See accompanying notes to the financial statements

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

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER  
 COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	<u>Note</u>	<u>Group</u> <u>2018</u> <u>US\$</u>	<u>Group</u> <u>2017</u> <u>US\$</u>	<u>Company</u> <u>2018</u> <u>US\$</u>	<u>Company</u> <u>2017</u> <u>US\$</u>
<b>Revenue income</b>	15	<u>1,992,312</u>	<u>3,244,763</u>	<u>41,938</u>	<u>10,341</u>
<b>Costs and expenses</b>					
Purchases	6	1,804,355	2,564,913	-	-
Depreciation	8	3,077	3,388	-	-
Employee benefits expenses	16	318,310	326,989	65,801	50,657
Foreign exchange loss		27,771	1,255	28,179	1,116
Other operating expenses	17	<u>407,074</u>	<u>367,830</u>	<u>117,955</u>	<u>59,168</u>
		<u>(2,560,587)</u>	<u>(3,264,375)</u>	<u>(211,935)</u>	<u>(110,941)</u>
<b>Loss before tax</b>		(568,275)	(19,612)	(169,997)	(100,600)
<b>Income tax expense</b>	18	(15,974)	-	(15,974)	-
<b>Loss after tax</b>		<u>(584,249)</u>	<u>(19,612)</u>	<u>(185,971)</u>	<u>(100,600)</u>
<b>Other comprehensive income</b>					
Foreign currency translation		(615)	3,588	-	-
Other comprehensive income for the year, net of tax		(615)	3,588	-	-
<b>Total comprehensive (loss) for the year attributable to owners of the Company</b>		<u>(584,864)</u>	<u>(16,024)</u>	<u>(185,971)</u>	<u>(100,600)</u>

See accompanying notes to the financial statements

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

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	Attributable to owners of the Company			
		Share capital US\$	Translation reserve US\$	Accumulated losses US\$	Total US\$
<b>Group</b>					
At 1 April 2016		500,100	83,998	(1,642,123)	(1,058,025)
Loss for the year		-	-	(19,612)	(19,612)
<u>Other comprehensive income</u>					
Foreign currency translation		-	3,588	-	3,588
<b>At 31 March 2017</b>		<u>500,100</u>	<u>87,586</u>	<u>(1,661,735)</u>	<u>(1,074,049)</u>
At 1 April 2017		500,100	87,586	(1,661,735)	(1,074,049)
Issuance of ordinary shares	14	1,000,000	-	-	1,000,000
Loss for the year		-	-	(584,249)	(584,249)
<u>Other comprehensive income</u>					
Foreign currency translation		-	(615)	-	(615)
<b>At 31 March 2018</b>		<u>1,500,100</u>	<u>86,971</u>	<u>(2,245,984)</u>	<u>(658,913)</u>
<b>Company</b>					
At 1 April 2016		500,100	(928,935)	(428,835)	
(Loss) for the year, representing total comprehensive (loss) for the year		-	(100,600)	(100,600)	
<b>At 31 March 2017</b>		<u>500,100</u>	<u>(1,029,535)</u>	<u>(529,435)</u>	
At 1 April 2017		500,100	(1,029,535)	(529,435)	
Issuance of ordinary shares	14	1,000,000	-	1,000,000	
(Loss) for the year, representing total comprehensive (loss) for the year		-	(185,971)	(185,971)	
<b>At 31 March 2018</b>		<u>1,500,100</u>	<u>(1,215,506)</u>	<u>284,594</u>	

