

Directors' Statement and
Audited Consolidated Financial Statements

CONVEYOR HOLDINGS PTE. LTD.
Company Registration No.: 201224662W

AND ITS SUBSIDIARY

31 MARCH 2017



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

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
OCBC Bank

INDEX

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

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

DIRECTORS' STATEMENT

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 2017.

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 2017 and the financial performance, changes in equity and cash flows of the Group, and financial performance 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. DIRECTOR

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

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 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. DIRECTOR'S 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.

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

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

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

DIRECTOR'S STATEMENT

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: 30 MAY 2017

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

INDEPENDENT AUDITORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Conveyor Holdings Pte. Ltd. (the "Company") and its subsidiary (collectively, the "Group"), which comprise the consolidated and separate statement of financial position as at 31 March 2017, the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated statement of cash flows 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 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 financial position of the Group and Company as at 31 March 2017 and of 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.

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 Group 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.

Emphasis of Matter

The Group and the Company incurred a net loss of US\$16,024 (2016: US\$322,219) and US\$100,600 (2016: US\$213,254) respectively for financial year ended 31 March 2017 and, as at that date, the Group and the Company's current liabilities exceeded its current assets by US\$1,095,066 (2016: US\$828,721) and US\$845,037 (2016: US\$428,931) respectively.

These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern. The ability of the Group and the Company to continue as a going concern depends on the ultimate holding company undertaking to provide continuing financial support to enable the Group and the Company to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

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 the other information, we are required to report that fact. We have nothing to report in this regard.

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

INDEPENDENT AUDITORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

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 of 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.
- 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.

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

INDEPENDENT AUDITORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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 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 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: 30 MAY 2017

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

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	<u>Note</u>	<u>Group</u> <u>2017</u> <u>US\$</u>	<u>Group</u> <u>2016</u> <u>US\$</u>	<u>Company</u> <u>2017</u> <u>US\$</u>	<u>Company</u> <u>2016</u> <u>US\$</u>
<u>ASSETS</u>					
Current assets					
Cash and cash equivalents	4	165,423	90,289	-	-
Trade and other receivables	5	233,221	154,442	143	269
Inventories	6	645,201	1,369,451	-	-
Other assets	7	132,352	-	-	-
		<u>1,176,197</u>	<u>1,614,182</u>	<u>143</u>	<u>269</u>
Non-current assets					
Property, plant and equipment	8	21,017	23,740	-	-
Investment in subsidiary	9	-	-	96	96
Loan to subsidiary	10	-	-	315,506	-
		<u>21,017</u>	<u>23,740</u>	<u>315,602</u>	<u>96</u>
Total assets		<u>1,197,214</u>	<u>1,637,922</u>	<u>315,745</u>	<u>365</u>
<u>LIABILITIES AND EQUITY</u>					
Current liabilities					
Bank overdraft	4	156	86	156	86
Bank loan	11	1,913	-	-	-
Trade and other payables	12	2,269,194	2,430,711	845,024	429,114
Finance Lease obligation	13	-	12,106	-	-
		<u>2,271,263</u>	<u>2,442,903</u>	<u>845,180</u>	<u>429,200</u>
Non-current liabilities					
Bank loan	11	-	253,044	-	-
		<u>-</u>	<u>253,044</u>	<u>-</u>	<u>-</u>
Total liabilities		<u>2,271,263</u>	<u>2,695,947</u>	<u>845,180</u>	<u>429,200</u>
Equity					
Share capital	14	500,100	500,100	500,100	500,100
Translation reserve		87,586	83,998	-	-
Retained earnings		(1,661,735)	(1,642,123)	(1,029,535)	(928,935)
Total equity		<u>(1,074,049)</u>	<u>(1,058,025)</u>	<u>(529,435)</u>	<u>(428,835)</u>
Total liabilities and equity		<u>1,197,214</u>	<u>1,637,922</u>	<u>315,745</u>	<u>365</u>

