

Company Registration No. 198703532E

ECU-Worldwide (Singapore) Pte. Ltd.
(formerly known as ECU-Line Singapore
Pte Ltd)

Annual Financial Statements
For the financial period from 1 January 2016
to 31 March 2017

ECU-Worldwide (Singapore) Pte. Ltd.
(formerly known as ECU-Line Singapore Pte Ltd)

General Information

Directors

Udaya Kumar
Tan Mui Wah
Mohamedhusein Saleem Mohamed Nazir
Rachapudi Venkata Subramanya Brahmananda Sharma (Appointed on 3 November 2016)
Sachin Anand (Resigned on 30 November 2016)

Company Secretary

Loo Boon San
Andrew Hudson (Resigned on 14 July 2016)

Registered Office

237 Pandan Loop
#06-06 to #06-11
Westech Building
Singapore 128424

Auditor

Ernst & Young LLP

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ECU-Worldwide (Singapore) Pte. Ltd.
(formerly known as ECU-Line Singapore Pte Ltd)

Directors' Statement

The directors are pleased to present their statement to the member together with the audited financial statements of ECU-Worldwide (Singapore) Pte. Ltd. (the "Company") for the financial period from 1 January 2016 to 31 March 2017.

Opinion of the directors

In the opinion of the directors,

- (a) the accompanying balance sheet, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes thereto are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2017 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date, and
- (b) at the date of this statement, with the continuing financial support from the holding company, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Udaya Kumar
Tan Mui Wah
Mohamedhusein Saleem Mohamed Nazir
Rachapudi Venkata Subramanya Brahmananda Sharma (Appointed on 3 November 2016)

Arrangement to enable directors to acquire shares and 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 or debentures of the Company or any other body corporate.

Directors' interest in shares and debentures

No director who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Chapter 50, interests in shares and share options of the Company, or of related corporations, either at the beginning or at the end of the financial year.

ECU-Worldwide (Singapore) Pte. Ltd.
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Directors' Statement

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

Rachapudi Venkata Subramanya Brahmananda Sharma
Director

Udaya Kumar
Director

Singapore

ECU-Worldwide (Singapore) Pte. Ltd.
(formerly known as ECU-Line Singapore Pte Ltd)

Independent Auditor's Report
For the financial period from 1 January 2016 to 31 March 2017

Independent Auditor's Report to the Member of ECU-Worldwide (Singapore) Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of ECU-Worldwide (Singapore) Pte. Ltd. (the "Company"), which comprise the balance sheet as at 31 March 2017, the statement of comprehensive income, statement of changes in equity and cash flow statement 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 March 2017 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

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

Other information

Management is responsible for other information. The other information comprises 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 Auditor's Report
For the financial period from 1 January 2016 to 31 March 2017

Independent Auditor's Report to the Member of ECU-Worldwide (Singapore) Pte. Ltd.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

ECU-Worldwide (Singapore) Pte. Ltd.
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Independent Auditor's Report
For the financial period from 1 January 2016 to 31 March 2017

Independent Auditor's Report to the Member of ECU-Worldwide (Singapore) Pte. Ltd.

Auditor's responsibilities for the audit of the financial statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

ECU-Worldwide (Singapore) Pte. Ltd.
(formerly known as ECU-Line Singapore Pte Ltd)

Statement of Comprehensive Income
For the financial period from 1 January 2016 to 31 March 2017

	Note	1 January 2016 to 31 March 2017 \$	31 December 2015 \$
Revenue			
Sale of services	5	41,906,984	34,928,702
Cost of sales		(30,837,906)	(25,636,504)
Gross profit		11,069,078	9,292,198
Other income		792,777	65,627
		11,861,855	9,357,825
Costs and expenses			
Salaries and employee benefits	6	7,919,492	6,781,431
Depreciation	9	296,930	228,206
Other operating expenses		2,544,322	1,720,963
Total costs and expenses		10,760,744	8,730,600
Profit before taxation	7	1,101,109	627,225
Income tax expense	8	(25,707)	(15,007)
Profit for the year, representing total comprehensive income for the year		1,075,402	612,218

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

ECU-Worldwide (Singapore) Pte. Ltd.
(formerly known as ECU-Line Singapore Pte Ltd)