See accompanying notes to the financial statements

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

	<u>Note</u>	<u>Group</u> <u>2018</u> <u>US\$</u>	<u>2017</u> <u>US\$</u>
<b>Cash flows from operating activities</b>			
Loss before tax		(568,275)	(19,612)
Adjustments for:			
Depreciation	8	3,077	3,388
Exchange rate realignment		(136)	129
Interest income		(1,309)	(1,417)
Currency translation difference arising on consolidation		(615)	3,588
Operating loss before working capital changes		<u>(567,258)</u>	<u>(13,924)</u>
Changes in working capital:			
(Increase) in trade and other receivables		(548,169)	(78,779)
Decrease in inventories		213,195	724,250
(Decrease) in trade and other payables		(328,198)	(197,355)
Increase/(decrease) in other assets		132,352	(132,352)
<b>Cash (used in)/ generated from operations</b>		<u>(1,098,078)</u>	<u>301,840</u>
Interest received		1,309	1,417
Income tax paid		(15,974)	-
<b>Net cash (used in)/generated from operating activities</b>		<u>(1,112,743)</u>	<u>303,257</u>
<b>Cash flows from investing activity</b>			
Purchase of equipment	8	-	(794)
<b>Net cash used in investing activity</b>		<u>-</u>	<u>(794)</u>
<b>Cash flows from financing activities</b>			
Issuance of ordinary shares		1,000,000	-
Finance lease obligations		-	(12,106)
Proceeds from loans from ultimate holding company		101,312	35,838
(Repayments of) bank loans		(1,913)	(251,131)
<b>Net cash generated from/(used in) financing activities</b>		<u>1,099,399</u>	<u>(227,399)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(13,344)</u>	<u>75,064</u>
<b>Cash and cash equivalents at beginning of the year</b>		<u>165,267</u>	<u>90,203</u>
<b>Cash and cash equivalents at end of the year</b>	4	<u>151,923</u>	<u>165,267</u>

*See accompanying notes to the financial statements*

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

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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 incorporated and domiciled in Singapore. The ultimate holding company is International Conveyors Limited, which is incorporated in India.

The registered office is located at 160 Robinson Road #17-01 Singapore Business Federation Center, Singapore 068914. 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 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 9 to the financial statements.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1) BASIS OF PREPARATION**

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been drawn up in accordance with Singapore Financial Reporting Standards ("FRS").

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

The consolidated financial statements of the Group are presented in United States dollar ("US\$"), which is also the functional currency of the Company and the presentation currency for the consolidated financial statements.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement 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 accounting policies adopted are consistent with those of the previous financial year, except that during the year the Group and the Company have 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 Group and the Company incurred a net loss of US\$584,864 (2017: US\$16,024) and US\$185,971 (2017: US\$100,600) respectively for financial year ended 31 March 2018 and, as at that date, the Group and the Company's current liabilities exceeded its current assets by US\$676,989 (2017: US\$1,095,066) and US\$836,585 (2017: US\$845,037) respectively.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1a) GOING CONCERN (CONT'D)

Notwithstanding these, the directors of the Company are of the opinion that it is appropriate to prepare the financial statements on a going concern basis as the ultimate holding Company has agreed to provide the necessary financial support to enable the Company to pay its debts as and when they fall due. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that may be necessary if the going concern basis is found to be inappropriate.

2.2) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries 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 combinations

Business combinations are accounted for under the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Any excess of the cost of the business combination over the Group's interest in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The goodwill is accounted for in accordance with the accounting policy of goodwill.

Any excess of the Group's interest in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is credited to profit or loss in the period of the acquisition.

(b) Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and the ability to affect those returns through its power over the investee.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3) FOREIGN CURRENCY

(a) *Functional and presentation currency*

Items included in the financial statements of the Group and the Company are measured using the currency of the primary economic environment in which the Group and the Company operate ("functional currency"). The financial statements of the Group and the Company are presented in United States dollar, which is also the functional and presentation currency of the Company.

(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 profit or loss, 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 profit or loss 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 purpose, the assets and liabilities of foreign operations are translated into US\$ at the rate of exchange ruling at the end of the reporting period and their income statement are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income.

On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in the profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.4) PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially recorded at cost. Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	<u>Useful lives</u>
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 useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

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 de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2.5) IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group and the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6) FINANCIAL ASSETS

*Initial recognition and measurement*

Financial assets are recognised when, and only when, the Group and the Company becomes a party to the contractual provisions of the financial instrument. The Group and the Company determines the classification of its financial assets 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.

*Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Non-derivative 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, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables comprise trade and other receivables and cash and cash equivalents.

*De-recognition*

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition 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 in other comprehensive income is recognised in profit or loss.

2.7) FINANCIAL LIABILITIES

*Initial recognition and measurement*

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7) FINANCIAL LIABILITIES (CONT'D)

*Subsequent measurement*

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Such financial liabilities comprise trade and other payables, bank loan and bank overdraft.

*De-recognition*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.8) 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.

*Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group and the Company first assess 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 the Company determine 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. Assets that are individually assessed for impairment and for which an impairment loss is, or continue 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 asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.8) IMPAIRMENT OF FINANCIAL ASSETS (CONT'D)**

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 profit or loss.

