

**AVT NATURAL PTE. LTD.**

(Registration Number: 200604170H)

**REPORT OF THE DIRECTORS AND AUDITED FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM 1 JANUARY 2014 TO 15 DECEMBER 2014**

# AVT NATURAL PTE. LTD.

## REPORT OF THE DIRECTORS AND AUDITED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2014 TO 15 DECEMBER 2014

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# AVT NATURAL PTE. LTD.

## REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of the company for the financial year ended 15 December 2014. The financial year cover the period from 1 January 2014 to 15 December 2014.

### 1. DIRECTORS

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

Ajit Thomas  
Gopalasamy s/o Vasudhevan  
Methil Sreenivasan Achutha Kumar

### 2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object was to enable the directors to acquire benefits by means of acquisition of shares or debentures in the company or any other body corporate.

### 3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The directors who held office at the end of the financial year had no interests in the share capital of the company and its related corporations as recorded in the Register of Directors' Shareholdings required to be kept by the company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), except as follows:

Name of directors and companies in which interest are held	Number of ordinary shares			
	Direct interest		Holdings in which directors are deemed to have an interest	
	At beginning of year (Re 1 each)	At end of year (Re 1 each)	At beginning of year (Re 1 each)	At end of year (Re 1 each)
Holding company				
AVT Natural Products Limited				
Ajit Thomas	761,420	1,522,840	62,000 <sup>1</sup>	124,000 <sup>1</sup>
			30,456,800 <sup>2</sup>	60,913,600 <sup>2</sup>
			3,045,680 <sup>2</sup>	6,091,360 <sup>2</sup>
			22,270,650 <sup>2</sup>	44,541,300 <sup>2</sup>
Methil Sreenivasan Achutha Kumar	150,000	261,748	-	-

<sup>1</sup> Mr Ajit Thomas is deemed to be interest in the share held by his spouse in the share capital of AVT Natural Products Ltd pursuant to Section 164 of the Act.

<sup>2</sup> Mr Ajit Thomas is deemed to be interested in the shares held by Neelamalai Agro Industries Ltd, The Nelliampathy Tea and Produce Co. Ltd. and The Midland Rubber & Produce Co. Ltd. in the capital of AVT Natural Products Ltd by virtue of Section 7 of the Act.

## AVT NATURAL PTE. LTD.

### REPORT OF THE DIRECTORS

4. **DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS**

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Act, by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has substantial financial interest.

5. **OPTIONS TO TAKE UP UNISSUED SHARES**

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

6. **OPTIONS EXERCISED**

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

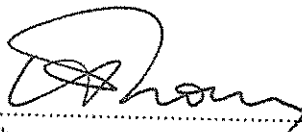
7. **UNISSUED SHARES UNDER OPTIONS**

At the end of the financial year, there were no unissued shares of the company under option.

8. **INDEPENDENT AUDITORS**

The independent auditors, Prudential Public Accounting Corporation, Public Accountants and Chartered Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board



Ajit Thomas  
Director



Methil Sreenivasan Achutha Kumar  
Director

15 DEC 2014

## AVT NATURAL PTE. LTD.

### STATEMENT BY DIRECTORS

We, being two of the directors of the company, do hereby state that in our opinion:-

- (a) the accompanying financial statements set out on pages 6 to 28 are drawn up so as to give a true and fair view of the state of affairs of the company as at 15 December 2014, and of the results, changes in equity and cash flows of the company for the financial year then ended;
- (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; and
- (c) no consolidated financial statements have been prepared as the company itself is wholly-owned by another corporation which prepares consolidated financial statements.

On behalf of the Board

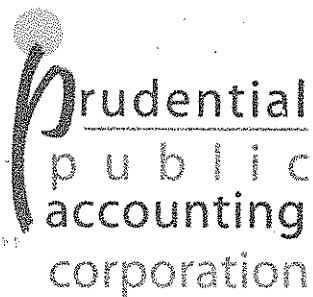


Ajit Thomas  
Director



Methil Sreenivasan Achutha Kumar  
Director

15 DEC 2014



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
AVT NATURAL PTE. LTD.**

**Report on the financial statements**

We have audited the accompanying financial statements of AVT NATURAL PTE. LTD. ("the company"), which comprise the statement of financial position as at 15 December 2014, and statement of comprehensive income, statement of changes in equity and statement of cash flows and a summary of significant accounting policies and other explanatory information.

