ANNUAL REPORT 2017

A CLOSER WORLD
THROUGH
GLOBAL TRADE

ALUZINC ASIA

building TRUST

ABOUT ALUZINC ASIA

Aluzinc Asia Pte Ltd., is a Singaporean GTP trading company that started its operations in 2007 with the intention of trading in the steel sector by the CEO and founder of the company, Mr. Rajesh Balasubramanian. Rajesh holds a PGDM certification from Indian Institute of Management (IIM), Kolkata and a Bachelors Degree in Engineering. He has worked with Marubeni Itochu and other trading organisations before launching Aluzinc Asia. The company was established as a subsidiary of Aluzinc AG from Liechenstein till 2012, subsequent to which Sadoshima Corporation, a Japanese Trading company decided to participate in the business and bought 27% stake of the company.

The company originally started with a focus in African markets due to the parent group's historic presence in Africa and the CEO's experience in sales in this market. Subsequently in 2010, Aluzinc Asia ventured into the Latin American markets and further added textile raw materials in 2014 and most recently palm oil and packaged food products as a part of the portfolio. The company has also ventured in to the South East Asian markets with the business expanding rapidly across all the products and markets. Aluzinc Asia prides itself as a niche player in the commodity market since it has identified a unique space for itself in each of its lines of business. The organization values its relationship with both its suppliers and its customers, some of which age beyond the life of Aluzinc Asia.

In 2017, the company clocked a turnover of US$ 249 Million with a healthy bottom line. Going forward, Aluzinc Asia is maintaining a "cautious growth" outlook for its business across all sectors and aims to close at around US$ 350 Million by the end of 2018.

The holding structure of Aluzinc Asia is undergoing a change where it will be substantially management - owned and controlled in the future.

CONTENTS

PRABHU SATYAMOORTHY
CO CEO

RAJESH BALASUBRAMANIAN
CO CEO

FROM THE CO CEO'S DESK

Dear Clients, Suppliers, Bankers, Financiers and Employees,

We would like to start by thanking you for the support all of you have provided Aluzinc Asia. It is your support that has got us where we are today. Aluzinc Asia started as a one-person operation in 2007, out of a small office. Our first trade was for a corrugating machine from Japan to Ghana. Since then, we have been trading in steel, textile raw materials, packaged foods and non-ferrous metals, sourcing from around 6 countries and selling in over 30 countries. The journey has been eventful and educative.

Born in the middle of the economic crisis of 2007, Aluzinc Asia has grown through the years surviving through periods of economic turbulence including those in Russia, Europe, Ukraine and China. While each of these crises cast a dark cloud over the world trade, Aluzinc Asia pulled through them and emerged stronger. Through the years, the support from our stakeholders has helped us to grow into an organization of strength and character. And for this, our heartfelt gratitude goes out to them.

Aluzinc Asia today has a strength of 30 people, of different ethnicity, located on various continents. We pursue 'Glocalisation' as a consistent strategy to help us blend into local business environments and gain trust of clients and suppliers. Sustainability and scalability are part of the organization's DNA and we have built the business through small and incremental steps. While we have taken a slow path to grow to our current size, we see unprecedented opportunities presenting themselves to us which we expect will propel our growth trajectory. Growth has been crucial to us, but we have taken steps to build up balance sheet strength as well.

We look to the future with cautious optimism, abundant enthusiasm and a commitment to grow with all our stakeholders. We shall also remain conscious of our social responsibilities in every opportunity we seek. In the foreseeable future, Aluzinc Asia will emerge as a company with impeccable integrity and inspiring credentials.

Sincerely,

Rajesh Balasubramanian
CO CEO

Prabhu Sathyamoorthy
CO CEO

Our Business

OUR BUSINESS

1. KEY FINANCIAL HIGHLIGHTS

REVENUE IN 2017

Revenue for the year ending 2017 at US$ 249 million is higher by US$ 18 million (8%) against financial year 2016 of US$ 231million.

GROSS PROFIT IN 2017

Gross Profit was US$ 8million (3.22%) which has been in line with the financial year 2016 (3.39%). EBITDA for financial year 2017 is US$ 1.3 million against FY16 of US$ 0.75million.

INCREASE IN SALES IN 2017

Increase in sales majorly contributed by steel division (by US$ 27million). Textile division also registered an increased sales of US$ 6.3million YoY. With concentration more on core commodities, the raw material sales decreased by US$ 15million YoY.

(Refer to page no. 17 for detailed break-up)

NET PROFIT IN 2017

Net Profit for FY 2017 at US$ 1million increased by 56% YoY against FY 2016 at US$ 0.6million. Net profit increase in lines with increase in sales and savings in some operating expenditure (last year penal rent)

FINANCIAL POSITION

Net Worth(NW) @ FY 2017 is US$ 7.9 million (as against US$ 6.9 million in FY 2016). The major deployment of Net Worth being in Net Current Assets (NCA) at US$ 7.8 million (as against US$ 6.8 million in FY 2016)

Return on capital employed (ROCE) was 14% (FY 2016 - 10%) with Gearing (AP to NW) at 4.3 against 7.2 for LY comparative.

(Refer to page no. 37 for detailed break-up)