**2.9) CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash at banks and on hand and are subject to an insignificant risk of changes in value.

**2.10) SHARE CAPITAL**

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against the share capital.

**2.11) 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  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12) EMPLOYEE BENEFITS

*Defined contribution plans*

The Company's contributions to defined contribution plans, namely the Central Provident Fund Scheme, are recognised as employee benefits expenses in the period in which the related service is performed. The Company has no further payment obligations once the contributions have been paid.

*Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period. The liability for leave expected to be settled beyond twelve months from the end of the reporting period is determined using the projected unit credit method. The net total of service costs, net interest on the liability and remeasurement of the liability are recognised in profit or loss.

*Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.13) LEASES

*Where the company is the lessee*

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14) REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

*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.

*Interest income*

Interest income is recognised using the effective interest method.

2.15) INCOME TAX

*Current income tax*

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

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 end of the reporting period 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 utilised.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15) INCOME TAX (CONT'D)

*Deferred tax (Cont'd)*

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 utilised. 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 period when the asset is realised 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 consequence which will follow from the manner in which the group expects, at the reporting date, 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 tax jurisdiction.

2.16) RELATED PARTY

A related party is defined as follows:

- (a) A person or a close member of that person's family 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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.16) RELATED PARTY (CONT'D)**

- (b) An entity is related to a reporting entity if any of the following condition 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 management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

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

**3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS**

The preparation of the financial statements requires management to exercise judgements and requires the use of estimates and assumptions. These judgements affect the application of the Group and the 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 judgements 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.

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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

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 impairment of trade and other receivables is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. 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 24 to the financial statements.

*Inventory valuation method*

Inventory is valued at the lower of actual cost or market price. Cost is determined primarily using the first-in first-out method. Market price is generally the merchandise's selling price quoted from the market of similar items. Management reviews the Group's inventory levels in order to identify slow-moving and obsolete merchandise and identifies items of inventory which have a market price that is lower than its carrying amount. Management then estimates the amount of inventory loss as allowance on inventory. The carrying amount of the Group's inventories as at the end of the financial year is US\$432,006 (2017: US\$645,201) as disclosed in Note 6 to the financial statements.

4. CASH AND CASH EQUIVALENTS

	<u>Group</u> <u>2018</u> US\$	<u>Group</u> <u>2017</u> US\$	<u>Company</u> <u>2018</u> US\$	<u>Company</u> <u>2017</u> US\$
Cash at banks	151,923	165,423	13,961	-
Bank overdraft	-	(156)	-	(156)
	<u>151,923</u>	<u>165,267</u>	<u>13,961</u>	<u>(156)</u>

Cash and cash equivalents are denominated in the following currencies:

	<u>Group</u> <u>2018</u> US\$	<u>Group</u> <u>2017</u> US\$	<u>Company</u> <u>2018</u> US\$	<u>Company</u> <u>2017</u> US\$
Australian dollar	137,962	165,423	-	-
Singapore dollar	2,053	(156)	2,053	(156)
United States dollar	11,908	-	11,908	-
	<u>151,923</u>	<u>165,267</u>	<u>13,961</u>	<u>(156)</u>

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

5. TRADE AND OTHER RECEIVABLES

	<u>Group</u> <u>2018</u> US\$	<u>Group</u> <u>2017</u> US\$	<u>Company</u> <u>2018</u> US\$	<u>Company</u> <u>2017</u> US\$
<u>Trade receivables</u>				
Third parties	613,454	170,962	-	-
<u>Other receivables</u>				
Deposits	93,718	62,116	22,871	-
Sundry receivables	74,036	143	74,036	143
Prepayment	182	-	182	-
	<u>167,936</u>	<u>62,259</u>	<u>97,089</u>	<u>143</u>
Total trade and other receivables	<u>781,390</u>	<u>233,221</u>	<u>97,089</u>	<u>143</u>

Trade and other receivables are denominated in the following currencies:

	<u>Group</u> <u>2018</u> US\$	<u>Group</u> <u>2017</u> US\$	<u>Company</u> <u>2018</u> US\$	<u>Company</u> <u>2017</u> US\$
Australian dollar	684,301	233,078	-	-
Singapore dollar	23,068	43	23,068	43
United States dollar	74,021	100	74,021	100
	<u>781,390</u>	<u>233,221</u>	<u>97,089</u>	<u>143</u>

Trade receivables are unsecured, interest-free and repayable within the normal trade credit terms granted to the customers at 30 days (2017: 30 days).