**Management's responsibility for 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statement of comprehensive income and statement of financial position and to maintain accountability of assets.

**Independent auditors' responsibility for financial statements**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
AVT NATURAL PTE. LTD. – cont'd

Opinion

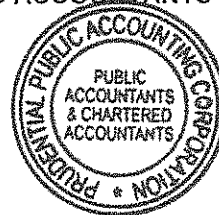
In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act, and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at 15 December 2014 and of the results, changes in equity and cash flows of the company for the period from 1 January 2014 to 15 December 2014.

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.

*Prudential PAC*

PRUDENTIAL PUBLIC ACCOUNTING CORPORATION  
PUBLIC ACCOUNTANTS AND  
CHARTERED ACCOUNTANTS  
SINGAPORE



15 DEC 2014

# AVT NATURAL PTE. LTD.

## STATEMENT OF FINANCIAL POSITION AS AT 15 DECEMBER 2014

	<u>Note</u>	<u>2014</u> <u>US\$</u>	<u>2013</u> <u>US\$</u>
<b>ASSETS</b>			
<b>Non-current assets:</b>			
Investment in subsidiary	(7)	-	-
Total non-current assets		-	-
<b>Current assets:</b>			
Investment in subsidiary	(7)	-	810,000
Trade receivable	(8)	-	119,654
Cash at bank	(9)	457,378	189,113
Total current assets		457,378	308,767
<b>Total assets</b>		<b>457,378</b>	<b>1,118,767</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserve:</b>			
Share capital	(10)	641,000	641,000
(Accumulated losses)/Retained earnings		(194,818)	472,675
Total equity		446,182	1,113,675
<b>Current liabilities:</b>			
Other payables	(11)	11,196	5,092
Income tax payable	(13)	-	-
Total current liabilities		11,196	5,092
<b>Total equity and liabilities</b>		<b>457,378</b>	<b>1,118,767</b>

The annexed notes form an integral part of these financial statements.



# AVT NATURAL PTE. LTD.

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 JANUARY 2014 TO 15 DECEMBER 2014

	<u>Note</u>	01 Jan 2014 to 15 Dec 2014 US\$	01 Jan 2013 to 31 Dec 2013 US\$
Revenue	(12)	-	-
Other income		-	306,180
Administrative expenses		<u>(217,493)</u>	<u>(8,507)</u>
(Loss)/Profit before income tax		(217,493)	297,673
Income tax expense	(13)	<u>-</u>	<u>-</u>
(Loss)/Profit for the period/year	(14)	(217,493)	297,673
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive (loss)/profit for the period/year		<u>(217,493)</u>	<u>297,673</u>

The annexed notes form an integral part of these financial statements.

## AVT NATURAL PTE. LTD.

### STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1 JANUARY 2014 TO 15 DECEMBER 2014

	Share Capital	Retained Earnings	Total
	US\$	US\$	US\$
Balance as at 1 January 2013	641,000	175,002	816,002
Total comprehensive income for the year	-	297,673	297,673
Balance as at 31 December 2013	641,000	472,675	1,113,675
Dividend paid	-	(450,000)	(450,000)
Total comprehensive loss for the period	-	(217,493)	(217,493)
Balance as at 15 December 2014	641,000	(194,818)	446,182

The annexed notes form an integral part of these financial statements.

# AVT NATURAL PTE. LTD.

## STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 1 JANUARY 2014 TO 15 DECEMBER 2014

	<u>Note</u>	01 Jan 2014 to 15 Dec 2014 US\$	01 Jan 2013 to 31 Dec 2013 US\$
<b>Cash flow from operating activities:</b>			
(Loss)/Profit before income tax		(217,493)	297,673
Adjustment for:			
Dividend		-	(306,180)
Loss on liquidation of investment in subsidiary		203,900	
Operating loss before working capital changes		(13,593)	(8,507)
Trade receivables		119,655	50,346
Other payables		6,104	(160,125)
Cash from/(used in) operating activities		112,166	(118,286)
Income tax paid		-	(665)
<b>Net cash from/(used in) operating activities</b>		<b>112,166</b>	<b>(118,951)</b>
<b>Investing activities:</b>			
Disposal of investment in subsidiary		606,099	-
Dividend paid		(450,000)	-
Dividend received		-	306,180
<b>Net cash from investing activities</b>		<b>156,099</b>	<b>306,180</b>
Net increase in cash at bank		268,265	187,229
Cash at bank as at beginning of year		189,113	1,884
<b>Cash at bank as at end of year</b>	(9)	<b>457,378</b>	<b>189,113</b>

The annexed notes form an integral part of these financial statements.

