

Directors' Statement and  
Audited Financial Statements

**DHUNSERI PETROCHEM & TEA  
PTE. LTD.**

(Company Registration No.: 201136419H)

31 DECEMBER 2017



**GENERAL INFORMATION**

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**DIRECTORS**

Satinder Singh Nain  
Shanker Iyer

**SECRETARIES**

Cheng Lian Siang  
Pathima Muneera Azmi

**REGISTERED OFFICE**

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

**AUDITORS**

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

**PRINCIPAL BANKERS**

DBS Bank Ltd  
Indusind Bank Ltd  
Standard Chartered Bank (Singapore) Limited  
Standard Chartered Bank PLC

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**DIRECTORS' STATEMENT**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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The directors are pleased to present their statement to the members together with the audited financial statements of DHUNSERI PETROCHEM & TEA PTE. LTD. (the "company") for the financial year ended 31 December 2017.

**1. OPINION OF THE DIRECTORS**

In the opinion of the directors,

- (i) 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 the financial performance, changes in equity and cash flows of the company for the year then ended; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the company, with the continuing financial support from its ultimate holding company, will be able to pay its debts as and when they fall due.

**2. DIRECTORS**

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

Satinder Signh Nain  
Shanker Iyer

**3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES**

Neither at the end of nor at any time during the financial year was the company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the company to acquire benefits by means of the acquisition of shares in, or debentures of the company or any other body corporate.

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

According to 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.

**DHUNSERI PETROCHEM & TEA PTE. LTD.**  
(Company Registration No.: 201136419H)


**DIRECTORS' STATEMENT  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**6. AUDITORS**

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

The Board of Directors,

  
.....  
**Satinder Singh Nain**  
Director

  
.....  
**Shanker Iyer**  
Director

Date: **18 MAY 2018**

**INDEPENDENT AUDITORS' REPORT  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DHUNSERI PETROCHEM & TEA PTE. LTD.**

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

*Opinion*

We have audited the financial statements of DHUNSERI PETROCHEM & TEA PTE. LTD. (the "company"), which comprise the statement of financial position of the company as at 31 December 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the company 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Other Matter*

The financial statements of the company for the year ended 31 December 2016 were audited by another firm of auditors who expressed an unqualified opinion on those statements on 19 May 2017.

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

**INDEPENDENT AUDITORS' REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DHUNSERI PETROCHEM & TEA PTE. LTD. (CONT'D)**

*Responsibilities of Management and Directors for the Financial Statements (Cont'd)*

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.

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

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

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

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

DHUNSERI PETROCHEM & TEA PTE. LTD.  
(Company Registration No.: 201136419H)

**INDEPENDENT AUDITORS' REPORT  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DHUNSERI PETROCHEM & TEA PTE. LTD. (CONT'D)**

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

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: **18 MAY 2018**

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	<u>Note</u>	<u>2017</u> <u>US\$</u>	<u>2016</u> <u>US\$</u>
<b><u>ASSETS</u></b>			
<b>Current assets</b>			
Deferred cost	4	104,497	112,098
Trade receivables	5	191,476	322,188
Other receivables	6	-	54,982
Cash and cash equivalents	7	141,389	93,212
		<u>437,362</u>	<u>582,480</u>
<b>Non-current assets</b>			
Deferred cost	4	286,008	65,415
Investment in subsidiaries	8	22,000,000	22,000,000
		<u>22,286,008</u>	<u>22,065,415</u>
<b>Total assets</b>		<u>22,723,370</u>	<u>22,647,895</u>
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>Current liabilities</b>			
Trade and other payables	9	148,695	423,057
Amount owing to holding company	10	693,276	275,000
Bank loan	11	1,078,000	1,078,000
Income tax payable		128,311	40,200
		<u>2,048,282</u>	<u>1,816,257</u>
<b>Non-current liabilities</b>			
Bank loan	11	5,882,000	6,960,000
<b>Total liabilities</b>		<u>7,930,282</u>	<u>8,776,257</u>
<b>Equity</b>			
Share capital	12	11,527,551	11,527,551
Retained earnings		3,265,537	2,344,087
		<u>14,793,088</u>	<u>13,871,638</u>
<b>Total liabilities and equity</b>		<u>22,723,370</u>	<u>22,647,895</u>