6. INVENTORIES

	<u>Group</u> <u>2018</u> US\$	<u>Group</u> <u>2017</u> US\$	<u>Company</u> <u>2018</u> US\$	<u>Company</u> <u>2017</u> US\$
Finished goods, at lower of cost and NRV	432,006	645,201	-	-
	<u>Group</u> <u>2018</u> US\$	<u>Group</u> <u>2017</u> US\$	<u>Company</u> <u>2018</u> US\$	<u>Company</u> <u>2017</u> US\$
Beginning of the year	645,201	1,369,451	-	-
Purchases	1,591,160	1,840,663	-	-
Closing balance	<u>(432,006)</u>	<u>(645,201)</u>	<u>-</u>	<u>-</u>
	<u>1,804,355</u>	<u>2,564,913</u>	<u>-</u>	<u>-</u>

Inventories that were expensed off and included in cost of sales for the financial year ended 31 March 2018 amounted to US\$1,804,355 (2017: US\$2,564,913).

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

**7. OTHER ASSETS**

Other assets represent stock returned by customers and replaced by other stock. This stock is presented at director's valuation.

**8. PROPERTY, PLANT AND EQUIPMENT**

<b><u>2018</u></b> <b><u>Group</u></b> <b><u>Cost</u></b>	<b>Equipment</b> <b>US\$</b>	<b>Motor vehicle</b> <b>US\$</b>	<b>Total</b> <b>US\$</b>
As at 1 April 2017	3,917	26,709	30,626
Additions	-	-	-
Exchange rate realignment	22	150	172
As at 31 March 2018	<u>3,939</u>	<u>26,859</u>	<u>30,798</u>
<b>Accumulated depreciation</b>			
As at 1 April 2017	1,402	8,207	9,609
Depreciation for the year	738	2,339	3,077
Exchange rate realignment	4	32	36
As at 31 March 2018	<u>(2,144)</u>	<u>(10,578)</u>	<u>(12,722)</u>
<b>Carrying amount</b>			
As at 31 March 2018	<u>1,795</u>	<u>16,281</u>	<u>18,076</u>
<b><u>2017</u></b> <b><u>Group</u></b> <b><u>Cost</u></b>			
At as 1 April 2016	3,125	26,815	29,940
Additions	794	-	794
Exchange rate realignment	(2)	(106)	(108)
As at 31 March 2017	<u>3,917</u>	<u>26,709</u>	<u>30,626</u>
<b>Accumulated depreciation</b>			
As at 1 April 2016	614	5,586	6,200
Depreciation for the year	780	2,608	3,388
Exchange rate realignment	8	13	21
As at 31 March 2017	<u>(1,402)</u>	<u>(8,207)</u>	<u>(9,609)</u>
<b>Carrying amount</b>			
As at 31 March 2017	<u>2,515</u>	<u>18,502</u>	<u>21,017</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

**9. INVESTMENT IN SUBSIDIARY**

	<u>Company</u> <u>2018</u> US\$	<u>Company</u> <u>2017</u> US\$
<b><u>Unquoted shares, at cost</u></b>		
100 ordinary shares of AU\$1 each	96	96

The following information relates to the subsidiary:

<b><u>Name and country</u></b> <b><u>incorporated</u></b>	<b><u>Principal activities</u></b>	<b><u>Proportion of ownership</u></b> <b><u>interest</u></b>	
		<b><u>2018</u></b> %	<b><u>2017</u></b> %
Held by the company:			
* <b>International Conveyors</b> <b>Australia Pty Ltd</b> (incorporated in Australia)	Those of general trader	100	100

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

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

**10. LOAN TO SUBSIDIARY**

	<u>2018</u> US\$	<u>2017</u> US\$
<b><u>Company</u></b>		
Principal	1,069,723	305,760
Accrued interest	51,360	9,746
	<u>1,121,083</u>	<u>315,506</u>

The loan to subsidiary is non-trade in nature, unsecured, interest bearing at 7.25% (2017: 7.25%) per annum and is repayable on 18 October 2021 and 28 Nov 2022.

The loan to subsidiary is denominated in Australian dollar.