## AVT NATURAL PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS – 15 DECEMBER 2014

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

#### 1. GENERAL

AVT Natural Pte. Ltd. (the "company") (Registration number: 200604170H) is a private limited company incorporated in the Republic of Singapore with its registered office at:

17 Phillip Street #05-01  
Grand Building  
Singapore 048695

The principal activities of the company are general trading, import and export.

The principal activities of the subsidiary are stated in Note 7 to the financial statements.

The financial statements of the company for the year ended 15 December 2014 were authorised for issue in accordance with the directors' resolution dated 15 December 2014.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 2.1. Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up and in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS") including related interpretations of FRS ("INT FRS") promulgated by Accounting Standards Council ("ASC").

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 accounting estimates and assumption. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

##### 2.2. Changes in Accounting Policies

###### a) Adoption of new revised FRSs and INT FRSs

In the current financial year, the company has adopted all the new and revised FRSs and INT FRSs issued by the ASC that are relevant to its operations and effective for annual years beginning on or after 1 January 2014. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the company's accounting policies and has no material effect on the financial statements.

# AVT NATURAL PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

#### 2.2. Changes in Accounting Policies – cont'd

##### b) Standards issued but not yet issued

At the date of authorisation of financial statements, the following FRSs that are relevant to the company were issued but not effective are as follows:

<u>Reference</u>	<u>Description</u>	<u>Effective of annual period beginning on or after</u>
FRS 19	Amendments to FRS 19: Defined Benefit Plans: Employee Contributions	1 July 2014
FRS 16, FRS 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
FRS 115	Revenue from Contracts with Customers	1 January 2017
FRS 109	Financial Instruments	1 January 2018

The directors expect that the adoption of the above standards will have no material impact on the financial statements in the year of initial application.

##### c) Improvements to FRSs issued in 2014

INT FRS and amendments issued in 2014 that are relevant to the company were issued but not effective are as follows:

<u>Reference</u>	<u>Description</u>	<u>Effective of annual period beginning on or after</u>
FRS 16	Revaluation method – proportionate restatement of accumulated depreciation	1 July 2014
FRS 24	Key management personnel	1 July 2014
FRS 103	Scope exceptions for joint ventures	1 July 2014
FRS 113	Scope of paragraph 52 (portfolio exception)	1 July 2014
FRS 105	Changes in methods of disposal	1 January 2016
FRS 107	Servicing contracts	1 January 2016

## AVT NATURAL PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

##### 2.2. Changes in Accounting Policies – cont'd

###### c) Improvements to FRSs issued in 2014 – cont'd

The improvement contains amendments to numerous accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments.

The directors expect that the adoption of the improvements to FRSs above will have no material impact on the financial statements in the period of initial application.

##### 2.3. Functional and Foreign Currency

###### a) Functional presentation currency

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

###### b) Foreign currency transactions

Transactions in foreign currencies have been converted into United States dollar at the rates of exchange ruling at the date of the transactions. Monetary assets and liabilities in foreign currencies at the end of the reporting period have been converted into United States dollars at the rates of exchange approximating to those ruling at that 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 determined. 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.

##### 2.4. Investment in Subsidiary

Subsidiary is an entity controlled by the company. Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investment in the subsidiary company is recognised as cost less any impairment losses.

## AVT NATURAL PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

##### 2.4. Investment in Subsidiary – cont'd

No consolidated financial statements have been prepared as the company itself is wholly owned by another corporation which prepares consolidated financial statements. Such financial statements are available for public use.

##### 2.4. Impairment on Non-financial Assets

At the end of each reporting period, the company reviews the carrying amounts of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

##### 2.5. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivables and represents amounts receivables for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer and the amount of revenue and the costs of the transactions can be measured reliably.

## AVT NATURAL PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

##### 2.6. Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

##### a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The company's liability for current tax is calculated using tax rates that have been enacted.

##### b) Deferred tax

Deferred tax is provided, using the balance sheet liability method on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose.