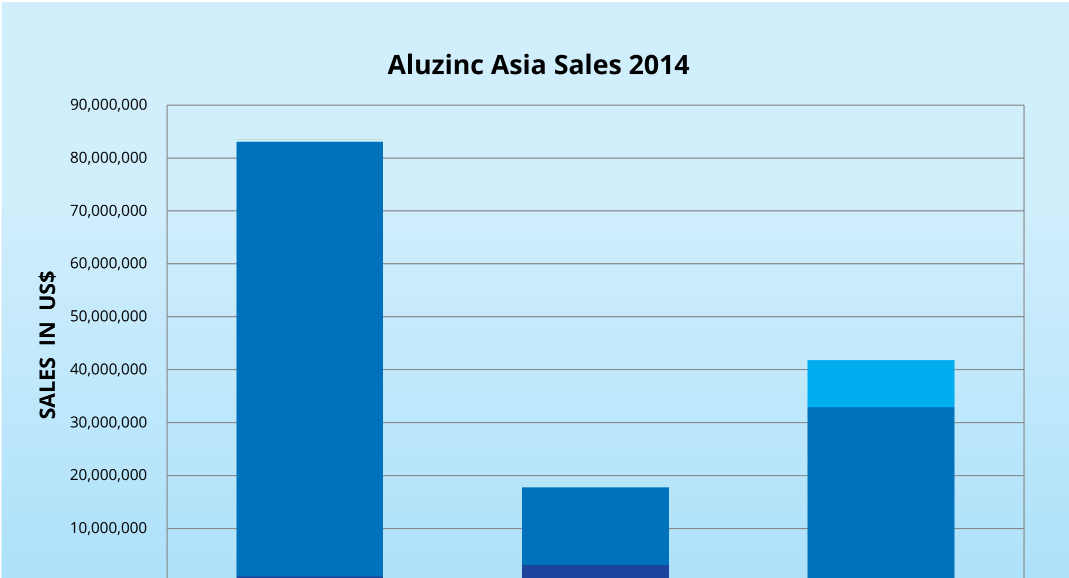
STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2017

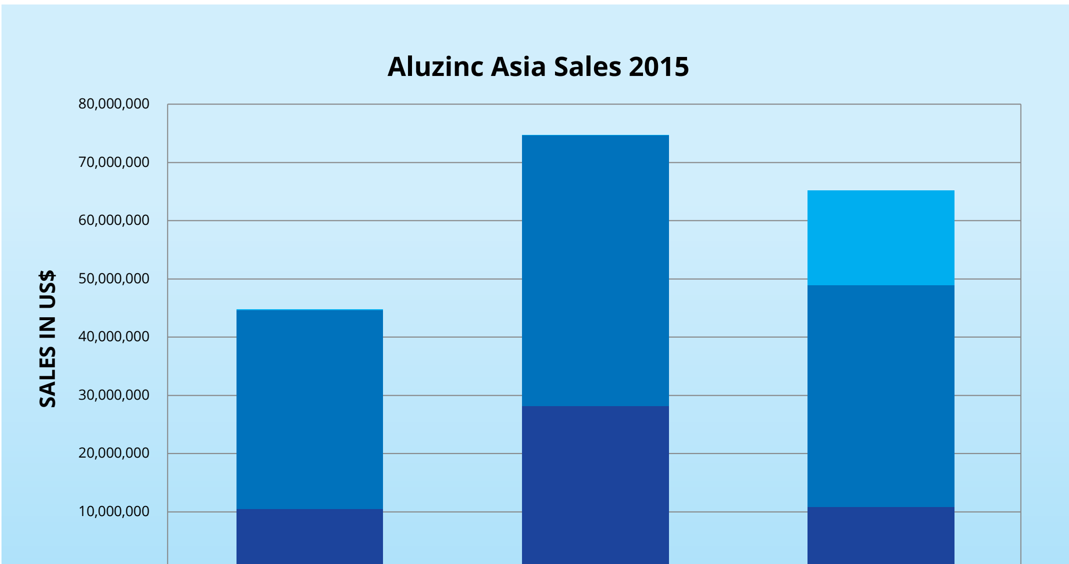
(Expressed in United States Dollars)

Continuing Operations	Note	2017 US$	2016 US$
Revenue	13	248,695,218	230,696,462
Cost of Sales		(240,677,076)	(222,881,846)
Gross Profit		8,018,142	7,814,616
Other Income	14	169,425	225,685
Administrative Expenses	15	(3,489,740)	(4,021,751)
Other Operating Expenses	16	(3,096,598)	(2,858,514)
Finance Expenses	17	(410,367)	(467,537)
Profit before tax		**1,190,862**	**692,499**
Income tax expenses	18	(200,500)	(58,313)
Profit for the year, representing Total Comprehensive Income for the year		**990,362**	**634,186**