See accompanying notes to the financial statements

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

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	<u>Note</u>	<u>Group</u> <u>2017</u> <u>US\$</u>	<u>Group</u> <u>2016</u> <u>US\$</u>	<u>Company</u> <u>2017</u> <u>US\$</u>	<u>Company</u> <u>2016</u> <u>US\$</u>
REVENUE INCOME	15	3,244,763	3,127,957	10,341	4,505
COSTS AND EXPENSES					
Purchases	6	2,564,913	2,633,377	-	-
Depreciation		3,388	3,062	-	-
Employee benefits expenses	16	326,989	396,100	50,657	134,344
Foreign exchange loss		1,255	23,338	1,116	4,800
Other operating expenses	17	367,830	383,959	59,168	78,555
		<u>3,264,375</u>	<u>(3,439,836)</u>	<u>110,941</u>	<u>(217,699)</u>
Loss before income tax		(19,612)	(311,879)	(100,600)	(213,194)
Income tax expense	18	-	(60)	-	(60)
Loss after income tax		<u>(19,612)</u>	<u>(311,939)</u>	<u>(100,600)</u>	<u>(213,254)</u>
Other comprehensive income:					
Translation differences		<u>3,588</u>	<u>(10,280)</u>	-	-
Other comprehensive income, net of tax		<u>3,588</u>	<u>(10,280)</u>	-	-
Total comprehensive loss for the year, attributable to owners of the Company		<u>(16,024)</u>	<u>(322,219)</u>	<u>(100,600)</u>	<u>(213,254)</u>

See accompanying notes to the financial statements

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

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	<u>Share capital</u> US\$	<u>Translation reserve</u> US\$	<u>Retained earnings</u> US\$	<u>Total</u> US\$
<u>Group</u>				
As 1 April 2015	500,100	94,278	(1,330,184)	(735,806)
Total comprehensive loss for the year	-	-	(311,939)	(311,939)
Other comprehensive income for the year	-	(10,280)	-	(10,280)
At 31 March 2016	<u>500,100</u>	<u>83,998</u>	<u>(1,642,123)</u>	<u>(1,058,025)</u>
At 1 April 2016	500,100	83,998	(1,642,123)	(1,058,025)
Total comprehensive loss for the year	-	-	(19,612)	(19,612)
Other comprehensive income for the year	-	3,588	-	3,588
At 31 March 2017	<u>500,100</u>	<u>87,586</u>	<u>(1,661,735)</u>	<u>(1,074,049)</u>
		<u>Share capital</u> US\$	<u>Retained earnings</u> US\$	<u>Total</u> US\$
<u>Company</u>				
At 1 April 2015		500,100	(715,681)	(215,581)
Total comprehensive loss for the year		-	(213,254)	(213,254)
At 31 March 2016		<u>500,100</u>	<u>(928,935)</u>	<u>(428,835)</u>
At 1 April 2016		500,100	(928,935)	(428,835)
Total comprehensive loss for the year		-	(100,600)	(100,600)
At 31 March 2017		<u>500,100</u>	<u>(1,029,535)</u>	<u>(529,435)</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 2017

	<u>Note</u>	<u>Group</u> <u>2017</u> <u>US\$</u>	<u>Group</u> <u>2016</u> <u>US\$</u>
Cash flows from operating activities			
Loss before income tax		(19,612)	(311,879)
Adjustments for:			
Depreciation	8	3,388	3,062
Exchange rate realignment		129	216
Interest income		(1,417)	-
Currency translation difference arising on consolidation		3,588	(10,280)
Operating loss before working capital changes		<u>(13,924)</u>	<u>(318,881)</u>
Changes in working capital:			
(Increase)/decrease in trade and other receivables		(78,779)	616,704
Decrease/(increase) in inventories		724,250	(264,236)
(Decrease)/increase in trade and other payables		(161,517)	714,349
Increase in other assets		(132,352)	-
Net cash (used in)/ generated from operations		<u>337,678</u>	<u>747,936</u>
Interest received		1,417	-
Income tax paid		-	(60)
Net cash generated from operating activities		<u>339,095</u>	<u>747,876</u>
Cash flows from investing activities			
Purchase of equipment	8	(794)	(2,258)
Exchange rate realignment		-	(352)
Net cash used in investing activities		<u>(794)</u>	<u>(2,610)</u>
Cash flows from financing activities			
Increase in amount due to third parties		-	(1,127,615)
Finance lease obligations		(12,106)	(9,922)
(Repayments of)/proceed from bank loans		(251,131)	253,044
Net cash used in financing activities		<u>(263,237)</u>	<u>(884,493)</u>
Net increase/(decrease) in cash and cash equivalents		75,064	(139,227)
Cash and cash equivalents at beginning of the year		<u>90,203</u>	<u>229,430</u>
Cash and cash equivalents at end of the year	4	<u>165,267</u>	<u>90,203</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 2017

