

East Asia Sentinel Limited

衛亞會計師事務所有限公司

Certified Public Accountants

MADER INTERNATIONAL LIMITED

REPORT OF THE DIRECTORS
AND
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Our *passion* is creating value for our clients

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INTERNATIONAL

An independent member of BKR International,
with offices throughout the World

MADER INTERNATIONAL LIMITED
FOR THE YEAR ENDED 30 JUNE 2016

CONTENTS	PAGE
REPORT OF THE DIRECTORS	1 - 3
INDEPENDENT AUDITORS' REPORT	4 - 5
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	6
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	7
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	8
CONSOLIDATED STATEMENT OF CASH FLOWS	9
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	10 - 27

MADER INTERNATIONAL LIMITED

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and the audited consolidated financial statements of Mader International Limited (“the Company”) and its subsidiaries (collectively as “the Group”) for the year ended 30 June 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Company are providing the mine maintenance service in overseas countries and investment holding. Details of the principal activities of the subsidiary are set out in note 12 to the consolidated financial statements.

RESULTS AND FINANCIAL POSITION

The results for the year are set out in the consolidated statement of comprehensive income on page 6.

The state of affairs of the Group and the Company at 30 June 2016 are set out in the consolidated statement of financial position page 7 and note 23 respectively.

SHARES ISSUED DURING THE YEAR

Details of shares issued in the year ended 30 June 2016 are set out in note 18 to the consolidated financial statements.

DIVIDENDS

The directors do not recommend the payment of any dividend for the year (2015: Nil).

DIRECTORS

(a) Directors of the Company

The directors who held office during the year and up to the date of this report were:

Neto Crystal Worldwide Company Limited
Luke Benjamin MADER

In accordance with Article 111 of the Company’s Articles of Association, both directors retire and, being eligible, offer themselves for re-election.

DIRECTORS (continued)

(b) Directors of the Company's subsidiaries

During the year and up to the date of this report, Luke Benjamin MADER is also the director in certain subsidiaries of the Group. Other directors of the Group's subsidiaries during the year and up to the date of this report include:

Lim Seng Huat	(appointed on 23 December 2015)
Gary Scott WOTHERSPOON	(appointed on 23 December 2015)
Katrina MABIKA	(appointed on 26 August 2015 and resigned on 3 November 2016)
Harrison BANDA	(appointed on 10 October 2016)

Katrina MABIKA resigned on 3 November 2016 as director of a subsidiary. Katrina MABIKA has confirmed that she has no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the shareholders of the Company.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Save as disclosed in notes 13 and 22 to the consolidated financial statements, there was no other transactions, arrangements and contract of significance to which the Company, or any of its subsidiaries, or its related company was a party and in which any directors had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY

At no time during the year was the Company, or any of its subsidiaries, or its related company a party to any arrangements to enable the directors of the to hold any interests in the shares or debentures of, the Company or its specified undertakings or any other body corporate.

BUSINESS REVIEW

The Company is a private company that does not fall within the reporting exemption for the financial year, however, a special resolution has been passed by the Company's members to the effect that the Company is not to prepare a business review required by Schedule 5 of the New Companies Ordinance for the financial year. Accordingly, the Company is exempted from preparing a business review.

PERMITTED INDEMNITY PROVISIONS

In accordance with Article 161 of the Company's Articles of Association, there is a permitted indemnity provision in force for the benefit of one or more directors of the Company.

AUDITORS

The consolidated financial statements have been audited by East Asia Sentinel Limited, a corporation of Certified Public Accountants, retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



Luke Benjamin MADER
Director

Hong Kong

Date: 23 FEB 2017



East Asia Sentinel Limited

衛亞會計師事務所有限公司

Certified Public Accountants

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**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
MADER INTERNATIONAL LIMITED
(Incorporated in Hong Kong with limited liability)**

We have audited the consolidated financial statements of Mader International Limited ("the Company") and its subsidiaries (collectively, "the Group") set out on pages 6 to 27, which comprise the consolidated and Company's statements of financial position as at 30 June 2016, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standard for Private Entities issued by the Hong Kong Institute of Certified Public Accountants, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance (Cap. 622) and for no other purpose. We do not assume responsibility towards or accept liabilities to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. 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 the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, 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 auditors consider internal control relevant to the entity's preparation of consolidated 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 the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
MADER INTERNATIONAL LIMITED
(Incorporated in Hong Kong with limited liability)**