Deferred tax liabilities are recognised for all temporary differences except where the deferred tax liability arises from initial recognition of an asset or liability in a transaction that is not a business combination and, at that time of the transaction, affects neither accounting profit or loss nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences carry forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward on unused tax assets and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary differences arise from the initial recognition of an asset or liability in a transaction and at the time of transaction affects neither the accounting profit or loss nor taxable profit or loss.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.



## AVT NATURAL PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

##### 2.6. Income Taxes – cont'd

###### b) Deferred tax – cont'd

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

##### 2.7. Related Party

A related party is a person or an entity related to the company and is further defined as follows:

(a) A person or a close member of that person's family is related to the company if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the company or of a parent of the company.

(b) An entity is related to a company if:

- (i) the entity and the company are members of the same group i.e each parent, subsidiary and fellow subsidiary;
- (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 entity;
- (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); or
- (vii) A person identified in (a) has significant influence over the company or is a member of the key management personnel of the company or of a parent of the company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

## AVT NATURAL PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

##### 2.7. Related Party – cont'd

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the company.

Related party transactions and outstanding balances disclosed in the financial statement are in accordance with the above definition as per FRS24.

##### 2.8. Provisions

Provisions are recognised when the company has present obligations (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

##### 2.9. Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occur so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the company.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

## AVT NATURAL PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

##### 2.10. Events after the Reporting Period

Events after the reporting period that provide additional information about the company's position at the end of reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

#### 3. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the company statement of financial position when the company becomes a party to the contractual provisions of the instrument.

##### 3.1. Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

##### 3.2. Financial Assets

Financial assets within the scope of FRS 39 are recognised on the statement of financial position when, and only when the company becomes a party to the contractual provisions of the financial instruments. The classification of financial assets depends on the purpose of which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at the end of the reporting period.

##### a) Loan and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade and other receivables and cash and bank balances are classified loans and receivables within the statements of financial position.

## AVT NATURAL PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 3. FINANCIAL INSTRUMENTS – cont'd

##### 3.2. Financial Assets – cont'd

###### a) Loan and receivables – cont'd

###### i) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in profit or loss.

###### ii) Cash at bank

Cash at bank comprises the total amount of money held at the bank by the company.

###### b) Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is an objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment loss not been recognised.

## AVT NATURAL PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 3. FINANCIAL INSTRUMENTS – cont'd

##### 3.2. Financial Assets – cont'd

###### c) Derecognition of financial assets

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired.

##### 3.3. Equity and Financial liabilities

Equity instruments issued by the company and financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of an equity instrument and a financial liability. Financial liabilities are recognised on the statement of financial position when and only when, the company becomes a party to the contractual provisions of the financial instruments.

###### a) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

###### b) Financial liabilities

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

###### c) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

#### 4. CRITICAL ACCOUNTING JUDGEMENTS, ASSUMPTIONS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

##### 4.1. Critical judgement in applying the company's accounting policies

In the application of the company's accounting policies, which are described in Note 2 to the financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

## AVT NATURAL PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 4. CRITICAL ACCOUNTING JUDGEMENTS, ASSUMPTIONS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

##### 4.1. Critical judgement in applying the company's accounting policies – cont'd

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

##### a) Determination of functional currency

The company measures foreign currency transactions in the respective functional currency of the company. In determining the functional currency of the company, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currency of the company is determined based on management's assessment of the economic environment in which the company operate and the company's process of determining sales prices.

##### b) Income taxes

Significant judgement is required in determining the deductibility of certain expenses during the estimation of the income taxes payable. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated 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 recorded, such differences will impact the income tax and deferred income tax liabilities in the year in which such determination is made.

##### 4.2. Key sources of estimation uncertainty

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

##### a) Impairment of investment in subsidiary

The company follows the guidance of FRS 36 in determining the recoverability of its investments in subsidiary. This requires assessment as to whether the carrying values of its investment can be supported by the net present values of future cash flows derived from such investment using cash flow projections which have been discounted at an appropriate rate. This determination requires significant judgement. The company determines forecasts of future cash flows based on its estimates of future revenues and operating expense using historical and industry trends, general market conditions, forecasts and other available information. The carrying amounts of company's investment in the subsidiary as at the end of the reporting period are disclosed in Note 7 to the financial statements.