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 ultimate holding company is International Conveyors Limited, which is domiciled and 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 financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and 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 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 accounting policies adopted are consistent with those of the previous financial year, except that during the year the Group and 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 Group's and Company's accounting policies nor any significant impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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.

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 the profit or loss in the period of the acquisition.

2.3) SUBSIDIARY

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 statement of financial position, investment in subsidiary is accounted for at cost less impairment losses.

2.4) FOREIGN CURRENCY

(a) *Functional and presentation currency*

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4) FOREIGN CURRENCY (CONT'D)

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the monthly exchange rate. 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 the financial year end are recognised in 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 profit or loss as part of gain or loss on disposal of the foreign operation.

Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates as at the dates of the initial transactions. 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.

2.5) 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.

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

	<u>Useful lives</u>
Equipment	3 years
Motor vehicle	8 years

The carrying values 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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 year the asset is derecognised.

2.6) IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group and 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 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.

2.7) FINANCIAL ASSETS

Initial recognition and measurement

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7) FINANCIAL ASSETS (CONT'D)

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 decognised or impaired, and through the amortisation process.

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

Cash and cash equivalents comprise cash at banks.

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 had been recognised in other comprehensive income is recognised in profit or loss.

2.8) IMPAIRMENT OF FINANCIAL ASSETS

The Group and Company assesses 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 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. 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 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8) IMPAIRMENT OF FINANCIAL ASSETS (CONT'D)

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 assets.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and Company considers 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 year, 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.

2.9) 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.

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, and amount due to ultimate holding company.

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 as 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.

2.10) CASH AND CASH EQUIVALENTS

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11) 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.

2.12) 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.

2.13) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13) EMPLOYEE BENEFITS (CONT'D)

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.

2.14) LEASES

Where the company is the lessee

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

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

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.

2.15) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16) INCOME TAX

Current income tax

Current income tax assets and liabilities for the current and prior years 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 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.

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 to the year 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 reporting date and based on the tax consequence which will follow from the manner in which the Company expects, at 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 tax jurisdiction.

2.17) RELATED PARTIES

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

- (a) A person or a close member of that person's family related to the 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 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17) RELATED PARTIES (CONT'D)

- (b) An entity is related to the 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 entity 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).
 - (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 the parent of the reporting entity.

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

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the Group's financial statements requires management to exercise judgements and requires the use of estimates and assumptions. These judgements affect the application of the Group's 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 (other than those involving estimates) that have a significant effect on the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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 end of the financial year, 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 debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. 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\$645,201 (2016: US\$1,369,451) as disclosed in Note 6 to the financial statements.

4. CASH AND CASH EQUIVALENTS

	<u>Group</u> <u>2017</u> US\$	<u>Group</u> <u>2016</u> US\$	<u>Company</u> <u>2017</u> US\$	<u>Company</u> <u>2016</u> US\$
Cash at banks	165,423	90,289	-	-
Bank overdraft	(156)	(86)	(156)	(86)
	<u>165,267</u>	<u>90,203</u>	<u>(156)</u>	<u>(86)</u>

Cash and cash equivalents are denominated in the following currencies:

	<u>Group</u> <u>2017</u> US\$	<u>Group</u> <u>2016</u> US\$	<u>Company</u> <u>2017</u> US\$	<u>Company</u> <u>2016</u> US\$
Australian dollar	165,423	90,289	-	-
Singapore dollar	(156)	(86)	(156)	(86)
	<u>165,267</u>	<u>90,203</u>	<u>(156)</u>	<u>(86)</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