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and of its subsidiaries as at 30 June 2016 and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

East Asia Sentinel Limited



Yim Wing Yee

Director

Practising Certificate No. P05906

Hong Kong

Date : 23 FEB 2017

MADER INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	2016 US\$	2015 US\$
TURNOVER	5	13,749,231	13,309,798
COST OF SERVICES RENDERED		<u>(10,087,300)</u>	<u>(9,518,821)</u>
GROSS PROFIT		3,661,931	3,790,977
OTHER REVENUES	6	55,429	142,083
GENERAL AND ADMINISTRATIVE EXPENSES		<u>(1,509,469)</u>	<u>(1,289,226)</u>
PROFIT FROM OPERATIONS		2,207,891	2,643,834
FINANCE COSTS	7	<u>-</u>	<u>(28,846)</u>
PROFIT BEFORE TAXATION	8	2,207,891	2,614,988
TAXATION	9	<u>(237,704)</u>	<u>(367,589)</u>
PROFIT FOR THE YEAR		1,970,187	2,247,399
OTHER COMPREHENSIVE LOSS			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Currency translation differences		<u>(5,624)</u>	<u>(156,574)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,964,563</u>	<u>2,090,825</u>

The notes on pages 10 to 27 form an integral part of these consolidated financial statements.

MADER INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	NOTE	2016 US\$	2015 US\$
NON-CURRENT ASSETS			
Property, plant and equipment	11	69,990	17,735
Loan to a related company – non-current portion	13	<u>1,489,473</u>	<u>706,509</u>
		1,559,463	724,244
CURRENT ASSETS			
Trade receivables	14	3,677,029	1,834,173
Deposits, prepayments and other receivables	14	204,045	248,906
Loan to a related company – current portion	13	64,932	-
Cash and cash equivalents	15	<u>886,775</u>	<u>1,345,127</u>
		4,832,781	3,428,206
CURRENT LIABILITIES			
Accruals and other payables		582,082	302,045
Tax payables		<u>52,126</u>	<u>60,913</u>
		634,208	362,958
NET CURRENT ASSETS		<u>4,198,573</u>	<u>3,065,248</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,758,036</u>	<u>3,789,492</u>
NON-CURRENT LIABILITY			
Deferred tax liabilities	17	<u>3,981</u>	<u>-</u>
NET ASSETS		<u>5,754,055</u>	<u>3,789,492</u>
CAPITAL AND RESERVES			
Share capital	18	1,286	1,286
Exchange reserves	19	(203,099)	(197,475)
Retained profits		<u>5,955,868</u>	<u>3,985,681</u>
TOTAL EQUITY		<u>5,754,055</u>	<u>3,789,492</u>



Neto Crystal Worldwide Company Limited
Director



Luke Benjamin MADER
Director

The notes on pages 10 to 27 form an integral part of these consolidated financial statements.

MADER INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Share capital US\$	Exchange reserves US\$	Retained profits US\$	Total US\$
YEAR ENDED 30 JUNE 2015				
At 1 July 2014	1,286	(40,901)	1,738,282	1,698,667
	-----	-----	-----	-----
<u>Comprehensive income</u>				
Profit for the year	-	-	2,247,399	2,247,399
<u>Other comprehensive loss</u>				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Currency translation differences	-	(156,574)	-	(156,574)
	-----	-----	-----	-----
Total comprehensive income	-	(156,574)	2,247,399	2,090,825
	-----	-----	-----	-----
At 30 June 2015	<u>1,286</u>	<u>(197,475)</u>	<u>3,985,681</u>	<u>3,789,492</u>
YEAR ENDED 30 JUNE 2016				
At 1 July 2015	1,286	(197,475)	3,985,681	3,789,492
	-----	-----	-----	-----
<u>Comprehensive income</u>				
Profit for the year	-	-	1,970,187	1,970,187
<u>Other comprehensive loss</u>				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Currency translation differences	-	(5,624)	-	(5,624)
	-----	-----	-----	-----
Total comprehensive income	-	(5,624)	1,970,187	1,964,563
	-----	-----	-----	-----
At 30 June 2016	<u>1,286</u>	<u>(203,099)</u>	<u>5,955,868</u>	<u>5,754,055</u>

The notes on pages 10 to 27 form an integral part of these consolidated financial statements.