**11. BANK LOAN**

	<u>2018</u> US\$	<u>2017</u> US\$
<b><u>Group</u></b>		
<b><u>Current</u></b>		
Bank loan	-	1,913

In the financial year ended 31 March 2017, the bank loan placed under current liabilities is trade-related in nature, secured by a charge over the motor vehicle, with interest rate of 9.4% per annum and is repaid after the financial year.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

**12. LOANS FROM ULTIMATE HOLDING COMPANY**

	<u>Group</u> <u>2018</u> US\$	<u>Group</u> <u>2017</u> US\$	<u>Company</u> <u>2018</u> US\$	<u>Company</u> <u>2017</u> US\$
Loan 1	477,007	433,642	477,007	433,642
Loan 2	430,088	372,141	430,088	372,141
	<u>907,095</u>	<u>805,783</u>	<u>907,095</u>	<u>805,783</u>

Loans from ultimate holding company are denominated in the following currencies:

	<u>Group</u> <u>2018</u> US\$	<u>Group</u> <u>2017</u> US\$	<u>Company</u> <u>2018</u> US\$	<u>Company</u> <u>2017</u> US\$
Singapore dollar	430,088	372,141	430,088	372,141
United States dollar	477,007	433,642	477,007	433,642
	<u>907,095</u>	<u>805,783</u>	<u>907,095</u>	<u>805,783</u>

Loan 1 is non-trade in nature, unsecured, interest bearing at 10% per annum and is repayable on demand.

Loan 2 is non-trade in nature, unsecured, interest bearing at 8.5% per annum and is repayable on demand.

**13. TRADE AND OTHER PAYABLES**

	<u>Group</u> <u>2018</u> US\$	<u>Group</u> <u>2017</u> US\$	<u>Company</u> <u>2018</u> US\$	<u>Company</u> <u>2017</u> US\$
<u>Trade payables</u>				
Related parties	823,838	1,283,809	-	-
Third parties	211,131	46,367	-	-
	<u>1,034,969</u>	<u>1,330,176</u>	<u>-</u>	<u>-</u>
<u>Other payables</u>				
Sundry creditors	100,244	133,235	40,540	39,241
Total trade and other payables	<u>1,135,213</u>	<u>1,463,411</u>	<u>40,540</u>	<u>39,241</u>

Trade and other payables are denominated in the following currencies:

	<u>Group</u> <u>2018</u> US\$	<u>Group</u> <u>2017</u> US\$	<u>Company</u> <u>2018</u> US\$	<u>Company</u> <u>2017</u> US\$
Australian dollar	1,094,673	1,424,170	-	-
Singapore dollar	470,628	411,382	40,540	39,241
	<u>1,135,213</u>	<u>1,463,411</u>	<u>40,540</u>	<u>39,241</u>

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

**14. SHARE CAPITAL**

	<u>Group</u> <u>2018</u>	<u>Group</u> <u>2017</u>	<u>Company</u> <u>2018</u>	<u>Company</u> <u>2017</u>
<u>Issued and fully paid</u>	<u>No. of shares</u>		<u>US\$</u>	<u>US\$</u>
At beginning of the financial year	500,100	500,100	500,100	500,100
Issuance of ordinary shares	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>
At end of financial year	<u>1,500,100</u>	<u>500,100</u>	<u>1,500,100</u>	<u>500,100</u>

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. REVENUE INCOME**

	<u>Group</u> <u>2018</u> <u>US\$</u>	<u>Group</u> <u>2017</u> <u>US\$</u>	<u>Company</u> <u>2018</u> <u>US\$</u>	<u>Company</u> <u>2017</u> <u>US\$</u>
Sale of goods	1,884,328	3,140,723	-	-
Interest income	1,309	1,417	41,613	9,746
Other income	<u>106,675</u>	<u>102,623</u>	<u>325</u>	<u>595</u>
	<u>1,992,312</u>	<u>3,244,763</u>	<u>41,938</u>	<u>10,341</u>

**16. EMPLOYEE BENEFITS EXPENSES**

	<u>Group</u> <u>2018</u> <u>US\$</u>	<u>Group</u> <u>2017</u> <u>US\$</u>	<u>Company</u> <u>2018</u> <u>US\$</u>	<u>Company</u> <u>2017</u> <u>US\$</u>
CPF contribution	9,362	7,347	9,363	7,347
Salaries	288,325	311,952	56,315	43,215
SDF fund	123	95	123	95
Employee expenses	<u>20,500</u>	<u>7,595</u>	<u>-</u>	<u>-</u>
	<u>318,310</u>	<u>326,989</u>	<u>65,801</u>	<u>50,657</u>