5. TRADE AND OTHER RECEIVABLES

	<u>Group</u> <u>2017</u> US\$	<u>Group</u> <u>2016</u> US\$	<u>Company</u> <u>2017</u> US\$	<u>Company</u> <u>2016</u> US\$
<u>Trade receivables</u>				
Non-related parties	170,962	94,123	-	-
<u>Other receivables</u>				
Deposits	62,116	-	-	-
Sundry receivables	143	60,319	143	269
	62,259	60,319	143	269
Total trade and other receivables	<u>233,221</u>	<u>154,442</u>	<u>143</u>	<u>269</u>

Trade and other receivables are denominated in the following currencies:

	<u>Group</u> <u>2017</u> US\$	<u>Group</u> <u>2016</u> US\$	<u>Company</u> <u>2017</u> US\$	<u>Company</u> <u>2016</u> US\$
Australian dollar	233,078	154,173	-	-
Singapore dollar	43	169	43	169
United States dollar	100	100	100	100
	<u>233,221</u>	<u>154,442</u>	<u>143</u>	<u>269</u>

Trade receivables are unsecured, interest-free and repayable within the normal trade credit terms granted to the customers at 30 days (2016: 30 days).

6. INVENTORIES

	<u>Group</u> <u>2017</u> US\$	<u>Group</u> <u>2016</u> US\$	<u>Company</u> <u>2017</u> US\$	<u>Company</u> <u>2016</u> US\$
Finished goods, at lower of cost and NRV	645,201	1,369,451	-	-
	<u>Group</u> <u>2017</u> US\$	<u>Group</u> <u>2016</u> US\$	<u>Company</u> <u>2017</u> US\$	<u>Company</u> <u>2016</u> US\$
Beginning of the year	1,369,451	1,105,215	-	-
Purchases	1,840,663	2,897,613	-	-
Closing balance	(645,201)	(1,369,451)	-	-
	<u>2,564,913</u>	<u>2,633,377</u>	<u>-</u>	<u>-</u>

Inventories that were expensed off and included in cost of sales for the financial year ended 31 March 2017 amounted to US\$2,564,913 (2016: US\$2,633,377).

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

<u>2017</u> <u>Group</u>	Equipment US\$	Motor vehicle US\$	Total US\$
Cost			
As at 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>
Accumulated depreciation			
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>
Carrying amount			
As at 31 March 2017	<u>2,515</u>	<u>18,502</u>	<u>21,017</u>
<u>2016</u> <u>Group</u>			
Cost			
At as 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			
As at 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>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

9. INVESTMENT IN SUBSIDIARY

	<u>Company</u> <u>2017</u> US\$	<u>Company</u> <u>2016</u> US\$
Unquoted shares, at cost		
100 ordinary shares of AU\$1 each	96	96

The following information relates to the subsidiary:

<u>Name and country</u> <u>incorporated</u>	<u>Principal activities</u>	<u>Proportion of ownership</u> <u>interest</u>	
		<u>2017</u> %	<u>2016</u> %
Held by the company:			
* International Conveyors Australia Pty Ltd (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>2017</u> US\$	<u>2016</u> US\$
Company		
Principal	305,760	-
Accrued interest	9,746	-
	<u>315,506</u>	<u>-</u>

The loan to subsidiary is trade-related in nature, unsecured, interest bearing at 7.25% (2016: Nil) per annum and is repayable on 18 October 2021.

The loan to subsidiary is denominated in Australian dollar.

11. BANK LOANS

	<u>2017</u> US\$	<u>2016</u> US\$
Group		
Non-current		
Estimated amount payable on 30 September 2016	-	269,757
Future finance charges	-	(16,713)
	<u>-</u>	<u>253,044</u>
Current		
Bank loan	<u>1,913</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 2017

11. BANK LOANS (CONT'D)

In 2016, the bank loans were placed under non-current liabilities as it is expected that the loan will be renewed after its expiry date. The bank loans were denominated in Australian dollar, trade-related in nature, unsecured, with interest rate of 5.7% per annum and has been fully repaid during the financial year.

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 repayable within the next financial year.