Balance Sheet
As at 31 March 2017

	Note	31 March 2017 \$	31 December 2015 \$
Non-current asset			
Property, plant and equipment	9	5,028,813	5,295,870
Current assets			
Trade receivables	10	7,527,954	5,635,956
Other receivables	11	471,524	296,633
Prepayments		30,847	52,283
Cash and bank balances	12	526,937	410,722
		8,557,262	6,395,594
Current liabilities			
Bank overdraft	14	422,045	118,451
Trade payables	13	689,621	1,011,386
Other payables	15	3,736,017	3,594,905
Bank loan	16	2,923,632	3,155,316
Short-term loan from immediate holding company	13	976,570	–
Finance lease	17	23,062	21,634
Provision for taxation		–	21,235
		8,770,947	7,922,927
Net current liabilities		(213,685)	(1,527,333)
Non-current liabilities			
Deferred tax liabilities	18	62,956	62,956
Finance lease	17	16,204	45,015
		79,160	107,971
Net assets		4,735,968	3,660,566
Equity attributable to equity holder of the Company			
Share capital	19	1,498,520	1,498,520
Retained earnings		3,237,448	2,162,046
Total equity		4,735,968	3,660,566

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

ECU-Worldwide (Singapore) Pte. Ltd.
(formerly known as ECU-Line Singapore Pte Ltd)

Statement of Changes in Equity
For the financial period from 1 January 2016 to 31 March 2017

	Share capital (Note 19) \$	Retained earnings \$	Total equity \$
At 31 December 2015, 1 January 2016	1,498,520	2,162,046	3,660,566
Profit net of tax, representing total comprehensive income for the year	—	1,075,402	1,075,402
At 31 March 2017	1,498,520	3,237,448	4,735,968
At 31 December 2014, 1 January 2015	1,498,520	1,549,828	3,048,348
Profit net of tax, representing total comprehensive income for the year	—	612,218	612,218
At 31 December 2015	1,498,520	2,162,046	3,660,566

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

ECU-Worldwide (Singapore) Pte. Ltd.
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Cash Flow Statement

For the financial period from 1 January 2016 to 31 March 2017

	1 January 2016 to 31 March 2017 \$	31 December 2015 \$
Operating activities		
Profit before taxation	1,101,109	627,225
Adjustments for:		
Depreciation	296,930	228,206
Interest expense on finance lease	3,276	3,839
Interest expense on bank loan	89,686	69,606
Interest expense on loan from immediate holding company	5,747	–
Interest income	(15)	–
Allowance for impairment on trade receivables	–	110,000
Unrealised foreign exchange loss	–	157,717
Operating cash flows before changes in working capital	1,496,733	1,196,593
Increase in trade and other receivables	(2,066,889)	(215,792)
Decrease/(increase) in prepayments	21,436	(6,202)
Increase/(decrease) in trade and other payables	795,917	(183,919)
Cash flows from operations	247,197	790,680
Interest paid	(98,709)	(73,445)
Income taxes paid	(46,942)	(19,956)
Interest received	15	–
Net cash flows from operating activities	101,561	697,279
Investing activity		
Purchase of property, plant and equipment	(29,873)	(51,727)
Net cash flows used in investing activity	(29,873)	(51,727)
Financing activities		
Increase/(decrease) in bank overdraft	303,594	(245,607)
Repayment of finance lease	(27,383)	(20,690)
Repayment of bank loan	(231,684)	(181,546)
Increase in deposit with licensed bank	–	(15)
Net cash flows from/(used in) financing activities	44,527	(447,858)
Net increase in cash and cash equivalents	116,215	197,694
Cash and cash equivalents at 1 January	410,722	206,855
Cash and cash equivalents at 31 December	526,937	404,549

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

ECU-Worldwide (Singapore) Pte. Ltd.
(formerly known as ECU-Line Singapore Pte Ltd)

Notes to the Financial Statements
For the financial year ended 31 March 2017

1. Corporate information

ECU-Worldwide (Singapore) Pte. Ltd. (formerly known as ECU-Line Singapore Pte Ltd) (the "Company") which is incorporated and domiciled in Singapore, is a wholly-owned subsidiary of Ecuhold N.V., a company incorporated in Belgium. The ultimate holding company is Allcarglobal Logistics, a company incorporated and domiciled in India.

The Company is a private limited company with its registered office and principal place of business located at 237 Pandan Loop, #06-06 to #06-11, Westech Building, Singapore 128424.

The principal activities of the Company are to carry on the business of forwarders and carriers. There have been no significant changes in the nature of these activities during the financial year.