# AVT NATURAL PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

### 5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT POLICIES AND OBJECTIVES

#### 5.1. Categories of Financial Assets and Liabilities

The categories of financial assets and financial liabilities included in the statement of financial position and the headings in which they are included are as follows:

	<u>15 Dec 2014</u>	<u>31 Dec 2013</u>
	US\$	US\$
<b>Financial assets</b>		
Trade receivable	-	119,654
Cash at bank	<u>457,378</u>	<u>189,113</u>
	<u>457,378</u>	<u>308,767</u>
<b>Financial liabilities</b>		
Other payables	<u>11,196</u>	<u>5,092</u>

#### 5.2. Financial Risks Management Policies and Objectives

The company's overall risk management policy seeks to minimise potential adverse effects on the financial performance of the company. The company, however, does not have any written risk management policies and guidelines. The directors monitor the following risk management of the company and believe that the financial risks associated with these financial instruments are minimal as follows:

##### a) Credit risk

Credit risk refers to risk that a counterparty will default on its obligations to repay amounts owing to the company resulting in a loss to the company. The carrying amount of cash at bank and other receivables represents the company's maximum exposure to credit risk in relation to financial assets.

As the company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

##### Financial assets that are neither past due not impaired

Bank balances that are neither past due not impaired are mainly deposits with banks with high credit ratings assigned by international credit-rating agencies.

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

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

## AVT NATURAL PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT POLICIES AND OBJECTIVES – cont'd

##### 5.2. Financial Risks Management Policies and Objectives

###### b) Interest rate risk

Interest rate risk arises from the potential change in interest rate that may have an adverse effect on the company's results in the current reporting period and in future periods.

The company has cash at bank that are non-interest bearing and no borrowing. Therefore has no exposure to cash flow interest rate risk.

The company's exposure to interest rate on financial assets and financial liabilities are detailed in the liquidity management section of this note.

###### Interest rate sensitivity

The company's profit or loss and equity are not affected by the changes in interest rates as the interest bearing instruments either carry fixed interest and are measured at amortised cost or carry variable interest rate and are held for short-term. Accordingly, management is of the view that the impact of any interest rate fluctuation will not be material. No interest rate sensitivity analysis has been prepared.

###### c) Foreign currency exchange rate risk

Foreign currency exchange rate risk arises from the change in foreign exchange rates that may have an adverse effect on the company in the current reporting period and in the future periods.

The company operates mainly in United States dollars and Singapore dollars. Foreign currency risk is mitigated as it is managed as far as possible by natural hedges of matching revenue and purchases in the same foreign currency. The exposure is monitored on an ongoing basis and the company endeavors to keep the net exposure at an acceptable level.

The company has no significant exposure in respect of financial assets and liabilities held in foreign exchange.

###### d) Liquidity risk

Liquidity risk refer to risk that the company will not have sufficient funds to pay its debts as and when they fall due.



# AVT NATURAL PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

### 5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT POLICIES AND OBJECTIVES – cont'd

#### 5.2. Financial Risks Management Policies and Objectives – cont'd

##### d) Liquidity risk – cont'd

Prudent liquidity risk management implies maintaining sufficient cash and bank balances to support their business activities on timely basis. The company maintains a balance between continuity of accounts receivable collectibility and flexibility through the use of accounts payables.

The following table summarises the company's remaining contractual maturity for its non-derivative financial liabilities at the end of reporting period based on undiscounted cash flows of financial liabilities based on the earlier of the contractual date or when the company is expected to pay.

15 December 2014	Effective interest rate (%)	Less than 1 year US\$	Total US\$
Financial liabilities			
Other payables	-	11,196	11,196
31 December 2013	Effective interest rate (%)	Less than 1 year US\$	Total US\$
Financial liabilities			
Other payables	-	5,092	5,092

##### e) Fair value of financial assets and financial liabilities

The carrying amounts of trade receivables, cash at bank and trade and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

#### 5.3. Capital Risk Management Policies and Objectives

The company manages its capital to ensure that the company is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholder value.

In order to maintain or adjust the capital structure, the company may adjust the dividend payment to equity holders, issue new shares, return capital to the equity holders, obtain new borrowings or redemption of borrowings.

# AVT NATURAL PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

### 5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT POLICIES AND OBJECTIVES – cont'd

#### 5.3. Capital Risk Management Policies and Objectives – cont'd

The company monitors capital using gearing ratio, which is net debt divided by total capital. Net debt is calculated as trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt. The company's overall strategy remains unchanged during the year.