See accompanying notes to these financial statements



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	<u>Note</u>	<u>2017</u> US\$	<u>2016</u> US\$
<b>Revenue income</b>	13	1,916,862	1,155,193
<b>Other income</b>	14	3,084	-
<b>Expenses</b>			
Employee benefits expense	15	(248,659)	(178,883)
Other operating expenses	16	(68,468)	(65,453)
Finance costs	17	(575,255)	(462,085)
		<u>(892,382)</u>	<u>(706,421)</u>
<b>Profit before tax</b>		1,027,564	448,772
Income tax expense	18	(106,114)	(40,200)
<b>Profit for the year, representing total comprehensive income for the year</b>		<u>921,450</u>	<u>408,572</u>

*See accompanying notes to these financial statements*

STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Share capital US\$	Retained earnings US\$	Total US\$
<b>At 1 January 2016</b>	11,527,551	1,935,515	13,463,066
Profit for the year, representing total comprehensive income for the year	-	408,572	408,572
<b>At 31 December 2016</b>	11,527,551	2,344,087	13,871,638
Profit for the year, representing total comprehensive income for the year	-	921,450	921,450
<b>At 31 December 2017</b>	11,527,551	3,265,537	14,793,088

*See accompanying notes to these financial statements*

**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	<u>Note</u>	<u>2017</u> <u>US\$</u>	<u>2016</u> <u>US\$</u>
<b>Cash flows from operating activities</b>			
Profit before tax		1,027,564	448,772
<b>Adjustment for:</b>			
Finance Costs		575,255	462,085
<b>Operating profit before changes in working capital</b>		<u>1,602,819</u>	<u>910,857</u>
Changes in working capital:			
Decrease in trade receivables		130,712	334,248
Decrease in other receivables		54,982	(54,982)
(Increase)/Decrease in deferred cost		(212,992)	112,368
(Decrease)/Increase in trade and other payables		<u>(212,765)</u>	<u>337,681</u>
<b>Cash generated from operating activities</b>		<u>1,362,756</u>	<u>1,640,172</u>
Interest paid		(581,237)	(407,796)
Income tax paid		(18,003)	(5,077)
Withholding tax paid		<u>(55,615)</u>	<u>-</u>
<b>Net cash generated from operating activities</b>		<u>707,901</u>	<u>1,227,299</u>
<b>Cash flows from financing activities</b>			
Repayment of bank loan		(1,078,000)	(1,078,000)
Advances/(Repayments) of amount owing to holding company		<u>418,276</u>	<u>(214,127)</u>
<b>Net cash (used in) financing activities</b>		<u>(659,724)</u>	<u>(1,292,127)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		48,177	(64,828)
<b>Cash and cash equivalents at beginning of year</b>		<u>93,212</u>	<u>158,040</u>
<b>Cash and cash equivalents at end of year</b>	7	<u><u>141,389</u></u>	<u><u>93,212</u></u>

*See accompanying notes to these financial statements*

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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

**1. CORPORATE INFORMATION**

Dhunseri Petrochem & Tea Pte. Ltd. (the "company") is a private limited liability company which is incorporated and domiciled in Singapore.

The company's registered office and principal place of business is at 160 Robinson Road #17-01 SBF Center, Singapore 068914.

The principal activities of the company are those of an investment holding company. The company had a branch in Labuan, whose activities are similar to those of the company, which had become dormant in 2016. The company ceased to carry on business in Labuan on 28 July 2017. There have been no significant changes in nature of these activities during the financial year.

The company's ultimate holding company is Dhunseri Tea & Industries Limited, which is incorporated in India.

**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 the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States dollar ("US\$"), which is also the functional currency of the company.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the 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 have been consistently applied by the company, except that during the year the company has adopted the new and revised FRS that are mandatory from the effective date stated in the relevant FRS. The adoption of these FRS did not result in any significant changes in the accounting policies.