MADER INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	2016 US\$	2015 US\$
CASH FLOWS FORM OPERATING ACTIVITIES		
Profit before taxation	2,207,891	2,614,988
Adjustments for:		
Depreciation	11,199	7,496
Finance cost	-	28,846
Interest income	(55,429)	(15,619)
Gain of disposal of property, plant and equipment	<u>-</u>	<u>(450)</u>
Operating profit before changes in working capital	2,163,661	2,635,261
(Increase)/Decrease in trade receivables	(1,842,856)	674,816
Decrease/(Increase) in deposits, prepayments and other receivables	44,861	(43,132)
Increase/(Decrease) in accruals and other payables	<u>280,037</u>	<u>(291,436)</u>
Cash generated from operations	645,703	2,975,509
Tax paid	<u>(242,509)</u>	<u>(375,469)</u>
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>403,194</u>	<u>2,600,040</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(63,454)	(14,184)
Proceed on disposal of property, plant and equipment	-	450
Interest received	7,532	9,110
Increase in loan to a related company	<u>(800,000)</u>	<u>(700,000)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(855,922)</u>	<u>(704,624)</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Repayment of loans and interests to related companies	<u>-</u>	<u>(781,729)</u>
NET CASH USED IN FINANCING ACTIVITY	<u>-</u>	<u>(781,729)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(452,728)</u>	<u>1,113,687</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	1,345,127	388,014
EFFECT FOR FOREIGN EXCHANGE	<u>(5,624)</u>	<u>(156,574)</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>886,775</u>	<u>1,345,127</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	872,769	1,331,122
Short term deposit	<u>14,006</u>	<u>14,005</u>
	<u>886,775</u>	<u>1,345,127</u>

The notes on pages 10 to 27 form an integral part of these consolidated financial statements.

MADER INTERNATIONAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1. GENERAL INFORMATION

Mader International Limited (“the Company”) is a private limited company incorporated in Hong Kong under the Hong Kong Companies Ordinance. The address of its registered office is 22nd Floor, Tai Yau Building, 181 Johnston Road, Wanchai, Hong Kong. Its holding company is Neto Crystal Worldwide Company Limited, a private company incorporated in British Virgin Islands.

The principal activities of the Company are providing the mine maintenance services in overseas countries and investment holding. The principal activities of the subsidiaries are set in note 12 to the consolidated financial statements.

2. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities (“HKFRS for Private Entities”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). These consolidated financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention.

The consolidated financial statements are presented in United States dollars, unless otherwise stated.

The preparation of consolidated financial statements in conformity with HKFRS for Private Entities requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

MADER INTERNATIONAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Consolidation (continued)

All intragroup transactions, balances, income and expenses are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. There is no difference in the reporting date of the financial statements of the Company and its subsidiaries used in the preparation of the consolidated financial statements.

In the Company's statement of financial position, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company is United States dollars and its subsidiaries are United States dollars and Mongolian Tugriks ("MNT"). The consolidated financial statements are presented in United States dollars, which is the Company's functional currency and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

(iii) Group entities

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each reporting period presented are translated at the closing rate at the date of that reporting period;

MADER INTERNATIONAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency translation (continued)

(iii) Group entities (continued)

- income and expenses for each statement of comprehensive income presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate at each reporting date.

(c) Property, plant and equipment

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The Group adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost or revalued amounts less their residual values over the estimated useful lives. The principal useful lives and depreciation rates are as follows:

On straight-line basis

Leasehold improvement	Over the lease term
Computer equipment	3 years
Furniture and fixtures	3 - 4 years
Office equipment	4 years
Machinery	4 years

On diminishing balance basis

Motor vehicle	25%
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If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

MADER INTERNATIONAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, plant and equipment (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within other income and gains in the statement of comprehensive income.

(d) Impairment of non-financial assets

At each reporting date, property, plant and equipment, and investments in subsidiaries are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the consolidated statement of comprehensive income.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of comprehensive income.