Related companies in these financial statements refer to members of Allcarglobal Logistics and the Ecuhold N.V. group of companies.

2. Fundamental accounting assumptions

The Company's current liabilities exceeded its current assets by \$213,685 (31 December 2015: \$1,527,333). This may give rise to doubt on the validity of the going concern assumption in the preparation of the financial statements. In the opinion of the directors, the Company is able to continue as a going concern as its holding company has indicated its intention in providing necessary financial support to the Company to enable it to continue its operation and to meet its liabilities as and when they arise. Accordingly, the directors are of the view that the use of the going concern assumption is appropriate for the preparation of the financial statements of the Company.

3. Summary of significant accounting policies

3.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

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

3.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2016. The adoption of these standards did not have any material effect on the financial statements.

3. Summary of significant accounting policies (cont'd)

3.3 Standards issued but not yet effective (cont'd)

The Company has not adopted the following standards and interpretation that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 7: <i>Disclosure Initiative</i>	1 January 2017
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
Amendments to FRS 115: <i>Clarifications to FRS 115 Revenue from Contracts with Customers</i>	1 January 2018
FRS 109 <i>Financial Instruments</i>	1 January 2018
INT FRS 122 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
FRS 116 <i>Leases</i>	1 January 2019

Except for FRS 115, FRS 109 and FRS116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting period on adoption of FRS 115, FRS 109 and FRS 116 are described below:

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under FRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

During 2015, the Company performed a preliminary assessment of FRS 115 which is subject to changes arising from a more detailed ongoing analysis. The Company is to carry on the business of forwarders and carriers. The Company does not expect any significant impact arising from these changes.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The Company does not expect any significant impact arising from classification and measurement of financial assets. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

3. Summary of significant accounting policies (cont'd)

3.3 Standards issued but not yet effective (cont'd)

FRS 109 Financial Instruments(cont'd)

Impairment

FRS 109 requires the Company to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Company is currently assessing the impact of FRS109 arises from the application of the expected credit loss model.

Transition

The Company plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Company is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Company expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

3.4 Foreign currency

The Company's financial statements are presented in Singapore Dollars (SGD or \$), which is also the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are measured in the functional currencies of the Company and are recorded on initial recognition 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 end of the reporting period. 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 end of the reporting period is recognised in profit or loss.

3. Summary of significant accounting policies (cont'd)

3.5 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

Leasehold properties	-	50 years
Furniture and fittings	-	3 years
Office equipment	-	3 years
Renovation	-	3 to 10 years
Computers	-	3 years
Motor Vehicles	-	10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

3.6 *Impairment of non-financial assets*

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or 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, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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 unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3. Summary of significant accounting policies (cont'd)

3.7 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

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

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

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

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

3. Summary of significant accounting policies (cont'd)

3.7 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

Subsequent measurement

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

De-recognition

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

3.8 Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried 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 assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

3. Summary of significant accounting policies (cont'd)

3.8 *Impairment of financial assets (cont'd)*

Financial assets carried at amortised cost (cont'd)

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.

3.9 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand, fixed deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Company's cash management.

3.10 *Provisions*

General

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

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

3.11 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3. Summary of significant accounting policies (cont'd)

3.12 Employee benefits

(a) Defined contribution plans

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

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

3.13 Leases

As lessee

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

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

3.14 Taxes

(a) 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 taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

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

3. Summary of significant accounting policies (cont'd)

3.14 Taxes (cont'd)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

3. Summary of significant accounting policies (cont'd)

3.15 Revenue recognition

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

(a) Rendering of services

Revenue from sales of services is recognized as and when services are rendered.

(b) Interest income

Interest income is recognised using the effective interest method.

3.16 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

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

Contingent liabilities and assets are not recognised on the balance sheet of the Company, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

4. 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 reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

4. Significant accounting judgements and estimates (cont'd)

In the process of applying the Company's accounting policies, management has not made any significant judgements. 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.

(a) Income taxes

The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Company's tax payable and deferred tax liabilities at 31 March 2017 was nil (31 December 2015: \$21,235) and \$62,956 (31 December 2015: \$62,956) respectively.

(b) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the property, plant and equipment's estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be 3 to 50 years. The life expectancies applied are based on management's assessment after taking into account historical asset useful life and the lease period of the building. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Company's property, plant and equipment at the balance sheet date is disclosed in Note 9 to the financial statements.