**2.2) GOING CONCERN**

The financial statements of the company have been prepared on a going concern basis notwithstanding the company's current liabilities exceeded its current assets by US\$1,610,920 as at 31 December 2017 (2016: US\$1,233,777). These factors indicate the existence of a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern.

The ability of the company to continue as a going concern is dependent on the undertaking of its ultimate holding company, Dhunseri Tea & Industries Limited, to provide continuing financial support to enable the company to meet its liabilities as and when they fall due.

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

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3) BASIS OF CONSOLIDATION

Consolidation financial statements of the company and its subsidiary have not been prepared as the company is exempted from preparing consolidated financial statements as:

- (i) It is itself a wholly-owned subsidiary, or is a partially-owned subsidiary of another entity, and its other owners do not object to the parent not presenting consolidated financial statements,
- (ii) Its debt or equity instruments are not traded in a stock exchange,
- (iii) It did not file, not as in the process of filing, its financial statements with a securities commission or other regulatory organization for the purpose of issuing any debt and equity instruments, and
- (iv) Its ultimate holding company, Dhunseri Tea & Industries Limited, which is incorporated in India, produces consolidated financial statements available for public use.

2.4) 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 cash and cash equivalents, trade receivables and other receivables.

Cash and cash equivalents comprise cash at banks.

*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 any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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

**2.5) 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 exist 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 include 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.

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.

**2.6) INVESTMENT IN SUBSIDIARY**

A subsidiary is an entity over which the company has the power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the company controls another entity.

Investment in subsidiary is stated at cost less accumulated impairment losses, if any, in the company's statement of financial position. On disposal of investment in subsidiary, the difference between net disposal proceeds and the carrying amount of the investment is taken to profit or loss.

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

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7) CASH AND CASH EQUIVALENTS

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

2.8) 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, amount owing to holding company and bank loan.

*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.

2.9) INCOME TAX

*Current income tax*

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

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

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

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9) INCOME TAX (CONT'D)

*Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax base 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 future taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the 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 end of each reporting period and based on the tax consequence which will follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

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

2.10) RELATED PARTIES

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to a company if that person:
  - (i) has control or joint control over the company;
  - (ii) has significant influence over the company; or
  - (iii) is a member of the key management personnel of the company or of a parent of the company.
- (b) An entity is related to a company if any of the following conditions applies:
  - (i) 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).
  - (ii) 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).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third party.



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

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10) RELATED PARTIES (CONT'D)

- (v) 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.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the company or to the parent of the company.

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

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 share capital.

2.12) REVENUE RECOGNITION

Revenue is recognised to the extent that 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.

*Rendering of services*

Advisory and management fees are recognised when the services are rendered by reference to completion of client's transactions. The fees are measured based on terms agreed between the company and its clients before the transactions are executed.

2.13) FOREIGN CURRENCY TRANSLATION

*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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

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

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

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

**2.14) 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 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.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

**3.1) JUDGEMENTS MADE IN APPLYING ACCOUNTING POLICIES**

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

**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 reporting period are discussed below. The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the company. Such changes are reflected in the assumptions when they occur.

Impairment of loans and receivables

The impairment of trade and other receivables is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the company's loans and receivables as at 31 December 2017 is disclosed in Note 23 to the financial statements.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2) KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Impairment of non-financial assets

The company assess whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

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

4. DEFERRED COST

	<u>2017</u> US\$	<u>2016</u> US\$
Current	104,497	112,098
Non-current	286,008	65,415
	<u>390,505</u>	<u>177,513</u>

Processing fee imposed by the bank for the loan disbursement is deferred and amortised over the loan period. Amortisation of the deferred cost is recognised as finance charges in finance costs.

5. TRADE RECEIVABLES

	<u>2017</u> US\$	<u>2016</u> US\$
Subsidiaries	<u>191,476</u>	<u>322,188</u>

The amounts due from subsidiaries are trade in nature, unsecured, interest-free and repayable on demand.