(e) Receivables

Receivables, including amount due from a related company, are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. At the end of each reporting period, the carrying amounts of receivables are reviewed to determine whether there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. If so, an impairment loss is recognised immediately in the consolidated statement of comprehensive income.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(g) Payables

Payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

MADER INTERNATIONAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Borrowings

Borrowings are recognised initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest method and is included in finance costs in the period in which they are incurred.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period end.

(i) Provision

Provisions are recognised when the Group has a present legal or constructive obligation where, as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(j) Income tax

Income tax expense for the year comprises current income tax and deferred income tax.

Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

MADER INTERNATIONAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Income tax (continued)

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and the corresponding tax bases using in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

(k) Revenue recognition

Revenue is recognised in statement of comprehensive income provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, as follows:

Services fee income is recognised when service is rendered.

Interest income is recognised on a time proportion basis using the effective interest method.

Sundry income is recognised on an accrual basis.

MADER INTERNATIONAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Operating leases (As a lessee)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged in the consolidated statement of comprehensive income on a straight-line basis over the period of the lease term.

(m) Employee benefit

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(n) Employee benefit obligations

The Group contributes to a Mandatory Provident Fund Scheme (“the MPF scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinances for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly relevant income which was HK\$30,000. Contributions to the plan vest immediately.

In accordance with the Mongolia regulations, the Group is required to pay social security contributions for its Mongolia staff based on certain percentage of their salaries to the social security plan organised by related governmental bodies (“Mongolia plan”).

In accordance with the Republic of Zambia (“Zambia”) regulations, the Group is required to pay contribution for its Zambia staff under National Pension Scheme Authority. Under the scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income subject to a cap of monthly income which was in Zambian Kwacha ZMW16,880 (“Zambia scheme”).

The Group has no further payment obligations once the contributions have been paid to the MPF schemes, Mongolia plan and Zambia scheme. The Group’s contributions to these MPF schemes, Mongolia plan and Zambia scheme are recognised as employee benefit expense in the consolidated statement of comprehensive income when they are due.

MADER INTERNATIONAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Related parties

A related party is a person or entity that is related to the Group if:

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of the parent of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of the parent of the entity).

MADER INTERNATIONAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit 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 tax provisions in the period in which such determination is made.

5. TURNOVER

The Group's turnover which represents the services fee income is as follows:

	2016 US\$	2015 US\$
Services fee income	<u>13,749,231</u>	<u>13,309,798</u>

6. OTHER REVENUES

	2016 US\$	2015 US\$
Bank interest income	7,533	9,110
Exchange gain, net	-	96,584
Gain on disposal of property, plant and equipment	-	450
Loan interest income	47,896	6,509
Sundry income	<u>-</u>	<u>29,430</u>
	<u>55,429</u>	<u>142,083</u>

7. FINANCE COSTS

	2016 US\$	2015 US\$
Loan interest	<u>-</u>	<u>28,846</u>

MADER INTERNATIONAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

8. PROFIT BEFORE TAXATION

The Group's profit before taxation is stated after charging the following:

	2015 US\$	2014 US\$
Auditors' remuneration		
- Provision for the year	36,894	13,200
- Under-provision for prior year	<u>265</u>	<u>250</u>
	37,159	13,450
Cost of services rendered	10,087,300	9,518,821
Depreciation	11,199	7,496
Exchange loss, net	5,631	-
Legal and professional fee	31,925	33,180
Operating lease expenses	157,544	138,618
Staff costs (excluding director's emoluments)		
- Salaries, bonus and allowance	9,693,135	9,015,601
- MPF contribution	26,652	26,757
- Social insurance	<u>610,832</u>	<u>751,989</u>

The cost of services rendered included direct wages of US\$9,170,084 (2015: US\$8,575,821) for the year.

9. TAXATION

	2016 US\$	2015 US\$
Current tax - Hong Kong Profits Tax		
- Provision for the year (Note a)	-	-
Current tax - Zambia Income Tax		
- Provision for the year (Note b)	-	-
Current tax - Mongolia Corporation Income Tax		
- Provision for the year (Note c)	<u>233,723</u>	<u>367,589</u>
	233,723	367,589
Deferred tax (Note 17)	<u>3,981</u>	-
	<u>237,704</u>	<u>367,589</u>

MADER INTERNATIONAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

9. TAXATION (continued)

- a) No provision for Hong Kong Profits Tax has been made in these consolidated financial statements for the year as the Group did not generate any assessable profits arising in Hong Kong during the year (2015: Nil).
- b) No provision for Zambia Income Tax has been made in these consolidated financial statements for the year as the Group incurred adjusted loss arising in Zambia during the year (2015: Nil).
- c) Provision for Mongolia Corporation Income Tax has been made for the year at the rate between 10% and 25% on the estimated assessable profits for the year (2015: between 10% and 25%).