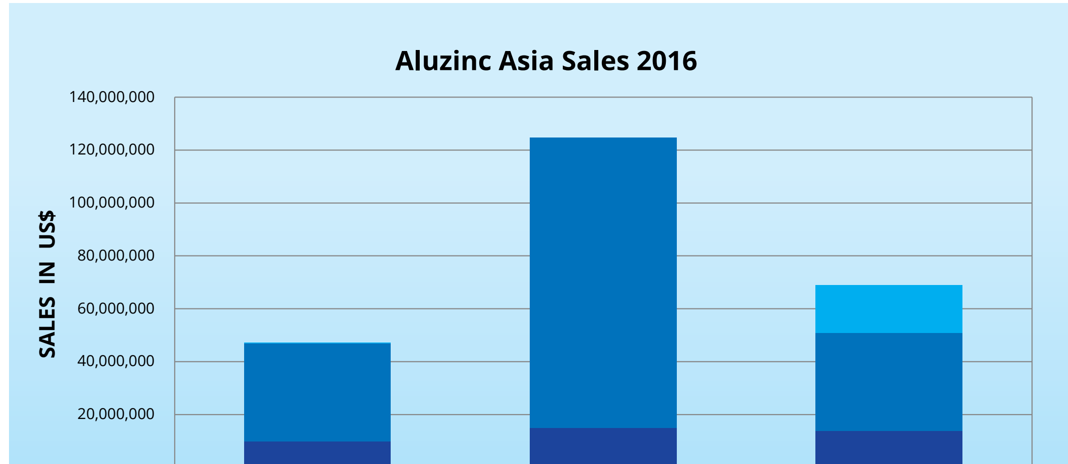
2. KEY FINANCIAL HIGHLIGHTS



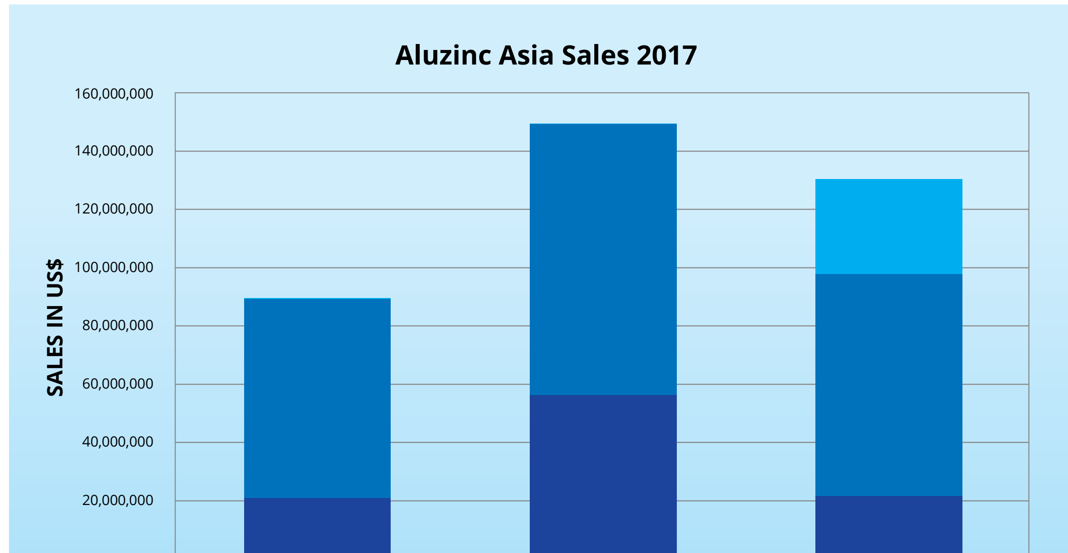
	AFRICA	ASIA	AMERICAS
TEXTILE	48,921	-	8,859,497
STEEL	82,121,828	14,616,304	32,897,844
OTHERS	1,287,899	3,169,760	-



	AFRICA	ASIA	AMERICAS
TEXTILE	142,758	59,522	16,276,556
STEEL	34,180,125	46,431,827	37,998,905
OTHERS	10,491,196	28,227,410	10,908,968



	AFRICA	ASIA	AMERICAS
TEXTILE	768,289	31,200	19,563,409
STEEL	34,332,403	109,491,693	28,057,344
OTHERS	10,946,107	15,049,696	12,456,321



	AFRICA	ASIA	AMERICAS
TEXTILE	77,934	196,597	26,512,031
STEEL	33,406,731	121,314,570	43,479,200
OTHERS	5,966,134	15,385,193	2,356,828

2. YEAR IN REVIEW

2017 has been a year of positive change for Aluzinc Asia.

With the appointment of Shankar Narayanan as Vice President (who has over 20 years of working experience in the commodities trading industry) the company has been able to address some of the recent challenges and make significant progress in moving towards the larger goal of market diversification, building a strong balance-sheet and establishing a solid foundation for future growth.

Diverse business portfolio of presence of different commodities – Steel, Textile raw materials, Packaged Foods and increasing our presence in the Central American markets.

Mitigating single sector exposure / balancing changes in supply and demand patterns, variable economic conditions and shifts in overall market environment.

Our long-term relationships with customer and supply partners allow us to gain a closer understanding of how to meet their changing requirements, and we are in turn able to respond quickly to changing market trends through our asset-light model.

Committed to recycling our assets and invest in high growth & high returns sectors

Streamlining of business and process, continue to focus on core strengths / build upon our position of one of Asia's leading merchants of physical commodities.

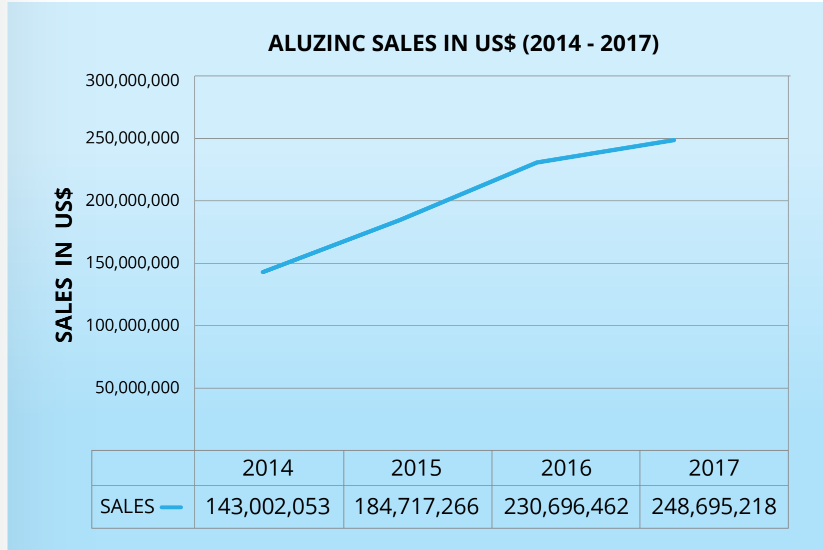
3. BUSINESS REVIEW

STEEL & TEXTILES

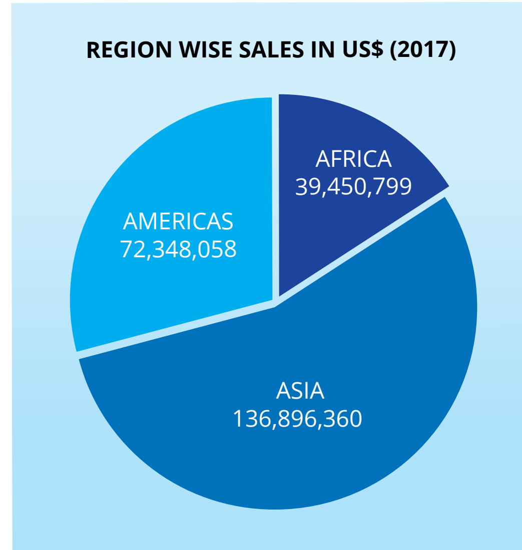
Aluzinc Asia remains an active player in the steel, textile raw materials market sourcing different types of steel from producers worldwide through short term to medium term offtake arrangements and then distributing it to our industrial consumer base.