(c) Impairment of loans and receivables

The Company assesses at each end of reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Company's loans and receivables, at the balance sheet date is disclosed in Note 10 to the financial statements. If the present value of estimated future cash flows decrease by 5% from management's estimates, the Company's allowance for impairment on its trade receivables will be S\$159,701 (31 December 2015: S\$118,216).

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5. Sale of services

The breakdown of sale of services is as follows:

	1 January 2016 to 31 March 2017 \$	31 December 2015 \$
Sale of services to:		
External parties	25,762,390	19,320,620
Related companies	16,144,594	15,608,082
	41,906,984	34,928,702

6. Salaries and employee benefits

	1 January 2016 to 31 March 2017 \$	31 December 2015 \$
Salaries and bonuses	6,705,475	5,778,826
Central Provident Fund contributions	533,925	395,327
Other personnel expenses	680,092	607,278
	7,919,492	6,781,431

7. Profit before taxation

	1 January 2016 to 31 March 2017 \$	31 December 2015 \$
Profit before taxation is stated after charging/(crediting):		
Directors' remuneration (Note 21 (b))	1,285,503	1,147,592
Central Provident Fund contributions (Note 6)	533,925	395,327
Interest on bank loan	89,686	69,606
Interest on finance lease	3,276	3,839
Interest on loan from immediate holding company	5,747	—
Foreign exchange loss/(gain), net	188,009	(128,866)
Depreciation of plant and equipment (Note 9)	296,930	228,206
Rental expenses - equipment	23,445	18,756
Allowance on impairment on trade receivables (Note 10)	—	110,000

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8. Income tax expense

	1 January 2016 to 31 March 2017 \$	31 December 2015 \$
Statement of comprehensive income:		
<u>Income tax</u>		
Current taxation	–	15,007
Under provision in respect of prior years	25,707	–
	<hr/>	<hr/>
Income tax expense recognised in profit or loss	25,707	15,007
	<hr/>	<hr/>

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December are as follows:

	1 January 2016 to 31 March 2017 \$	31 December 2015 \$
Accounting profit before income tax	1,101,109	627,225
	<hr/>	<hr/>
Tax at statutory rate of 17% (31 December 2015: 17%)	187,189	106,628
Adjustments :		
Expenses not deductible for tax purposes	53,860	53,131
Income not subject to tax	(120,953)	(115,542)
Effect of tax exemption and tax relief	(50,925)	(29,210)
Under provision in respect of prior year	25,707	–
Others	(69,171)	–
	<hr/>	<hr/>
Income tax expense	25,707	15,007
	<hr/>	<hr/>

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9. Property, plant and equipment

	Leasehold properties \$	Motor vehicle \$	Furniture and fittings \$	Office equipment \$	Renovation \$	Computers \$	Total \$
Cost							
At 1 January 2015	5,315,033	219,000	180,774	85,389	581,788	521,269	6,903,253
Additions	–	–	13,660	10,646	–	27,421	51,727
Write off	–	–	(8,075)	(4,644)	–	(284,292)	(297,011)
At 31 December 2015 and 1 January 2016	5,315,033	219,000	186,359	91,391	581,788	264,398	6,657,969
Additions	–	–	4,449	3,293	5,174	16,957	29,873
At 31 March 2017	5,315,033	219,000	190,808	94,684	586,962	281,355	6,687,842
Accumulated depreciation							
At 1 January 2015	442,921	25,550	168,664	71,275	235,864	486,630	1,430,904
Depreciation charge for the year	106,301	21,900	6,954	6,357	67,134	19,560	228,206
Write off	–	–	(8,075)	(4,644)	–	(284,292)	(297,011)
At 31 December 2015 and 1 January 2016	549,222	47,450	167,543	72,988	302,998	221,898	1,362,099
Depreciation charge for the year	132,876	27,375	12,289	11,401	82,614	30,375	296,930
At 31 March 2017	682,098	74,825	179,832	84,389	385,612	252,273	1,659,029
Net book value							
At 31 March 2017	4,632,936	144,175	10,976	10,295	201,350	29,081	5,028,813
At 31 December 2015	4,765,811	171,550	18,816	18,403	278,790	42,500	5,295,870

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9. Property, plant and equipment (cont'd)

Assets held under finance leases

The cash outflow on acquisition of property, plant and equipment amounted to \$29,873 (31 December 2015: \$51,727).

The carrying amount of plant and equipment held under finance leases at the end of the reporting period was \$144,175 (31 December 2015: \$171,550).