Trade receivables are denominated in United States dollar.

6. OTHER RECEIVABLES

	<u>2017</u> US\$	<u>2016</u> US\$
Deposits	-	37,193
Prepayments	-	17,789
	<u>-</u>	<u>54,982</u>

Other receivables are denominated in Singapore dollar.

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

7. CASH AND CASH EQUIVALENTS

	<u>2017</u> US\$	<u>2016</u> US\$
Cash at banks	141,389	93,212

Cash and cash equivalents are denominated in the following currencies:

	<u>2017</u> US\$	<u>2016</u> US\$
United States dollar	61,407	46,461
Singapore dollar	79,982	46,751
	<u>141,389</u>	<u>93,212</u>

8. INVESTMENT IN SUBSIDIARIES

	<u>2017</u> US\$	<u>2016</u> US\$
Cost	22,000,000	22,000,000
Less: Impairment of subsidiaries	-	-
	<u>22,000,000</u>	<u>22,000,000</u>

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation and operations	Principal activities	Proportion of ownership interest and voting power held	
			2017 %	2016 %
Kawalazi Estate Company Ltd#	Malawai, Africa	Manufacture of tea and macadamia nuts	100	100
Makandi Tea and Coffee Estates Ltd#	Malawai, Africa	Manufacture of tea and macadamia nuts	100	100

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**8. INVESTMENT IN SUBSIDIARIES (CONT'D)**

Details of the sub-subsidiary held via Makandi Tea and Coffee Estates Ltd are as follows:

Name of sub-subsidiary	Country of incorporation and operations	Principal activities	Proportion of ownership interest and voting power held	
			2017 %	2016 %
AM Henderson & Sons Limited	Limbe, Cameroon	Property letting and development	100	-

#Both subsidiaries are audited by PricewaterhouseCoopers, Malawi

The company pledged its shares in the subsidiaries to a bank for a bank loan.

**9. TRADE AND OTHER PAYABLES**

	<u>2017</u> US\$	<u>2016</u> US\$
Advance from customers	94,195	327,828
Interest payable on loan from holding company	8,458	45,017
Interest payable on loan from bank	3,510	28,548
Accruals	42,532	21,664
	<u>148,695</u>	<u>423,057</u>

Trade and other payables are recognised at their original invoiced amounts which represent their fair values on initial recognition. The trade and other payables are considered to be of short duration and are not discounted and the carrying values are assumed to approximate their fair value.

Trade and other payables are denominated in the following currencies:

	<u>2017</u> US\$	<u>2016</u> US\$
United States dollar	106,163	401,393
Singapore dollar	42,532	21,664
	<u>148,695</u>	<u>423,057</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**10. AMOUNT OWING TO HOLDING COMPANY**

	<u>2017</u> US\$	<u>2016</u> US\$
Amount owing to holding company	275,000	275,000
Capitalisation of processing cost	418,276	-
	<u>693,276</u>	<u>275,000</u>

During the year, the company has entered into a facility agreement for a bank loan. The processing cost incurred for the loan is due to the holding company by way of allotment of shares.

The amount owing to holding company is non-trade related in nature, unsecured and carries an interest of 8.65% (2016: 8.65%) and is repayable on demand.

Amount owing to holding company are denominated in the following currencies:

	<u>2017</u> US\$	<u>2016</u> US\$
United States dollar	275,000	275,000
Indian rupee	418,276	-
	<u>693,276</u>	<u>275,000</u>

**11. BANK LOAN**

	<u>2017</u> US\$	<u>2016</u> US\$
<b>Current</b>		
Due within one year	1,078,000	1,078,000
<b>Non-current</b>		
Due within two to five years	5,882,000	6,960,000
	<u>6,960,000</u>	<u>8,038,000</u>

In 2017, the company has obtained a fresh loan to repay its existing loan. The new bank loan bears interest of 3 months Libor+2.3% per annum for 4 years after the first drawdown date and 3 months Libor+3.5% per annum at all times thereafter. The loan is repayable half yearly, effective from December 2017, with a maturity date of 30 June 2024. The interest payment is quarterly based. The loan is secured by a pledge of the company's shares in subsidiaries of USD6,960,000 (2016: USD8,038,000).