	<u>15 Dec 2014</u> US\$	<u>31 Dec 2013</u> US\$
Other payables	11,196	5,092
Less Cash at bank	(457,378)	(189,113)
Net debt	(446,182)	(184,021)
Total equity	446,182	1,113,675
Total capital	-	929,654
Gearing ratio	-	19%

The capital structure of the company's mainly consists of equity and remains unchanged during the period. The company reviews the capital structure from time to time and will continue to monitor economic conditions in which its operates and will made adjustments to its capital structure where necessary.

The company is not subject to any externally imposed capital requirements.

### 6. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

The company is a wholly-owned subsidiary of AVT Natural Products Limited, a company incorporated in India, which is also the ultimate holding company. The ultimate holding company is listed in the National Stock Exchange of India (NSE), Bombay Stock Exchange (BSE) and Madras Stock Exchange (MSE).

Some of the company's transactions and arrangements are with the subsidiary and the effect of these on the basis determined between the parties are reflected in these financial statements. The inter company balances are unsecured and repayable on demand unless otherwise stated.

The following significant inter-company transactions took place during the financial year:

	<u>15 Dec 2014</u> US\$	<u>31 Dec 2013</u> US\$
Dividend	450,000	-

# AVT NATURAL PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

### 7. INVESTMENT IN SUBSIDIARY

	<u>15 Dec 2014</u> US\$	<u>31 Dec 2013</u> US\$
Unquoted equity shares at cost as below:		
Non-current asset	-	-
Current asset		
At beginning of year	810,000	-
Disposal	(810,000)	810,000
At end of year	-	810,000

<u>Name of subsidiary</u>	<u>Principal activities and country of incorporation</u>	<u>Percentage of equity held</u>	
		<u>2014</u>	<u>2013</u>
		%	%
Heilongjiang AVT Bio-Products Ltd	Trading business (China)	Nil	100

#### a) Impairment test

As at the end of the reporting period, the company carried out a review on the recoverable amount of its investment in the subsidiary. The review revealed no impairment in value required during the reporting period. The recoverable amount of the investment in subsidiary has been determined on the basis of its net assets values at the end of the reporting period as in the opinion of its management of the company, the net assets value of the subsidiary reasonably approximates the fair values less costs to sell.

#### b) Others

Heilongjiang AVT Bio-Products Ltd is audited by Shuangyashan Xinshuang Certified Public Accountants.

The carrying amount of investment in subsidiary approximates its fair value.

Investment in subsidiary has been reclassified to current asset as the management have decided to liquidate the subsidiary due to market condition according to the minutes of meeting dated 28 August 2013. The liquidation process was completed on 24 February 2014.

One set of consolidated financial statements of the company and its subsidiary is not prepared as the company itself is a wholly-owned subsidiary of another corporation, which prepares consolidated financial statements available for public use. The registered office of the ultimate holding company, AVT Natural Products Limited is 60, Rukmani Lakshmi pathy Salai, Egmore, Chennai, Tamil Nadu, India – 600008.

# AVT NATURAL PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

### 8. TRADE RECEIVABLE

	<u>15 Dec 2014</u> US\$	<u>31 Dec 2013</u> US\$
Trade receivable		
- third party	<u>-</u>	<u>119,654</u>

Trade receivables are non-interest bearing and they are normally settled on 30 to 90 (2013: 30 to 90) days credit terms. All trade receivables are not past due.

Analysis of trade receivables as at the end of the reporting period is as follows:

	<u>15 Dec 2014</u> US\$	<u>31 Dec 2013</u> US\$
Not past due and not impaired	-	-
Past due but not impaired	<u>-</u>	<u>119,654</u>
	<u>-</u>	<u>119,654</u>

The carrying amount of trade receivable approximates its fair value.

### 9. CASH AT BANK

	<u>15 Dec 2014</u> US\$	<u>31 Dec 2013</u> US\$
Cash at bank	<u>45,7378</u>	<u>189,113</u>

The carrying amount of cash at bank approximates its fair value.

### 10. SHARE CAPITAL

	<u>15 Dec 2014</u> <u>Number of ordinary shares</u>	<u>31 Dec 2013</u> <u>Number of ordinary shares</u>	<u>15 Dec 2014</u> US\$	<u>31 Dec 2013</u> US\$
Issued and paid up	<u>641,000</u>	<u>641,000</u>	<u>641,000</u>	<u>641,000</u>

The fully paid ordinary shares which have no par value carry one vote per share and a right to dividends as and when declared by the company.