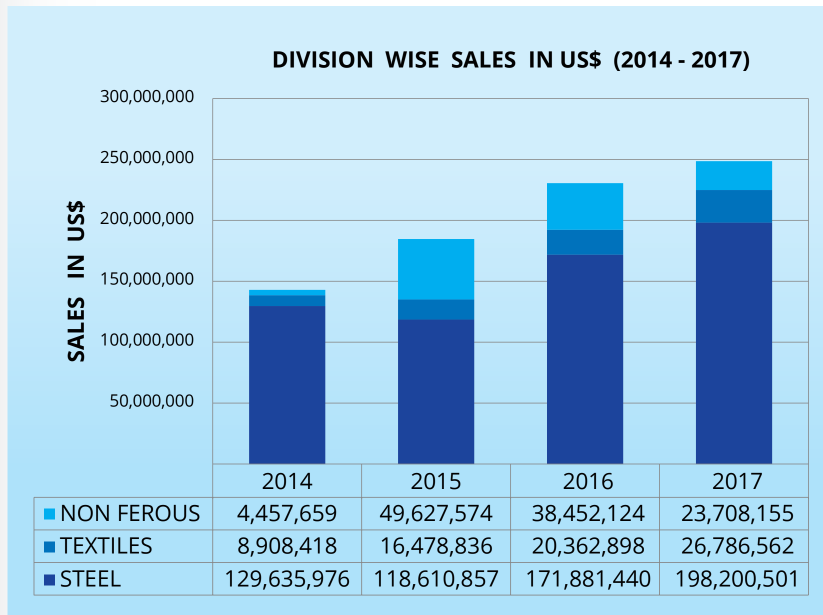
2017 remained a challenging year due to declining margins and working capital constraints.

However, improvement in profit margins due to cost rationalization and better deployment of existing working capital.



	2014	2015	2016	2017
SALES	143,002,053	184,717,266	230,696,462	248,695,218





	2014	2015	2016	2017
NON FEROUS	4,457,659	49,627,574	38,452,124	23,708,155
TEXTILES	8,908,418	16,478,836	20,362,898	26,786,562
STEEL	129,635,976	118,610,857	171,881,440	198,200,501

4. OUR PRESENCE

Our Business

5. MARKET RISK & CREDIT RISK

Our Market Risk team is made up of experienced commodity and risk professionals embedded in each business unit providing independent oversight and policy enforcement.

For 2017, the focus on increasing effectiveness by improving process efficiency through :-

a) Better deployment of our internal capabilities

b) Deepening our relationships with our current customers and ensuring all products have multiple customer base in each market..

Increased focused on risk-based returns, particularly for transactions that utilize significant amounts of our balance sheet capacity.

Aluzinc Asia has an experienced team of risk analysts and managers who oversee the group's aggregate credit and market risk portfolio.

The portfolio is diversified along industry, product and geographic lines.

Our Business

6. BEST HR PRACTISES

Aluzinc Asia encourages career development for all its employees through annual appraisals and encourages fair discussions between managers and employees.

Appraisals help the group to realise each individuals potential and allow our employees to capitalise on opportunities within the global businesses.

Illustrate with examples of employee transfers to countries where they can explore opportunities for business within the group to help them achieve a sense of entrepreneurship. Encouraging interoffice transfers to help team members explore opportunities for business within the group and achieve a sense of entrepreneurship. Like it happened in the case of Nijansh Kothari, Sr. Manager, International Business for Latin America who opted for a transfer to the Peru Office in August'16.

More than a challenge, Nijansh was offered a guideline - to consider the company as his own and to get business in every possible way he can with the company strongly giving him the necessary support to build the Latin American business for Aluzinc Asia.

Two years since the transfer, Nijansh has successfully built business in the Latin American market and went on to explore businesses in places as far as Honduras, El Salvador and Costa Rica including markets like Panama.

OUR MANAGEMENT

1. SENIOR MANAGEMENT

RAJESH BALASUBRAMANIAM

CO CEO

Rajesh Balasubramanian is the president of Aluzinc Asia Pte Ltd and was also the founder of the company in 2007. He has an PGDM from IIM Calcutta and a bachelor degree in engineering. He has worked with Marubeni Itochu for 6 years (1996-2002) and Tionale Enterprises Singapore for 5 years (2002-2007). Has been leading a successful team at Aluzinc Asia for the last 12 years. The company been enrolled on iE Singapore GTP program.

Our Management

PRABHU SATYAMOORTHY

CO CEO

Prabhu Sathyamoorthy is a Director of Aluzinc Asia Pte. Ltd. and has been with them since 2010. He is an MBA from INSEAD, France / Singapore and a Post Grad in International Trade from IIFT, India. He has over 20 years of experience in Trading and International business, starting his career with Marubeni Corporation India, spending around 8 years in Latin America with Tionale Pte. Ltd., before his current entrepreneurship role with Aluzinc Asia Pte. Ltd.

2. CORE TEAM

GAURAV JAIN

Associate Vice President - Textiles Division

Gaurav Jain is Associate Vice President at Aluzinc Asia Pte Ltd. A textile engineer by qualification, Gaurav also holds an MBA degree in marketing and sales. He has a rich experience of more than 15 years in the textile industry before starting the textiles raw material trading desk at Aluzinc Asia in the year 2014.

SHANKAR NARAYANAN

Vice President

Shankar Narayanan is Vice President at Aluzinc Asia Pte Ltd. He holds a Masters Degree in Management from BITS, Pilani (India). His work experience includes 10 years of agro commodity Trading at Olam International Ltd, Singapore and 8 years with Watanmal Group, Hong Kong with specialisation in West African markets. He joined Aluzinc Asia in Nov 2017 and currently handles the foods and steel portfolios.

SUYEE SHUE

Vice President - Finance

Suyee Shue is Vice President, Finance at Aluzinc Asia Pte. Ltd. She has grown with the organisation since the she joined Aluzinc Asia in the year 2010. She is a Masters degree in Business Accountancy (MPA) from VU University, Australia. She is also a Provisional member of CAANZ and holds a Diploma in Law from LLCI, UK. She has around 20 years of work experience across different industries in the Accounting and Finance field.

SURENDRA BADJATYA

Head-Accounts

Surendra Badjatya is the Head of Accounts at Aluzinc Asia Pte Ltd and is associated with the company since April 2017. He is a qualified Chartered Accountant from ICAI, New Delhi-India and ACMA from CIMA, London-UK. Surendra has more than 15 years' experience including other MNCs in Middle East and Singapore namely Drydocks world - Dubai & Kuok (Singapore) Ltd group. He looks after the ERP and Accounts division functions since the beginning of his association with Aluzinc Asia.