**17. OTHER OPERATING EXPENSES**

Included in other operating expenses are the following:

	<u>Group</u> <u>2018</u> <u>US\$</u>	<u>Group</u> <u>2017</u> <u>US\$</u>	<u>Company</u> <u>2018</u> <u>US\$</u>	<u>Company</u> <u>2017</u> <u>US\$</u>
Bank charges	3,340	3,065	1,410	1,012
Legal and professional fees	2,166	(85)	2,166	-
Office rent	52,657	19,282	34,208	-
Consulting fees	185,417	180,848	-	-
Insurance	4,527	12,389	-	-
Interest expense	77,358	61,671	76,064	53,858
Marketing expense	<u>371</u>	<u>1,341</u>	<u>-</u>	<u>-</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

**18. INCOME TAX**

	<u>Group</u> <u>2018</u> US\$	<u>Group</u> <u>2017</u> US\$	<u>Company</u> <u>2018</u> US\$	<u>Company</u> <u>2017</u> US\$
Tax expense attributable to loss is made up of:				
- Current income tax	-	-	-	-
- Under provision in prior year	1,162	-	1,162	-
- Withholding tax	9,714	-	9,714	-
- Interest foreign tax	5,098	-	5,098	-
	<u>15,974</u>	<u>-</u>	<u>15,974</u>	<u>-</u>

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>2018</u> US\$	<u>Group</u> <u>2017</u> US\$	<u>Company</u> <u>2018</u> US\$	<u>Company</u> <u>2017</u> US\$
Loss before tax	<u>(568,275)</u>	<u>(19,612)</u>	<u>(169,997)</u>	<u>(100,600)</u>
Tax benefit at Singapore's statutory income tax rate of 17%	96,607	3,334	28,899	17,102
Effect of:				
- deferred tax assets not recognised	(96,607)	(3,334)	(28,899)	(17,102)
- under provision in prior year	1,162	-	1,162	-
- withholding tax	9,714	-	9,714	-
- interest foreign tax	5,098	-	5,098	-
	<u>15,974</u>	<u>-</u>	<u>15,974</u>	<u>-</u>

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

	<u>Group</u> <u>2018</u> US\$	<u>Group</u> <u>2017</u> US\$	<u>Company</u> <u>2018</u> US\$	<u>Company</u> <u>2017</u> US\$
Unabsorbed tax losses	<u>(1,770,452)</u>	<u>(1,202,177)</u>	<u>(919,618)</u>	<u>(749,621)</u>

The unabsorbed tax losses are subjected to agreement with the tax authority and compliance with the provisions of Singapore Income Tax Act Chapter 134. The tax benefits on carried forward unabsorbed tax losses for the Group and Company not recognised in these financial statements amounting to US\$300,977 (2017: US\$204,370) and US\$156,335 (2017: US\$127,436) respectively.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

19. 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>2018</u> US\$	<u>Group</u> <u>2017</u> US\$	<u>Company</u> <u>2018</u> US\$	<u>Company</u> <u>2017</u> US\$
Within one year	137,226	-	137,226	-
Within two to five years	102,920	-	102,920	-
	<u>240,146</u>	<u>-</u>	<u>240,146</u>	<u>-</u>

20. 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>2018</u> US\$	<u>Group</u> <u>2017</u> US\$	<u>Company</u> <u>2018</u> US\$	<u>Company</u> <u>2017</u> US\$
<b><u>Loans from:</u></b>				
Interest on loans from ultimate holding company	76,064	53,858	76,064	53,858
<b><u>Loans to:</u></b>				
Interest on loan to subsidiary company	-	-	41,938	9,746
<b><u>Expenses reimbursed:</u></b>				
Expenses reimbursed to director	29,093	8,301	-	-
Expenses reimbursed by ultimate holding company	77,257	121,931	-	-
<b><u>Purchases from:</u></b>				
Related parties*	<u>785,966</u>	<u>1,655,937</u>	<u>-</u>	<u>-</u>

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

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

21. FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

The main risks arising from the Group 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.