### 11. OTHER PAYABLES

	<u>15 Dec 2014</u> US\$	<u>31 Dec 2013</u> US\$
Other payables - accrued expenses	<u>11,196</u>	<u>5,092</u>

# AVT NATURAL PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

### 11. OTHER PAYABLES – cont'd

The carrying amounts other payables, which approximate their fair value are denominated in the following currencies:

	<u>15 Dec 2014</u> US\$	<u>31 Dec 2013</u> US\$
United States dollar	-	-
Singapore dollar	<u>11,196</u>	<u>5,092</u>
	<u>11,196</u>	<u>5,092</u>

### 12. REVENUE

Revenue represents invoiced value of goods sold and delivered excluding net of returns, trade discounts and allowances.

### 13. INCOME TAX EXPENSE

#### a) Major component of income tax expenses

The major components of income tax expenses are as follows:

	<u>15 Dec 2014</u> US\$	<u>31 Dec 2013</u> US\$
Current tax	<u>-</u>	<u>-</u>

#### b) Relationship between income tax expense and accounting profit

The income tax expense varied from the amount of income tax expense determined by applying the Singapore Income Tax of 17% (2013: 17%) to profit before income tax as a result of the following differences:

	<u>15 Dec 2014</u> US\$	<u>31 Dec 2013</u> US\$
(Loss)/Profit before income tax	<u>(217,493)</u>	<u>297,673</u>
Tax expense/(benefit) at statutory tax rate 17%	<u>(36,973)</u>	<u>50,604</u>
Tax effects of:		
- non-deductible expense	-	5
- non-taxable items	-	(52,050)
- tax loss disregarded	<u>36,973</u>	<u>1,441</u>
Tax expense for the year	<u>-</u>	<u>-</u>

# AVT NATURAL PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

### 13. INCOME TAX EXPENSE – cont'd

#### c) Income tax payable

The movement in income tax payable is as follows:

	<u>15 Dec 2014</u> US\$	<u>31 Dec 2013</u> US\$
At beginning of year	-	665
Income tax expense	-	-
Income tax paid	-	(665)
At end of year	-	-

### 14. (LOSS)/PROFIT FOR THE YEAR

(Loss)/Profit for the year has been arrived at after charging:

	<u>01 Jan 2014</u> to <u>15 Dec 2014</u> US\$	<u>01 Jan 2013</u> to <u>31 Dec 2013</u> US\$
Foreign currency exchange adjustment loss	-	75

### 15. DIVIDENDS

The directors have proposed a tax-exempt one-tier final dividend of US\$0.702028 per ordinary share on the paid up share capital of the company amounting to US\$450,000 to all shareholders on the Register of Members in respect of the financial year ended 31 December 2013. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ended 31 December 2014.

### 16. COMPARATIVE FIGURES

The financial statements for 31 December 2013 cover the twelve months ended 31 December 2013. The financial statement for 15 December 2014 covered the financial period since the financial period from 1 January 2014 to 15 December 2014.

### 17. EVENT AFTER REPORTING PERIOD

Subsequent to the end of the reporting period, the company went into Members' Voluntary Liquidation.

# AVT NATURAL PTE. LTD.

## DETAILED STATEMENT OF PROFIT OR LOSS

FOR THE PERIOD FROM 1 JANUARY 2014 TO 15 DECEMBER 2014

	01 Jan 2014 to 15 Dec 2014 US\$	01 Jan 2013 to 31 Dec 2013 US\$
Sales	-	-
Add: Other income – dividend	-	306,180
	-	306,180
Less: Operating expenses		
Administrative expenses		
Auditors' remuneration	2,500	4,000
Bank charges	589	342
Foreign currency exchange adjustment loss	-	75
Liquidation fee	6,924	-
Loss on liquidation of investment in subsidiary	203,900	-
Penalty	-	32
Printing & stationery	-	192
Postage	-	342
Professional fee	3,080	
Secretarial fee and charges	-	2,624
Tax fee	500	900
	(217,493)	(8,507)
(Loss)/Profit before income tax	(217,493)	297,673

This schedule does not form part of the statutory audited financial statements.