Our Financials

OUR FINANCIALS

OUR FINANCIALS

1. DIRECTOR'S STATEMENT

The directors are pleased to present their statement to the members of the Company together with the audited financial statements for the financial year ended 31 December 2017.

OPINION OF THE DIRECTORS

In the opinion of the directors:

(a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2017 and of the financial performance, changes in equity and cash flows of the Company for the year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors in office at the date of this statement are:

Fredy Eckstein
Rajesh Balasubramanian
Prabhu Sathyamoorthy
Kohei Sadoshima
Ishida Soichiro

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS

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

DIRECTOR'S INTEREST IN SHARES OR DEBENTURES

According to the register of director's shareholdings kept by the Company under section 16 of the Singapore Companies Act, Chapter 50 (the "Act"), none of the director of the Company who held office at the end of the financial period had any interests in the shares or debentures of the Company and its related corporations either at the beginning or end of the financial year.

SHARE OPTIONS

During the financial year, no option to take up unissued shares of the Company was granted.

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

There are no unissued shares under option.

AUDITORS

The auditors, Messrs Everest Assurance PAC, Public Accountants and Chartered Accountants, have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors,

Rajesh Balasubramanian
Director

Prabhu Sathyamoorthy
Director

2. AUDITOR'S REPORT STATEMENT TO THE DIRECTORS

Independent Auditor's Report
To the Shareholders of ALUZINC ASIA PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ALUZINC ASIA PTE. LTD. (the Company), which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income, statement of changes in equity and 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 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 Company as at 31 December 2017 and of the financial performance, changes in equity and cash flows 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 Auditor's 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.

Other Information

Management is responsible for the 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 on the financial statement, 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 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's 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 Company'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

EVEREST

Everest Assurance PAC
Public Accountants and
Chartered Accountants
Co. Regn. No. 201610716D

on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company 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.

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.

Everest Assurance PAC

Singapore
14 May 2018

EVEREST ASSURANCE PAC
Public Accountants and
Chartered Accountants

STATEMENT OF FINANCIAL POSITION

As at 31 December 2017 (Expressed in United States Dollars)

	Note	**2017**	**2016**
		US$	**US$**
EQUITY			
Share Capital	4	5,067,926	5,067,926
Retained Earnings		2,836,522	1,846,160
		7,904,448	**6,914,086**
Represented by:			
NON-CURRENT ASSETS			
Property, Plant and Equipment	5	161,526	249,018
		161,526	249,018
CURRENT ASSETS			
Trade Receivables	6	41,751,304	46,158,806
Other Current Assets	7	893,526	7,970,844
Prepayments		28,317	56,280
Derivative Financial Instruments	9	-	103,334
Cash and Bank Balances	8	2,765,114	4,991,376
		45,438,261	59,280,640
CURRENT LIABILITIES			
Trade Payables	10	35,027,857	49,848,697
Other Payables	11	2,347,549	2,607,440
Derivative Financial Instruments	9	20,493	-
Finance Leases	12	15,971	15,945
Current Tax Payable	18	204,000	48,569
		37,615,870	52,520,651
Net Current Assets			
		7,822,391	6,759,989
NON-CURRENT LIABILITIES			
Finance Leases	13	74,170	-89,622
Deferred Tax Liabilities	19	5,299	-5,299
		79,469	-94,921
		7,904,448	**6,914,086**

(The accompanying accounting policies and explanatory notes form an integral part of the financial statements)

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2017 (Expressed in United States Dollars)

	Note	2017 US$	2016 US$
Continuing Operations	13	248,695,218	230,696,462
Cost of Sales		(240,677,076)	(222,881,846)
Gross Profit		**8,018,142**	**7,814,616**
Other Income	14	169,425	225,685
Administrative Expenses	15	(3,489,740)	(4,021,751)
Other Operating Expenses	16	(3,096,598)	(2,858,514)
Finance Expenses	17	(410,367)	(467,537)
Profit before tax		**1,190,862**	**692,499**
Income tax expenses	18	(200,500)	(58,313)
Profit for the year, representing Total Comprehensive Income for the year		**990,362**	**634,186**

(The accompanying accounting policies and explanatory notes form an integral part of the financial statements)

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2017 (Expressed in United States Dollars)

	Share Capital US$	Retained Earnings US$	Total US$
Balance as on 1 January 2016	5,067,926	1,211,974	6,279,900
Total Comprehensive income for the year	-	634,186	634,186
Balance as on 31 December 2016	5,067,926	1,846,160	6,914,086
Total Comprehensive income for the year	-	990,362	990,362
Balance as on 31 December 2017	5,067,926	2,836,522	7,904,448

(The accompanying accounting policies and explanatory notes form an integral part of the financial statements)

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2017 (Expressed in United States Dollars)

	2017 US$	2016 US$
Cash Flows from Operating activities		
Profit before tax for the year	1,190,862	692,499
Adjustments for:		
Depreciation	108,788	60,597
Loss on disposal of plant and equipment	-	580
Loss / (Gain) on derivative financial instruments	98,159	(132,042)
Interest Expenses	410,367	467,537
Interest Income	(231)	(5,545)
Operating cash flows before movements in working capital	**1,807,945**	**1,083,626**
Movements in Working Capital		
Trade Receivables	4,407,502	20,700,824
Other Current Assets	7,102,988	(4,627,177)
Prepayments	27,963	274,205
Trade Payables	(14,820,840)	(18,954,237)
Other Payables	(259,891)	822,334
Cash generated used in operations	**(1,734,333)**	**(700,425)**
Income taxes paid - net	(45,070)	(9,737)
Interest paid	(410,367)	(467,537)
Net cash used in operating activities	**(2,189,770)**	**(1,177,699)**
Cash Flows from Investing activities		
Interest Received	231	5,545
Purchase of Plant and Equipment	(21,297)	(242,191)
Net cash used in investing activities	**(21,066)**	**(236,646)**
Cash Flows from Financing activities		
Placement of deposits for banking facilities	1,321,746	2,361,415
(Repayments)/Proceeds from finance lease	(15,426)	105,567
Repayments from borrowings	-	(550,000)
Net cash generated from financing activities	**1,306,320**	**1,916,982**
Net (decrease)/increase in cash and cash equivalents	**(904,516)**	**502,637**
Cash and cash equivalents at the beginning of year	3,083,061	2,580,424
Cash and cash equivalents at the end of year (note 8)	**2,178,545**	**3,083,061**

(The accompanying accounting policies and explanatory notes form an integral part of the financial statements)

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

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

1. GENERAL AND PRINCIPAL ACTIVITIES

The Company is domiciled and incorporated in the Republic of Singapore. The registered address of the Company is:

112 Robinson Road
#13-03 Robinson 112
Singapore 068902

The principal activities of the Company are those of General Wholesale Trade (Including General Importers and Exporters) in relation to supply of steel, textiles, machineries and raw materials.