The bank loan is denominated in United States dollar.

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

12. SHARE CAPITAL

	<u>2017</u>		<u>2016</u>	
	No. of shares	US\$	No. of shares	US\$
<u>Issued and fully paid</u>				
At the beginning and end of the year	11,527,551	11,527,551	11,527,551	11,527,551

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.

13. REVENUE INCOME

	<u>2017</u> US\$	<u>2016</u> US\$
Incentive fee	88,200	133,856
Management fee	200,000	200,000
Consultation fee	1,378,662	821,337
Dividend income	250,000	-
	<u>1,916,862</u>	<u>1,155,193</u>

In accordance with an agreement dated 9 August 2012 signed between the company and the subsidiaries, the subsidiaries will pay incentive fee to the Company which represents 5% of subsidiaries' net profit after tax based on the audited year-end financial statements.

Management fee represents a fee of US\$100,000 per annum receivable from subsidiaries for management services and technical support.

14. OTHER INCOME

	<u>2017</u> US\$	<u>2016</u> US\$
Unrealised gain on foreign exchange	<u>3,084</u>	<u>-</u>

15. EMPLOYEE BENEFITS EXPENSE

	<u>2017</u> US\$	<u>2016</u> US\$
Director's remuneration	104,109	68,738
Director's benefits in kind	144,550	110,145
	<u>248,659</u>	<u>178,883</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**16. OTHER OPERATING EXPENSES**

Other operating expenses comprise the following:

	<u>2017</u> US\$	<u>2016</u> US\$
Auditor's remuneration	4,316	7,571
Bank charges	2,825	3,116
Legal and professional charges	52,652	47,450
Loss on foreign exchange	-	7,316
Subscription expenses	635	-
Sundry expenses	8,040	-
	<u>68,468</u>	<u>65,453</u>

**17. FINANCE COSTS**

	<u>2017</u> US\$	<u>2016</u> US\$
Finance charges (Note 4)	205,531	112,098
Interest on bank loan	289,991	285,482
Interest on loan from holding company	24,118	64,505
Withholding tax	55,615	-
	<u>575,255</u>	<u>462,085</u>

**18. INCOME TAX EXPENSE**

	<u>2017</u> US\$	<u>2016</u> US\$
Tax expense attributable to profit is made up of:		
- current year income tax	100,870	40,200
- under-provision in prior years	5,244	-
	<u>106,114</u>	<u>40,200</u>

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

	<u>2017</u> US\$	<u>2016</u> US\$
Profit before tax	<u>1,027,564</u>	<u>448,772</u>
Tax calculated at statutory tax rate of 17%	174,685	76,291
Tax effect of:		
- expenses not deductible for tax purposes	-	341
- non-taxable income	(43,192)	-
- tax exemption	(19,399)	(18,547)
- CIT rebate	(11,224)	(17,885)
	<u>100,870</u>	<u>40,200</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**19. RELATED PARTY TRANSACTIONS**

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the company and related parties at terms agreed between the parties:

	<u>2017</u> <u>US\$</u>	<u>2016</u> <u>US\$</u>
Incentive fee income from subsidiaries	88,200	133,856
Interest paid/payable on loan from holding company	24,118	64,505
Management fee income from subsidiaries	200,000	200,000
Payment of behalf of subsidiaries	352,552	348,026
Short term benefits	<u>248,659</u>	<u>178,883</u>

**20. OPERATING LEASE COMMITMENT**

The company has a lease commitment in respect of residential premises. The future minimum rental payable under non-cancellable operating lease contracted for at the reporting date but not recognised as liabilities, are as follows:

	<u>2017</u> <u>S\$</u>	<u>2016</u> <u>S\$</u>
Not later than one year	-	207,408
Later than one year but not later than five years	<u>-</u>	<u>103,704</u>
	<u>-</u>	<u>311,112</u>

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2017 amounted to US\$144,550 (2016: US\$110,145).