Leased assets are pledged as security for the related finance lease liabilities.

Assets pledged as security

In addition to assets held under finance leases, the Company's leasehold properties with a carrying amount of \$4,632,936 (31 December 2015: \$4,765,811) are mortgaged to secure the Company's bank loans (Note 16).

10. Trade receivables

	31 March 2017	31 December 2015
	\$	\$
Trade receivables:		
Third parties	3,194,018	2,364,323
Ultimate holding company	285,595	339,600
Immediate holding company	62,962	–
Related companies	3,773,259	2,932,033
Company with common director	212,120	–
	<hr/>	<hr/>
Total trade receivables	7,527,954	5,635,956
Other receivables (Note 11)	471,524	296,633
	<hr/>	<hr/>
Total trade and other receivables	7,999,478	5,932,589
Add: Cash and cash equivalents (Note 12)	526,937	410,722
Less: Sales tax receivables	(4,045)	(5,069)
	<hr/>	<hr/>
Total loans and receivables	8,522,370	6,338,242
	<hr/> <hr/>	<hr/> <hr/>

Trade receivables are non-interest bearing and are generally on 30 to 60 days' terms.

They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Amount due from immediate, ultimate holding company, related companies and company with common director are subject to 60 days' credit terms and are to be settled in cash.

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10. Trade receivables (cont'd)

Trade receivables (cont'd)

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

	31 March 2017	31 December 2015
	\$	\$
United States Dollars	4,997,652	4,103,366

Receivables that are past due but not impaired

The Company has trade receivables amounting to \$2,450,046 (31 December 2015: \$1,017,722) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the end of reporting period is as follows:

	31 March 2017	31 December 2015
	\$	\$
Trade receivables past due :		
Lesser than 30 days	754,567	426,985
30 – 60 days	330,677	201,627
61– 90 days	604,850	76,603
More than 120 days	759,952	312,507
	2,450,046	1,017,722

Receivables that are impaired

The Company's trade receivables that are impaired at the end of reporting period and the movement of the allowance accounts used to record the impairments are as follows:

	31 March 2017	31 December 2015
	\$	\$
Trade receivables – nominal amounts	178,572	178,572
Less: Allowance for impairment	(178,572)	(178,572)
	–	–

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Notes to the Financial Statements
For the financial year ended 31 March 2017

10. Trade receivables (cont'd)

	31 March 2017	31 December 2015
	\$	\$
Movement in allowance accounts:		
At 1 January	(178,572)	(68,572)
Charge for the year	–	(110,000)
At 31 December	(178,572)	(178,572)

Trade receivables determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

11. Other receivables

	31 March 2017	31 December 2015
	\$	\$
Deposits	8,230	12,050
Others	53,810	20,250
Amount due from related companies	409,484	264,333
	471,524	296,633

Amount due from a related company is non-trade, unsecured, non-interest bearing, are generally repayable on demand and is to be settled by cash.

12. Cash and bank balances

	31 March 2017	31 December 2015
	\$	\$
Cash and bank balances	520,748	404,549
Fixed deposit	6,189	6,173
	526,937	410,722
Less: Deposit with licensed bank with maturity of more than 3 months	(6,189)	(6,173)
Cash and cash equivalents	520,748	404,549

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12. Cash and bank balances (cont'd)

The weighted average interest rates relating to cash and cash equivalents, at the balance sheet date for the Company was 0.25% (31 December 2015: 0.25%) per annum.

Cash and cash equivalents are denominated in the following currencies:

	31 March 2017	31 December 2015
	\$	\$
United States Dollars	368,785	375,407

13. Trade payables

	31 March 2017	31 December 2015
	\$	\$
Trade payables:		
Third parties	486,095	505,330
Ultimate holding company	3,535	29,496
Related companies	199,991	476,560
Total trade payables	689,621	1,011,386
Bank overdraft (Note 14)	422,045	118,451
Other payables (Note 15)	3,736,017	3,594,905
Bank loan (Note 16)	2,923,632	3,155,316
Finance lease (Note 17)	39,266	66,649
Short-term loan from immediate holding company	976,570	—
Total financial liabilities carried at amortised cost	8,787,151	7,946,707

Trade payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

Amount due to ultimate holding and related companies are trade related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

The short-term loan from immediate holding company bears interest rate at 2% per annum and is repayable on demand.

Purchases from related companies are made at terms equivalent to those prevailing in arm's length transactions with third parties.