12. TRADE AND OTHER PAYABLES

	<u>Group</u> <u>2017</u> US\$	<u>Group</u> <u>2016</u> US\$	<u>Company</u> <u>2017</u> US\$	<u>Company</u> <u>2016</u> US\$
<u>Trade payables</u>				
Related parties	1,283,809	1,891,058	-	-
Third parties	46,367	115,959	-	-
	<u>1,330,176</u>	<u>2,007,017</u>	<u>-</u>	<u>-</u>
<u>Other payables</u>				
Sundry creditors	133,235	29,474	39,241	34,798
Amount due to subsidiary	-	-	-	96
Amount due to ultimate holding company	805,783	394,220	805,783	394,220
	<u>939,018</u>	<u>423,694</u>	<u>845,024</u>	<u>429,114</u>
Total trade and other payables	<u>2,269,194</u>	<u>2,430,711</u>	<u>845,024</u>	<u>429,114</u>

Trade and other payables are denominated in the following currencies:

	<u>Group</u> <u>2017</u> US\$	<u>Group</u> <u>2016</u> US\$	<u>Company</u> <u>2017</u> US\$	<u>Company</u> <u>2016</u> US\$
Australian dollar	1,424,170	2,001,693	-	96
Singapore dollar	411,382	34,798	411,382	34,798
United States dollar	433,642	394,220	433,642	394,220
	<u>2,269,194</u>	<u>2,430,711</u>	<u>845,024</u>	<u>429,114</u>

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 trade in nature, unsecured, interest-free and repayable on demand.

The amount due to ultimate holding company of US\$433,642 (2016: US\$394,220) is trade in nature, unsecured, interest bearing at 10% per annum and is repayable on demand.

The amount due to ultimate holding company of US\$372,141 (2016: US\$ Nil) is trade-related in nature, unsecured, interest bearing at 8.5% per annum and is repayable on demand.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

13. FINANCE LEASE OBLIGATION

<u>GROUP</u>	<u>2017</u> <u>US\$</u>	<u>2016</u> <u>US\$</u>
Payable not later than 1 year	-	12,259
Payable later than 1 year but not later than 5 years	-	-
	-	12,259
Future finance charges	-	(153)
Present value of finance lease obligations	-	12,106
Present value of finance lease liabilities:		
Not later than 1 year	-	12,106
Later than 1 year but not later than 5 years	-	-
	-	12,106

The finance lease obligation was entered for the purchase of motor vehicle by the subsidiary. The finance lease obligation was for tenure of 3 years.

14. SHARE CAPITAL

<u>Number of ordinary shares</u>	<u>Group</u> <u>2017</u> <u>US\$</u>	<u>Group</u> <u>2016</u> <u>US\$</u>	<u>Company</u> <u>2017</u> <u>US\$</u>	<u>Company</u> <u>2016</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. REVENUE INCOME

	<u>Group</u> <u>2017</u> <u>US\$</u>	<u>Group</u> <u>2016</u> <u>US\$</u>	<u>Company</u> <u>2017</u> <u>US\$</u>	<u>Company</u> <u>2016</u> <u>US\$</u>
Sale of goods	3,140,723	2,977,828	-	-
Interest income	1,417	-	9,746	4,159
Other income	102,623	150,129	595	346
	3,244,763	3,127,957	10,341	4,505

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

16. EMPLOYEE BENEFIT EXPENSES

	<u>Group</u> <u>2017</u> US\$	<u>Group</u> <u>2016</u> US\$	<u>Company</u> <u>2017</u> US\$	<u>Company</u> <u>2016</u> US\$
CPF contribution	7,347	9,355	7,347	9,355
Salaries	311,952	386,593	43,215	124,837
SDF fund	95	152	95	152
	7,595	-	-	-
	<u>326,989</u>	<u>396,100</u>	<u>50,657</u>	<u>134,344</u>

17. OTHER OPERATING EXPENSES

Included in other operating expenses are the following:

	<u>Group</u> <u>2017</u> US\$	<u>Group</u> <u>2016</u> US\$	<u>Company</u> <u>2017</u> US\$	<u>Company</u> <u>2016</u> US\$
Bank charges	3,065	4,254	1,012	589
Legal and professional fees	(85)	12,145	-	285
Office rent	19,282	43,623	-	33,660
Consulting fees	180,848	176,574	-	-
Insurance	12,389	11,961	-	-
Interest expense	61,671	53,787	53,858	35,882
Marketing expense	1,341	1,219	-	-
	<u>1,341</u>	<u>1,219</u>	<u>-</u>	<u>-</u>