**21. FINANCIAL RISK MANAGEMENT**

**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 risks occurring and the cost of managing the risk. The management continually monitors the company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

The main risks faced by the company are market risk, liquidity risk and credit risk that arise in the normal course of business.

**Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

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

21. FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk (cont'd)

Foreign currency risk

The company's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the company does not have any formal policy for hedging against currency risk. The company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

The company has foreign currency exposures arising from transactions that are denominated in a currency other than the functional currency of the company, which is Singapore dollar ("SGD") and Indian rupee ("INR").

The company's currency exposures to the SGD and INR at the reporting date were as follows:

	<u>SGD</u> <u>US\$</u>	<u>INR</u> <u>US\$</u>
<b>2017</b>		
<u>Financial assets</u>		
Cash and cash equivalents	79,982	-
<u>Financial liabilities</u>		
Amount owing to holding company	-	(418,276)
Other payables	(42,532)	-
	<u>(42,532)</u>	<u>(418,276)</u>
Net financial assets/(liabilities) currency exposures	<u>37,450</u>	<u>(418,276)</u>
		<u>SGD</u> <u>US\$</u>
<b>2016</b>		
<u>Financial assets</u>		
Cash and cash equivalents		46,751
Other receivables (excluding prepayments)		37,193
		<u>83,944</u>
<u>Financial liabilities</u>		
Other payables		<u>(21,664)</u>
Net financial assets currency exposures		<u>62,280</u>

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

21. FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk (cont'd)

Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the company's profit after tax to a reasonably possible change in INR and SGD against the USD by 5% (2016: 5%) with all other variables being held constant, including tax rate, and the effects arising from the net financial liability position will be as follows:

	<u>2017</u> US\$	<u>2016</u> US\$
<b><u>SGD against USD</u></b>		
- strengthened	1,554	2,585
- weakened	<u>(1,554)</u>	<u>(2,585)</u>
<b><u>INR against USD</u></b>		
- strengthened	(17,358)	-
- weakened	<u>17,358</u>	<u>-</u>

Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of the company's financial instruments will fluctuate because of changes in market interest rates. The company's exposure to interest rate risk arises primarily from its bank loan.

The company does not expect any significant effect on the company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

At the reporting date the interest rate profile of the company's interest-bearing financial instrument was:

	<u>2017</u>		<u>2016</u>	
	Effective rate %	US\$	Effective rate %	US\$
<b>Variable rate instruments</b>				
Bank loan	LIBOR+2.3%	6,960,000	LIBOR+2.5%	8,038,000
		<u>6,960,000</u>		<u>8,038,000</u>

At the reporting date, if the interest rates had been 50 (2016: 50) basis points higher/lower with all other variables hold constant, the company's profit before tax would have been US\$34,800 (2016: US\$40,200) higher/lower, arising mainly as a result of higher/lower interest income/expenses on floating rate cash at bank and floating rate bank borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

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

21. FINANCIAL RISK MANAGEMENT (CONT'D)

**Liquidity risk**

The company's financing activities are managed by maintaining an adequate level of cash and cash equivalents to finance the company's operations. The management are satisfied that funds are available to finance the operations of the company.

The company's surplus funds are also managed centrally by placing them with reputable financial institutions. The table below summarises the maturity profile of the company's financial liabilities at the end of the financial year on contractual undiscounted payments.

	<u>Less than 1</u> <u>year</u> <u>US\$</u>	<u>2 - 5 years</u>	<u>Total</u> <u>US\$</u>
<b>2017</b>			
Trade and other payables	148,695	-	148,695
Amount owing to holding company	693,276	-	693,276
Bank loan	1,078,000	5,882,000	6,960,000
	<u>1,919,971</u>	<u>5,882,000</u>	<u>7,801,971</u>
<b>2016</b>			
Trade and other payables	423,057	-	423,057
Amount owing to holding company	275,000	-	275,000
Bank loan	1,078,000	6,960,000	8,038,000
	<u>1,776,057</u>	<u>6,960,000</u>	<u>8,736,057</u>

**Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty defaults on its obligations. The company's exposure to credit risk arises from trade receivables and other receivables. For other financial assets including cash and cash equivalents, the company minimises credit risks by dealing exclusively with counterparties of high credit rating.