Liquidity risk

In the management of liquidity risk, the Group and Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's 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>Carrying amount</u> US\$	<u>Contractual cash flows</u> <u>(including interest payments)</u>	
		<u>Total</u> US\$	<u>Within 1 year</u> US\$
<b>Group</b>			
<b>2018</b>			
Loans from ultimate holding company	907,095	907,095	907,095
Trade and other payables	1,135,213	1,135,213	1,135,213
	<u>2,042,308</u>	<u>2,042,308</u>	<u>2,042,308</u>
<b>2017</b>			
Bank overdraft	156	156	156
Bank loan	1,913	1,913	1,913
Loans from ultimate holding company	805,783	805,783	805,783
Trade and other payables	1,463,411	1,463,411	1,463,411
	<u>2,271,263</u>	<u>2,271,263</u>	<u>2,271,263</u>
<b>Company</b>			
<b>2018</b>			
Loans from ultimate holding company	907,095	907,095	907,095
Trade and other payables	40,540	40,540	40,540
	<u>947,630</u>	<u>947,630</u>	<u>947,630</u>
<b>2017</b>			
Bank overdraft	156	156	156
Loans from ultimate holding company	805,783	805,783	805,783
Trade and other payables	39,241	39,241	39,241
	<u>845,180</u>	<u>845,180</u>	<u>845,180</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

**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 and the Company's significant currencies exposures are to AUD and SGD, which are as follows:

	<u>AUD</u> US\$	<u>Group</u> <u>SGD</u> US\$	<u>Total</u> US\$
<b>2018</b>			
<u>Financial assets</u>			
Cash and cash equivalents	137,962	2,053	140,015
Trade and other receivables	684,301	23,068	707,369
	<u>822,263</u>	<u>25,121</u>	<u>847,384</u>
<u>Financial liabilities</u>			
Loans from ultimate holding company	-	430,088	430,088
Trade and other payables	1,094,673	40,540	1,135,213
	<u>(1,094,673)</u>	<u>(470,628)</u>	<u>(1,565,301)</u>
Net financial (liabilities) currency exposure	<u>(272,410)</u>	<u>(445,507)</u>	<u>(717,917)</u>
	<u>AUD</u> US\$	<u>Group</u> <u>SGD</u> US\$	<u>Total</u> US\$
<b>2017</b>			
<u>Financial assets</u>			
Cash and cash equivalents	165,423	-	165,423
Trade and other receivables	233,078	43	233,121
	<u>398,501</u>	<u>43</u>	<u>398,544</u>
<u>Financial liabilities</u>			
Bank loan	1,913	-	1,913
Bank overdraft	-	156	156
Loans from ultimate holding company	-	372,141	372,141
Trade and other payables	1,424,170	39,241	1,463,411
	<u>(1,426,083)</u>	<u>(411,538)</u>	<u>(1,837,621)</u>
Net financial (liabilities) currency exposure	<u>(1,027,582)</u>	<u>(411,495)</u>	<u>(1,439,077)</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

**21. FINANCIAL RISK MANAGEMENT (CONT'D)**

**Foreign currency risk (Cont'd)**

At 31 March 2018, 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\$11,305 and US\$18,488 (2017: US\$42,645 and US\$17,077) higher/lower as a result of currency translation gains/losses on the remaining financial liabilities denominated in Australian dollar and Singapore dollar respectively.

	<u>AUD</u> <u>US\$</u>	<u>Company</u> <u>SGD</u> <u>US\$</u>	<u>Total</u> <u>US\$</u>
<b>2018</b>			
<u>Financial assets</u>			
Cash and cash equivalents	-	2,053	2,053
Trade and other receivables	-	23,068	23,068
Loan to subsidiary	1,121,083	-	1,121,083
	<u>1,121,083</u>	<u>25,121</u>	<u>1,146,204</u>
<u>Financial liabilities</u>			
Loans from ultimate holding company	-	40,540	40,540
Trade and other payables	-	430,088	430,088
	<u>-</u>	<u>(470,628)</u>	<u>(470,628)</u>
Net financial assets currency exposure	<u>1,121,083</u>	<u>(445,507)</u>	<u>675,576</u>
	<u>AUD</u> <u>US\$</u>	<u>Company</u> <u>SGD</u> <u>US\$</u>	<u>Total</u> <u>US\$</u>
<b>2017</b>			
<u>Financial assets</u>			
Trade and other receivables	-	43	43
Loan to subsidiary	315,506	-	315,506
	<u>315,506</u>	<u>43</u>	<u>315,549</u>
<u>Financial liabilities</u>			
Loans from ultimate holding company	-	372,141	372,141
Trade and other payables	-	39,241	39,241
Bank overdraft	-	156	156
	<u>-</u>	<u>(411,538)</u>	<u>(411,538)</u>
Net financial (liabilities) currency exposure	<u>315,506</u>	<u>(411,495)</u>	<u>(95,989)</u>