18. INCOME TAX EXPENSE

	<u>Group</u> <u>2017</u> US\$	<u>Group</u> <u>2016</u> US\$	<u>Company</u> <u>2017</u> US\$	<u>Company</u> <u>2016</u> US\$
Tax expense attributable to loss is made up of:				
- Underprovision of prior year tax	-	60	-	60
	<u>-</u>	<u>60</u>	<u>-</u>	<u>60</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

18. INCOME TAX EXPENSE (CONT'D)

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>2017</u> <u>US\$</u>	<u>Group</u> <u>2016</u> <u>US\$</u>	<u>Company</u> <u>2017</u> <u>US\$</u>	<u>Company</u> <u>2016</u> <u>US\$</u>
Loss before tax	(19,612)	(311,879)	(100,600)	(213,194)
Tax benefit at Singapore's statutory income tax rate of 17%	3,334	53,019	17,102	36,243
Effect of:				
- deferred tax assets not recognised	(3,334)	(53,019)	(17,102)	(36,243)
- underprovision of prior year tax	-	60	-	60
	<u>-</u>	<u>60</u>	<u>-</u>	<u>60</u>

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

	<u>Group</u> <u>2017</u> <u>US\$</u>	<u>Group</u> <u>2016</u> <u>US\$</u>	<u>Company</u> <u>2017</u> <u>US\$</u>	<u>Company</u> <u>2016</u> <u>US\$</u>
Unabsorbed tax losses	(1,202,177)	(1,182,566)	(749,621)	(649,021)

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\$204,379 (2016: US\$201,036) and US\$127,436 (2016: US\$110,334) respectively.

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>2017</u> <u>US\$</u>	<u>Group</u> <u>2016</u> <u>US\$</u>	<u>Company</u> <u>2017</u> <u>US\$</u>	<u>Company</u> <u>2016</u> <u>US\$</u>
Within one year	-	18,316	-	-
Within two to five years	-	54,948	-	-
	<u>-</u>	<u>73,264</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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>2017</u> US\$	<u>Group</u> <u>2016</u> US\$	<u>Company</u> <u>2017</u> US\$	<u>Company</u> <u>2016</u> US\$
<u>Loans from:</u>				
Interest on loan from ultimate holding company	53,858	35,838	53,858	38,838
<u>Loans to:</u>				
Interest on loan to subsidiary company	-	-	9,746	4,158
<u>Expenses reimbursed:</u>				
Expenses reimbursed to director	8,301	-	-	-
Expenses reimbursed by ultimate holding company	121,931	-	-	-
<u>Purchases from:</u>				
Related parties*	-	2,897,613	-	-

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

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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

21. FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (Cont'd)

	<u>Carrying amount</u> US\$	<u>Contractual cash flows (including interest payments)</u>		
		<u>Total</u> US\$	<u>Within 1 year</u> US\$	<u>Within 2 to 5 years</u> US\$
Group				
2017				
Bank overdraft	156	156	156	-
Bank loan	1,913	1,913	1,913	-
Trade and other payables	2,269,194	2,269,194	2,269,194	-
At end of year	<u>2,271,263</u>	<u>2,271,263</u>	<u>2,271,263</u>	<u>-</u>
2016				
Bank loan	253,044	253,044	-	253,044
Bank overdraft	86	86	86	-
Trade and other payables	2,430,711	2,430,711	2,430,711	-
Finance lease obligation	12,106	12,106	12,106	-
At end of year	<u>2,695,947</u>	<u>2,695,947</u>	<u>2,442,903</u>	<u>253,044</u>
Company				
2017				
Bank overdraft	156	156	156	-
Trade and other payables	845,024	845,024	845,024	-
At end of year	<u>845,180</u>	<u>845,180</u>	<u>845,180</u>	<u>-</u>
2016				
Bank overdraft	86	86	86	-
Trade and other payables	429,114	429,114	429,114	-
At end of year	<u>429,200</u>	<u>429,200</u>	<u>429,200</u>	<u>-</u>