The company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The company trades only with recognised and creditworthy third parties. It is the 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 company's exposure to bad debts.

The maximum exposure to credit risk for the company is as follows:

	<u>2017</u> <u>US\$</u>	<u>2016</u> <u>US\$</u>
Trade receivables	191,476	322,188
Other receivables	-	54,982
Cash and cash equivalents	141,389	93,212
	<u>332,865</u>	<u>470,382</u>

There is no significant concentration of credit risk.

*Financial assets that are neither past due nor impaired*

Trade receivables and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the 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.

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

21. FINANCIAL RISK MANAGEMENT (CONT'D)

**Credit risk (cont'd)**

The amount of financial assets that are neither past due nor impaired is US\$332,865 (2016: US\$470,382)

*Financial assets that are past due and/or impaired*

There are no financial assets that are past due and/or impaired.

22. 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, trade receivables, other receivables, trade and other payables, amount owing to holding company*

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

*Bank borrowings*

The carrying amounts of bank borrowings approximate their fair values as they are subject to interest rates close to market rate of interest for arrangements with financial institutions.

23. CLASSIFICATION OF FINANCIAL INSTRUMENTS

*At the reporting date, the aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost were as follows:*

**Loans and receivables**

	<u>2017</u> US\$	<u>2016</u> US\$
Trade receivables	191,476	322,188
Other receivables (excluding prepayments)	-	37,193
Cash and cash equivalents	141,389	93,212
	<u>332,865</u>	<u>452,593</u>

**Financial liabilities measured at amortised cost**

	<u>2017</u> US\$	<u>2016</u> US\$
Trade and other payables	148,695	423,057
Amount owing to holding company	693,276	275,000
Bank loan	6,960,000	8,038,000
	<u>7,801,971</u>	<u>8,736,057</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**24. CAPITAL MANAGEMENT**

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

The company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2017 and 31 December 2016.

**25. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS**

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2018 or later periods and which the company has not early adopted. The company's assessment of the impact of adopting those standards, amendments and interpretations do not result in any significant impact on the company's financial statements.

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

	<i>Effective for annual periods beginning on or after</i>
▪ FRS 115 Revenue from Contracts with Customers	1 Jan 2018
▪ FRS 109 Financial Instruments	1 Jan 2018
▪ 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 of the company for the financial year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors as at the date of the Director's Statement.

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

DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE  
FINANCIAL YEAR ENDED 31 DECEMBER 2017

	<u>2017</u> US\$	<u>2016</u> US\$
<b>Revenue income</b>		
Consultancy fees	1,378,662	821,337
Incentive fees	88,200	133,856
Management fees	200,000	200,000
Dividend received	250,000	-
	<u>1,916,862</u>	<u>1,155,193</u>
<b>Other Income</b>		
Unrealised gain on foreign exchange	3,084	-
<b>Other operating expenses</b>		
Auditor's remuneration	4,316	7,571
Bank charges	2,825	3,116
Loss on foreign exchange	-	7,316
Legal and professional charges	52,652	47,450
Subscription expenses	635	-
Sundry expenses	8,040	-
	<u>(68,468)</u>	<u>(65,453)</u>
<b>Employee benefits expense</b>		
Director's remuneration	104,109	68,738
Director's benefits in kind	144,550	110,145
	<u>(248,659)</u>	<u>(178,883)</u>
<b>Finance expenses</b>		
Finance charges	205,531	112,098
Interest on bank loan	289,991	285,482
Interest on loan from holding company	24,118	64,505
Withholding tax	55,615	-
	<u>(575,255)</u>	<u>(462,085)</u>
<b>Profit before tax</b>	<u>1,027,564</u>	<u>448,772</u>

This statement is for management information only and does not form part of the financial statements of the company.