There has been no change in the business activities of the Company since the end of the last financial year.

The company is subsidiary of Aluzinc AG, a company incorporated in Liechtenstein, which is in turn awholly-owned subsidiary of Avirro Trust Reg.,a trust set up in Liechtenstein, which is the ultimate holding company.

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 14 May 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Company have been drawn up in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared on a historical cost basis, except where otherwise disclosed in the notes hereto.

The financial statements are presented in United States Dollars US$), which is the Company's functional currency. All financial information presented in United States Dollars has been rounded to the nearest dollar, unless otherwise indicated.

2.2 Adoption of new and revised standards

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 January 2015. The adoption of these standards did not have any material effect on the financial statements.

2.3 Standards issued but not yet effective

The Company had not applied any new FRS or INT FRS that had been issued as at the balance sheet date but is not yet effective. The directors do not anticipate the adoption of the new FRS and INT FRS in future financial periods to have any material impact on the Company's financial statements in the period of initial application.

2.4 Foreign currency transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

2.5 **Plant and equipment**

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of plant and equipment is recognised as an asset, if and only if, it is probable that future economic benefits associated with them will flow to the Company and the cost of an item can be measured reliably. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When the parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in the income statement as incurred.

Depreciation on plant and equipment is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment as stated hereunder:

Computers	3 years
Software and Licensing	3 years
Equipment	3 years
Furniture	3 years
Motor Vehicles	3 years
Renovation	3 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each balance sheet date.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

2.6 **Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, (or, where applicable, when an annual impairment testing for an asset is required) 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.

2.7 **Financial instruments**

a) **Financial assets**

Initial recognition and measurement

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

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 loan to the holding company, trade and other receivables, and cash and cash equivalents.

Cash and cash equivalents comprise cash at banks and on hand.

De-recognition

A financial asset is derecognised when 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, where applicable, any cumulative gain or loss that has been recognised in other comprehensive income) is recognised in profit or loss.

b) **Financial liabilities**

Initial recognition and measurement

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

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged, 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 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 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 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 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 amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the 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 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 bank and on hand, demand deposits and short-term highly liquid investments readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdraft that form an integral part of the Company's cash management.

2.10 Provisions

General

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.11 Share capital

Ordinary shares are classified as equity and dividends on ordinary shares are recognised in the period in which they are declared.

2.12 Leases as Lessee

The determination of whether an arrangement is, or contains a lease is based in the substance of arrangement at the date of inception – whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance lease which transfers to the Company 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. Finance charges are charged to profit or loss. Contingent rents, if any, are expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the estimated useful life of the asset.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement 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.

2.13 Revenue recognition

Goods Sold

Revenue from the sale of goods is measured at the fair value of the consideration received or

receivable, net of returns and allowances. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Services Rendered

Revenue from rendering of services is recognised when the service is rendered and the amount of revenue and costs of the transaction (including future costs) can be measured reliably.

Interest Income

Interest income is recognised as it accrues, using the effective interest method.

Other Income

Other Income is recognised on accrual basis.

2.14 Employee benefits

a) Defined contribution plans

The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

b) 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 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they are reversed, based on the laws that have been enacted by the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that related tax benefits will be realised.

2.15 Related party

A related party is defined as follows:

(i) A person or a close member of that person's family is related to the Group and Company if that person:

- a) Has control or joint control over the Company;
- b) Has significant influence over the Company; or
- c) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(ii) An entity is related to the Company if any of the following applies:

- a) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

c) Both entities are joint ventures of the same third party;

d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

e) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

f) The entity is controlled or jointly controlled by a person identified in (i) above;

g) A person identified in (i)a) above has significant influence over the entity or is a member of the key management personnel or the entity (or of a parent of the entity).

3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Company's accounting policies, 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 relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date 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.

Income Taxes

Significant judgment is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Company's tax payable is US$ 204,000 (2016: US$ 48,569).

Critical judgments made in applying accounting policies

In the process of applying the Company's accounting policies, the management has made certain judgments, apart from those involving estimations, which have significant effects on the amounts recognised in the financialstatements.

Allowance for bad and doubtful debts

The impairment policy for bad and doubtful debts of the Company is based on the evaluation of collectability and ageing analysis of the accounts receivables and on management's judgment. At the balance sheet date, the trade receivables, net of allowance, of the Company amounted to US$ 41,751,304 (2016: US$ 46,158,806). A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current credit worthiness and the past collection history of each customer. If the financial condition of these customers were to deteriorate, resulting in an impairment of their ability to make payment, additional allowance will be required. During the financial year, based on the evaluation of the trade receivables, the Company did not consider it necessary to impair any trade receivables nor to provide for any allowance for bad and doubtful debts.