At 31 March 2018, 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\$46,525 and US\$18,488 (2017: US\$13,093 and US\$17,077) higher/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  
 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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>2018</u> US\$	<u>Group</u> <u>2017</u> US\$	<u>Company</u> <u>2018</u> US\$	<u>Company</u> <u>2017</u> US\$
Cash and cash equivalents	151,923	165,423	13,961	-
Trade and other receivables	781,208	233,221	97,089	143
Loan to subsidiary	-	-	1,121,179	315,506
Total credit exposure	<u>933,131</u>	<u>398,644</u>	<u>1,232,229</u>	<u>315,649</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\$933,131 and US\$1,232,229 respectively. (2017: US\$398,644 and US\$315,649).

*Financial assets that are past due but not impaired*

There are no financial assets that are past due at the end of the financial year but not impaired.

22. CAPITAL MANAGEMENT

The primary objective of the Group and Company's capital management is to ensure that it maintain 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 comprise issued share capital and retained earnings.

The Group and Company manage 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 are 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 2018 and 31 March 2017.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

**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, other payables and amount due to ultimate holding company*

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

*Unquoted investments*

For investment in subsidiary, 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. Investment in subsidiary is 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**

**Loans and receivables**

	<u>Group</u> <u>2018</u> US\$	<u>Group</u> <u>2017</u> US\$	<u>Company</u> <u>2018</u> US\$	<u>Company</u> <u>2017</u> US\$
Cash and cash equivalents	151,923	165,423	13,961	-
Trade and other receivables	781,208	233,221	96,907	143
	<u>933,131</u>	<u>398,644</u>	<u>110,868</u>	<u>143</u>

**Financial liabilities measured at amortised cost**

	<u>Group</u> <u>2018</u> US\$	<u>Group</u> <u>2017</u> US\$	<u>Company</u> <u>2018</u> US\$	<u>Company</u> <u>2017</u> US\$
Bank overdraft	-	156	-	156
Bank loans	-	1,913	-	-
Loans from ultimate holding company	907,095	805,783	907,095	805,783
Trade and other payables	1,135,213	1,463,411	40,540	39,241
	<u>2,042,308</u>	<u>2,271,263</u>	<u>947,630</u>	<u>845,180</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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**25. NEW ACCOUNTING STANDARDS AND FRS INTERPRETATIONS**

Certain new accounting standards, amendments and interpretations to existing standards have been issued and are mandatory for accounting periods beginning after 1 April 2018 or later periods and which the Group and Company has not early adopted in preparing these financial statements. Directors assessed that the adoption of these standards, amendments and interpretations will have no significant impact on the Group's and Company's financial statements in the period of initial application.

The following standards that have been issued but not yet effective, and which may be applicable to the Group and Company are as follows:

	<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
▪ Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 Jan 2018
▪ FRS 116 Leases	1 Jan 2019

**26. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE**

The financial statements for the financial year ended 31 March 2018 were authorised for issue in accordance with a resolution of the directors as at the date of the Directors' Statement.

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

**CONVEYOR HOLDINGS PTE. LTD.**  
**(Company Registration No.: 201224662W)**

**DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

	<u>2018</u> US\$	<u>2017</u> US\$
<b>Revenue income</b>		
Interest income	41,613	9,746
Other income	325	595
	<u>41,938</u>	<u>10,341</u>
<b>Costs and expenses</b>		
Employee benefits expenses	65,801	50,657
Foreign exchange loss	28,179	1,116
Audit fee	3,817	4,129
Bank charges	1,410	1,012
Legal and professional fees	2,166	-
Interest expense	76,064	53,858
Office rent	34,208	-
Subscription fee	290	169
	<u>(211,935)</u>	<u>(110,941)</u>
<b>Loss before tax</b>	<u>(169,997)</u>	<u>(100,600)</u>