Trade payables denominated in the following currencies:

	31 March 2017	31 December 2015
	\$	\$
United States Dollars	281,268	621,174

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14. Bank overdraft

The bank overdraft is denominated in Singapore Dollars, bears interest rate ranged from 0.75% to 1.15% (31 December 2015: 1%) per annum. The bank overdraft facilities are secured by an existing first legal mortgage over the Company's leasehold properties as disclosed in Note 9.

15. Other payables

	31 March 2017 \$	31 December 2015 \$
Accruals	2,776,585	3,132,015
Advance billings	131,109	158,639
Other payables	828,323	304,251
	<u>3,736,017</u>	<u>3,594,905</u>

Amount due to a related company is non-trade, unsecured, non-interest bearing, are generally repayable on demand and is to be settled in cash.

16. Bank loan

The loan is repayable over 240 monthly instalments as follows:

	31 March 2017 \$	31 December 2015 \$
Payable within 12 months	255,300	251,152
Payable after 12 months	2,668,332	2,904,164
	<u>2,923,632</u>	<u>3,155,316</u>

The loan bears interest at 1.35% (31 December 2015: 1.35%) per annum above the prevailing 3-month SIBOR and is secured by the leasehold properties (Note 9). During the year, interest rates ranged from 2.222% to 2.603% (31 December 2015: 1.751% to 1.780%) per annum.

As at the end of the reporting period, banker's guarantees amounting to S\$367,175 (31 December 2015: \$367,175) was issued by the bank to a customer.

In addition to the basic loan terms and specific clauses defining default events, the above bank loan also includes an overriding repayment on demand clause which gives the lender the right to demand repayment at any time at their sole discretion irrespective of whether a default event has occurred.

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17. Finance lease

Future minimum lease payments under a finance lease together with the present value of the minimum lease payments are as follows:

	1 January 2016 to 31 March 2017		31 December 2015	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
	\$	\$	\$	\$
Within one year	24,528	23,062	24,528	21,634
After one year but not more than five years	16,317	16,204	46,977	45,015
Total minimum payments	40,845	39,266	71,505	66,649
Less : Amount representing interest	(1,579)	–	(4,856)	–
Present value of minimum payments	39,266	39,266	66,649	66,649

18. Deferred tax liabilities

	31 March 2017	31 December 2015
	\$	\$
Balance at beginning and end of year	62,956	62,956
Deferred tax liabilities consist of the following:		
Excess of net book value over tax written down value of fixed assets	62,956	62,956

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19. Share capital

	31 March 2017		31 December 2015	
	No. of shares	S\$	No. of shares	S\$
Ordinary shares				
<i>Issued and fully paid:</i>				
At 1 January 2015, 31				
December 2015, 1				
January 2016 and 31				
March 2017	1,498,520	1,498,520	1,498,520	1,498,520

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 restrictions. The ordinary shares have no par value.

20. Operating lease commitments

The Company leases office equipment under lease agreements that are non-cancellable within a year. These non-cancellable leases have remaining lease terms of between 1 and 5 years.

Future minimum lease payments payable under non-cancellable operating leases as at 31 December are as follows:

	1 January 2016 to 31 March 2017	31 December 2015
	\$	\$
Not later than one year	33,146	18,756
Later than one year but not later than five years	—	36,272
	<u>33,146</u>	<u>55,028</u>

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21. Related party transactions

(a) Sales and purchase of services

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

	1 January 2016 to 31 March 2017 \$	31 December 2015 \$
Transactions with related companies:		
Sale of services	18,027,482	14,008,398
Cost of services	8,709,328	5,781,924
Network support fee to related company	609,440	485,567
	<hr/>	<hr/>
Transactions with ultimate holding company:		
Sale of services	1,480,739	1,599,684
Cost of services	394,456	431,036
	<hr/>	<hr/>

Other transactions with related parties are disclosed in various notes to the financial statements.