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 SGD</u> US\$	<u>Total</u> US\$
2017			
Financial assets			
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>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

21. FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk (Cont'd)

	<u>AUD</u> <u>US\$</u>	<u>Group</u> <u>SGD</u> <u>US\$</u>	<u>Total</u> <u>US\$</u>
<u>2017</u>			
<u>Financial liabilities</u>			
Bank loan	1,913	-	1,913
Bank overdraft	-	156	156
Trade and other payables	1,424,170	411,382	1,835,552
	<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>
	<u>AUD</u> <u>US\$</u>	<u>Group</u> <u>SGD</u> <u>US\$</u>	<u>Total</u> <u>US\$</u>
<u>2016</u>			
<u>Financial assets</u>			
Cash and cash equivalents	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>			
Bank loans	253,044	-	253,044
Trade and other payables	2,001,693	34,798	2,036,491
Finance Lease obligation	12,106	-	12,106
Bank overdraft	-	86	86
	<u>2,266,843</u>	<u>34,884</u>	<u>2,301,727</u>
Net financial (liabilities) currency exposure	<u>(2,022,381)</u>	<u>(34,715)</u>	<u>(2,057,096)</u>

At 31 March 2017, 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\$51,379 and US\$20,575 (2016: US\$83,929 and US\$1,441) higher/lower as a result of currency translation gains/losses on the remaining financial liabilities denominated in Australian dollar and Singapore dollar respectively.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

21. FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk (Cont'd)

	<u>AUD</u> US\$	<u>Company</u> <u>SGD</u> US\$	<u>Total</u> US\$
<u>2017</u>			
<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>			
Trade and other payables	-	411,382	411,382
Bank overdraft	-	156	156
		<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>
	<u>AUD</u> US\$	<u>Company</u> <u>SGD</u> US\$	<u>Total</u> US\$
<u>2016</u>			
<u>Financial assets</u>			
Trade and other receivables	-	169	169
	-	169	169
<u>Financial liabilities</u>			
Trade and other payables	96	34,798	34,894
Bank overdraft	-	86	86
	<u>96</u>	<u>34,884</u>	<u>34,980</u>
Net financial (liabilities) currency exposure	<u>(96)</u>	<u>(34,715)</u>	<u>(34,811)</u>

At 31 March 2017, 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\$15,775 and US\$20,575 (2016: US\$4 and US\$1,441) 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 2017

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>2017</u> US\$	<u>Group</u> <u>2016</u> US\$	<u>Company</u> <u>2017</u> US\$	<u>Company</u> <u>2016</u> US\$
Cash and cash equivalents	165,423	90,289	-	-
Trade and other receivables	233,221	154,442	143	269
Loan to subsidiary	-	-	315,506	-
Total credit exposure	<u>398,644</u>	<u>244,731</u>	<u>315,649</u>	<u>269</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 nor impaired is US\$398,644 and US\$315,649 respectively. (2016: US\$244,731 and US\$269).

22. CAPITAL MANAGEMENT

Capital risk

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 2017 and 31 March 2016.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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.

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

	<u>Group</u> <u>2017</u> US\$	<u>Group</u> <u>2016</u> US\$	<u>Company</u> <u>2017</u> US\$	<u>Company</u> <u>2016</u> US\$
Loans and receivables				
Cash and cash equivalents	165,423	90,289	-	-
Trade and other receivables	233,221	154,442	143	269
	<u>398,644</u>	<u>244,731</u>	<u>143</u>	<u>269</u>

Financial liabilities measured at amortised cost

	<u>Group</u> <u>2017</u> US\$	<u>Group</u> <u>2016</u> US\$	<u>Company</u> <u>2017</u> US\$	<u>Company</u> <u>2016</u> US\$
Bank overdraft	156	86	156	86
Bank loans	1,913	-	-	-
Trade and other payables	2,269,194	2,430,711	845,024	429,114
Finance lease payable	-	12,106	-	-
	<u>2,271,263</u>	<u>2,442,903</u>	<u>845,180</u>	<u>429,200</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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 2017 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 2017 were authorised for issue in accordance with a resolution of the directors as at the date of the Directors' statement.