4 SHARE CAPITAL

	2017 US$	2016 US$
Issued and Fully Paid-up Capital		
3,742,853 Ordinary shares with no par value	5,067,926	5,067,926

The holders of ordinary shares are entitled to receive dividends as and when declared and are entitled to one vote per share at meetings of the Company. All shares rank equally with regards to residual assets of the Company.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

5 PROPERTY, PLANT AND EQUIPMENT

	Computers US$	Software and Licensing US$	Equipment US$	Furniture US$	Renovation US$	Motor Vehicles US$	Total US$
Cost							
As at 01 Jan 2016	56,865	122,908	13,407	4,873	31,776	-	229,829.
Additions	13,886	42,418	3,550	-	-	182,337	242,191
Disposals	(1,491)	-	-	-	-	-	(1,491)
As at 31 Dec 2016	69,260	165,326	16,957	4,873	31,776	182,337	470,529
Additions	16,958	865	-	2,300	1,174	-	21,297
Disposals	-	-	-	-	-	-	-
As at 31 Dec 2017	86,218	166,191	16,957	7,173	32,950	182,337	491,826
Accumulated Depreciation							
As at 01 Jan 2016	27,616	92,954.	12,426.	4,733.	24,095	-	161,824
Additions	18,805	19,231.	346	140	6,882	15,195	60,599.
Disposals	(911)	-	-	-	-	-	(911)
As at 31 Dec 2016	45,510	112,185	12,772.	4,873	30,977	15,195	221,512
Additions	18,479	26,262	1,530	548	1,190	60,779	108,788
Disposals	-	-	-	-	-	-	-
As at 31 Dec 2017	63,989	138,447	14,302	5,421	32,167	75,974	330,300
Carrying Amount							
As at 31 Dec 2017	22,229	27,744	2,655	1,752	783	106,363	161,526
As at 31 Dec 2016	23,750	53,141	4,185	-	799	167,142	249,017

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

6 TRADE RECEIVABLETS

	2017 US$	2016 US$
Third Parties	41,751,304	45,329,682
Related Parties	-	829,124
	41,751,304	46,158,806

Trade receivables are non-interest bearing and are generally on 30 to 180 days' credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. No interest is charged on the outstanding balance.

Receivables that are past due but not impaired

The Company has trade receivables amounting to US$ 15,455,396 (2016: US$ 17,355,531) that are past due but not impaired at the end of the reporting period. The analysis of their ageing at the end of the reporting period is set out below. The Company has not recognised an allowance for doubtful receivables as there has been no significant change in credit quality and the amounts are still considered recoverable. The Company does not hold any collateral over these balances.

	2017 US$	2016 US$
Less than 3 months	15,229,650	6,189,447
3 to 6 months	225,746	9,195,332
6 to 12 months	-	1,441,778
More than 12 months	-	528,974
	15,455,396	17,355,531

All of the trade receivables that are neither past due nor impaired relate to customers that the Company has assessed to be creditworthy, based on the credit evaluation process performed by management.

Trade receivables are denominated in United States dollars only.

7 OTHER CURRENT ASSETS

	2017 US$	2016 US$
Advances to suppliers	695,553	1,709,547
Deposits	197,973	240,571
Others	-	6,020,726
	893,526	7,970,844

Advances paid to suppliers will be offset against future purchases form the suppliers.

Other current assets are denominated in United States dollars only.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

8 CASH AND BANK BALANCES

	2017 US$	2016 US$
Cash at bank	2,178,504	3,012,823
Cash on hand	41	70,238
Fixed Deposits	586,569	1,908,315
	2,765,114	4,991,376
Less: Deposits placed for banking facilities	(586,569)	(1,908,315)
Cash and cash equivalents	2,178,545	3,083,061

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Cash and bank balances denominated in foreign currencies at 31 December are as follows:

	2017 US$	2016 US$
Singapore Dollars	222,075	801,477
United States Dollars	2,475,814	3,716,483
Euro	67,225	473,416
	2,765,114	4,991,376

9 DERIVATIVE FINANCIAL INSTRUMENTS

	2017 Assets US$	2017 Liabilities US$	2016 Assets US$	2016 Liabilities US$
Foreign Exchange Forward Contracts	-	20,493	103,334	-

	Foreign Currency		Contract Value		Fair Value	
	2017	2016	2017 US$	2016 US$	2017 US$	2016 US$
Sell Euro	447,271	2,840,754	517,940	3,107,927	(20,493)	103,334

The fair value of these foreign exchange forward contracts are estimated based on forward exchange rates and contract forward rates.

The changes in fair value of the foreign exchange forward contract amounting to loss of US$ 98,159 (2016: gain of US$132,035) has been taken up in profit or loss.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

10 TRADE PAYABLES

	2017 US$	2016 US$
Third Parties	35,027,857	48,714,063
Related Parties	-	1,134,634
	35,027,857	49,848,697

Trade payables are non-interest bearing and are normally settled on an average of 150 days (2016: 150 days).

Trade payables denominated in foreign currencies at 31 December are as follows:

	2017 US$	2016 US$
Singapore Dollars	128,235	88,011
United States Dollars	34,899,622	49,760,686
	35,027,857	49,848,697

11 OTHER PAYABLES

	2017 US$	2016 US$
Advances from customers	1,769,323	2,008,992
Accruals	227,376	298,034
Other Creditors	350,850	300,414
	2,347,549	2,607,440

Other payables are non-interest bearing and are normally settled on an average of 30 to 60 days (2016: 30 to 60 days).

Advances from customers are unsecured and interest free and will be offset against their future transactions.

Other payables assets are denominated in United States dollars only.

12 FINANCE LEASES

	2017			2016		
	Principal US$	Interest US$	Payments US$	Principal US$	Interest US$	Payments US$
Payable within one year	15,971	3,107	19,078	15,945	2,732	18,677
Payable after one year but not more than five years	63,884	12,430	76,314	68,396	6,313	74,709
Payable after five years	10,286	1,941	12,227	21,226	11,459	32,685
Total	90,141	17,478	107,619	105,567	20,504	126,071

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

13 REVENUE

	2017	2016
	US$	US$
Goods Sold	248,695,218	230,696,462

Revenue represents invoiced net sales of trading goods after allowance and trade discounts. Sales revenue is recognised upon delivery of goods.