(b) Compensation of key management personnel

	1 January 2016 to 31 March 2017 \$	31 December 2015 \$
Salaries, bonuses and fees	2,860,914	2,259,994
Central Provident Fund contributions	201,609	177,835
Other benefits	233,218	219,106
	<hr/>	<hr/>
Total compensation paid to key management personnel	3,295,741	2,656,935
	<hr/>	<hr/>
Comprise amounts paid to:		
- Directors of the Company	1,285,503	1,147,592
- Other key management personnel	2,010,238	1,509,343
	<hr/>	<hr/>
	3,295,741	2,656,935
	<hr/>	<hr/>

22. Financial risk management objectives and policies

The main risks arising from the Company's operations are credit risk, liquidity risk, interest rate risk and foreign currency risk. The board reviews and agrees policies for managing each of these risks and they are summarised below. There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Credit risk

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

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 are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

Credit risk concentration profile

The Company determines concentration of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Company's trade receivables at the balance sheet date is as follows:

	31 March 2017		31 December 2015	
	\$	% of total	\$	% of total
By country/region:				
Singapore	2,861,707	38	1,762,046	31
United States of America	391,362	5	208,676	3
Europe	794,180	11	937,759	17
China	289,225	3	261,894	5
India	294,055	4	339,600	6
Others	2,897,425	39	2,125,981	38
	7,527,954	100	5,635,956	100

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Company. Cash and cash equivalents are placed with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 10.

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22. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's objective is to maintain a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial assets and liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

31 March 2017	One year or less \$	One to five years \$	Total \$
Financial assets			
Trade receivables	7,523,909	–	7,523,909
Other receivables	471,524	–	471,524
Cash and cash equivalents	526,937	–	526,937
Total undiscounted financial assets	8,522,370	–	8,522,370
Financial liabilities			
Bank overdraft	422,045	–	422,045
Trade payables	689,621	–	689,621
Other payables	3,736,017	–	3,736,017
Finance lease	23,062	16,204	39,266
Bank loan	2,923,632	–	2,923,632
Short term loan from immediate holding company	976,570	–	976,570
Total undiscounted financial liabilities	8,770,947	16,204	8,787,151
Total net undiscounted financial liabilities	(248,577)	(16,204)	(264,781)

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22. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

31 December 2015	One year or less \$	One to five years \$	Total \$
Financial assets			
Trade receivables	5,630,887	–	5,630,887
Other receivables	296,633	–	296,633
Cash and cash equivalents	410,722	–	410,722
Total undiscounted financial assets	6,338,242	–	6,338,242
Financial liabilities			
Bank overdraft	118,451	–	118,451
Trade payables	1,011,386	–	1,011,386
Other payables	3,594,905	–	3,594,905
Finance lease	24,528	46,977	71,505
Bank loan	3,155,316	–	3,155,316
Total undiscounted financial liabilities	7,904,586	46,977	7,951,563
Total net undiscounted financial liabilities	(1,566,344)	(46,977)	(1,613,321)

(c) Interest rate risk

Interest rate risk is the risk that the 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 loans.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 100 (31 December 2015: 100) basis points lower/higher with all other variables held constant, the Company's profit before tax would have been \$29,236 (31 December 2015: \$32,461) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

22. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk

The Company has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Company. The foreign currency in which these transactions are denominated is mainly US Dollars ("USD"). Approximately 59% (31 December 2015: 42%) of the Company's sales are denominated in USD whilst almost 49% (31 December 2015: 51%) of cost of sales are denominated in USD. The Company's trade receivable and trade payables balances at the balance sheet date have similar exposures.

The Company also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. Further details are disclosed in Note 12.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's profit net of tax to a reasonably possible change in the USD exchange rate with all other variables held constant.

		Profit net of tax	
		1 January 2016 to 31 March 2017	31 December 2015
		\$	\$
USD/SGD	- strengthened 1.1% (31 December 2015: 1.1%)	46,428	60,022
	- weakened 1.1% (31 December 2015: 1.1%)	(46,428)	(60,022)

23. Fair values of financial assets and liabilities

Fair value hierarchy

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

23. Fair values of financial assets and liabilities (cont'd)

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Management has determined that the carrying amount of the Company's financial assets and liabilities based on their notional amounts approximates its fair value.

24. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

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. No changes were made in the objectives, policies or processes during the financial year ended 31 March 2017 and 31 December 2015.

25. Change of financial year end

The Company has changed its year end from 31 December to 31 March in line with holding company. The current financial year covers 15 months from 1 January 2016 to 31 March 2017.

The comparative figures disclosed in financial statements cover 12 months from 1 January 2016 to 31 December 2016.

26. Comparatives

The current financial statements are prepared for the financial period from 1 January 2016 to 31 March 2017.

27. Authorisation of financial statements for issue

The financial statements for the year ended 31 March 2017 were authorised for issue in accordance with a resolution of the directors on _____.