14 OTHER INCOME

	2017	2016
	US$	US$
Interest Income	231	5,545
Net foreign exchange currency gain	76,582	-
Gain on derivative financial instruments	-	132,035
Others	92,612	88,105
	169,425	225,685

15 ADMINISTRATIVE EXPENSES

	2017	2016
	US$	US$
Bank Charges	1,223,259	857,398
Agents Commission	131,763	72,774
Office Management Fees	382,	329,647
Insurance	21,790	35,644
Professional Fee	710,151	630,786
Rental Expense	129,539	352,929
Travelling and Transportation Expenses	636,500	920,477
Repair and Maintenance Expenses	115,591	158,872
Telecommunication Expenses	91,502	92,701
Other	47,277	55,448
	3,489,739	3,506,676

16 OTHER OPERATING EXPENSES

	2017	2016
	US$	US$
Entertainment	417,890	392,385
Employee benefit expense	2,239,672	2,387,350
Net foreign exchange currency loss	98,159	83,192
Others	340,877	510,663
	3,096,598	3,373,590

Our Financials

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

17 FINANCE EXPENSES

	2017	2016
	US$	US$
Interest on term bills	407,362	458,763
Interest on short-term borrowings	3,005	8,774
	410,367	467,537

18 INCOME TAX EXPENSE

	2017	2016
	US$	US$
Income Statement:		
Current income tax	204,000	48,569
Over provision of tax in prior year	(3,500)	(3,784)
Deferred tax	-	13,528
	200,500	58,313

The current year income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2016:17%) to profit before income tax as a result of thefollowing:

	2017	2016
	US$	US$
Accounting profit before tax	1,190,862	692,499
Income tax expense at statutory rate	202,447	117,725
Tax Effects of:		
- Non-taxable income	(20,330)	-
- Non-allowable items	13,964	11,884
- Tax concessions	(104,205)	(41,848)
- Effect of partial tax exemption	(35,154)	(7,498)
- Corporate tax rebate	(10,910)	(18,096)
- Others	161,688	-
Over provision of tax in prior year	(3,500)	(3,784)
Income tax expense recognised in profit or loss	204,000	58,313

On 10 February 2011, the Company was granted Global Trader Programme ("GTP") status by The International Enterprise Singapore Board for a period of 2 years 11 months from 1 February 2011. As such, the income derived from qualifying transactions of approved products by the Company shall be taxed at the concessionary rate of 10%. On 6 February 2014, the Company has received a letter from The International Enterprise Singapore Board for the renewal of the GTP status for another period of 5 years from 1 January 2014.

The Singapore Government has announced that for Years of Assessment ("YA") 2018 and 2017, all companies will receive a 40% and 50% Corporate Income Tax ("CIT") Rebate that is subject to a cap of S$15,000 and S$25,000 respectively.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

19 DEFERRED TAX ASSET / (LIABILITY)

	2017
	US$
As at 1 January 2016	8,229
Charged to profit or loss account	(13,528)
As at 31 December 2016	(5,299)
Charged to profit or loss account	-
As at 31 December 2017	(5,299)

20 COMMITMENTS

As at the financial year-end, the Company has leased office premises under tenancy agreement. Future minimum rentals that are payable are as under:

	2017	2016
	US$	US$
Payable within one year	116,166	110,915
Payable after one year but within 5 years	222,651	323,501
	338,817	434,416

21 RELATED PARTY TRANSACTIONS

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

a) Sale and purchase of goods and services

	20167	2016
	US$	US$
Purchase of goods and services	10,652,397	1,637,068
Sale of goods and services	2,735,214	9,664,858

b) Compensation of key management personnel

	2017	2016
	US$	US$
Short-term benefits	902,534	1,413,565
Post-employment benefits	12,591	40,800
	915,125	1,454,365

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

22 CATEGORIES OF FINANCIAL INSTRUMENTS

At the reporting date, the aggregate carrying amounts of financial instruments were as follows:

	2017	2016
Financial Assets	US$	US$
Trade Receivables	41,751,304	46,158,80
Other Current Assets	893,526	7,970,844
Prepayments	28,317	56,280
Cash and Bank Balances	2,765,114	4,991,376
Derivative financial instruments at fair value	-	103,334
	45,438,261	59,280,640

	2017	2016
Financial Liabilities	US$	US$
Trade Payables	35,027,857	49,848,697
Other Payables	2,347,549	2,607,440
Derivative financial instruments at fair value	20,493	-
Finance Leases	90,141	105,567
	37,486,040	52,561,704

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risk occurring and the cost of managing the risks. The management continually monitors the risk management process of the Company to ensure that an appropriate balance between risk and control is achieved. The key financial risks of the Company include liquidity risk, foreign currency risk, interest rate risk and credit risk.

(a) LIQUIDITY RISK

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations. The Company maintains sufficient cash and cash equivalents, and internally generated cash flows to finance the company's operations. The company has adequate credit facilities to meet all its operational requirements.

There are no significant undiscounted cash flows except those stated in note 12 above for the year ended 31 December 2017 to be disclosed as all the financial instruments of the Company are due to mature within twelve months from the end of the financial year.

FOREIGN CURRENCY RISK

The Company is exposed to foreign currency risk on commitments that are denominated in currencies other than the functional currency of the Company. The Company buys and sells the goods in the same currency to hedge its foreign currency exposure.

The Company does not have any significant foreign currency exposure; hence no sensitivity analysis is carried out.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

(b) INTEREST RATE RISK

The Company does not have any fixed-rate or variable-rate debt securities or borrowings. Short-term receivables and payables are not exposed to interest rate risk. The Company does not have any specific policy to manage its interest risks. Accordingly, no sensitivity analysis is carried out for changes in interest rates.

(c) CREDIT RISK

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from trade receivables and other current assets. The Company has a credit policy in place, which establishes credit limits for customers and monitors their balances on an on-going basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Cash and fixed deposits are placed with banks and financial institutions, which are regulated.

At the end of the reporting period, there is no significant concentration of credit risk.

The credit risk for trade receivables is as follows:

Financial assets those are neither past due nor impaired

Trade receivables that are neither past due nor impaired are substantially from companies with a good payment record with the Company. Cash and fixed deposits that are neither past due nor impaired are placed with or entered into with reputable banks and financial institutions with high credit ratings and no history of default.

Financial assets those are due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

(d) CAPITAL MANAGEMENT

The capital of the Company consists of the issued share capital and retained earnings.

The objectives of the Company when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may issue new shares, obtain new borrowings or redeem existing borrowings.

(e) FAIR VALUES

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The carrying amounts of trade and other receivables, cash and cash equivalents and trade and other payables approximate their fair values due to their short-term nature.

CERTIFICATE OF RECOGNITION

Quick Notes

Quick Notes

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