Reconciliation between of the tax expenses and accounting profit at applicable tax rates is as follows:

	2016 US\$	2015 US\$
Profit before taxation	<u>2,207,891</u>	<u>2,614,988</u>
Tax at applicable rates	342,050	411,489
Tax effect of non-deductible expenses	29,523	-
Tax effect of non-taxable income	(139,972)	(43,900)
Tax effect of temporary difference not recognised	2,940	-
Unrecognised tax loss	<u>3,163</u>	<u>-</u>
	<u>237,704</u>	<u>367,589</u>

10. BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP.622))

a) Directors' remuneration

The directors do not receive and will not receive any fees or emoluments in respect of their services to the Company for the year (2015: Nil).

b) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in notes 13 and 22 to the consolidated financial statements, there was no other transactions, arrangements and contracts of significant to which the Company, or any of its subsidiaries was a party and in which any director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MADER INTERNATIONAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement US\$	Computer equipment US\$	Furniture and fixtures US\$	Office equipment US\$	Motor vehicle US	Machinery US\$	Total US\$
COST							
At 1 July 2015	6,995	12,339	17,864	7,339	-	-	44,537
Additions	<u>-</u>	<u>6,686</u>	<u>1,558</u>	<u>209</u>	<u>54,091</u>	<u>910</u>	<u>63,454</u>
At 30 June 2016	<u>6,995</u>	<u>19,025</u>	<u>19,422</u>	<u>7,548</u>	<u>54,091</u>	<u>910</u>	<u>107,991</u>
ACCUMULATED DEPRECIATION							
At 1 July 2015	6,058	4,266	11,141	5,337	-	-	26,802
Charge for the year	<u>592</u>	<u>3,472</u>	<u>4,029</u>	<u>1,190</u>	<u>1,815</u>	<u>101</u>	<u>11,199</u>
At 30 June 2016	<u>6,650</u>	<u>7,738</u>	<u>15,170</u>	<u>6,527</u>	<u>1,815</u>	<u>101</u>	<u>38,001</u>
NET BOOK VALUE							
At 30 June 2016	<u>345</u>	<u>11,287</u>	<u>4,252</u>	<u>1,021</u>	<u>52,276</u>	<u>809</u>	<u>69,990</u>
At 30 June 2015	<u>937</u>	<u>8,073</u>	<u>6,723</u>	<u>2,002</u>	<u>-</u>	<u>-</u>	<u>17,735</u>

Depreciation of US\$11,199 (2015: US\$7,496) has been charged in general and administrative expenses.

12. INVESTMENTS IN SUBSIDIARIES

	2016 US\$	2015 US\$
Unlisted investments, at cost	<u>1,281</u>	<u>100,000</u>
Classification of amounts due from subsidiaries:		
	2016 US\$	2015 US\$
Current portion	426,667	-
Non-current portion	<u>395,140</u>	<u>-</u>
	<u>821,807</u>	<u>-</u>
	2016 US\$	2015 US\$
Current accounts	130,096	-
Loan A	183,303	-
Loan B	<u>508,407</u>	<u>-</u>
	<u>821,807</u>	<u>-</u>

MADER INTERNATIONAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

12. INVESTMENTS IN SUBSIDIARIES (continued)

Current accounts: The amount due is unsecured, interest free and repayable on demand.

Loan A: The amount due is unsecured, interest bearing at 7% per annum and repayable by monthly installment over 12 months starting from 26 March 2017.

Loan B: The amount due is unsecured, interest bearing at 7% per annum and repayable by monthly installment over 6 months starting from 21 December 2016.

Particulars of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Issued and fully paid up capital</u>	<u>Percentage of capital held</u>	<u>Principal activities</u>
Mader Gobi LLC (Note a)	Mongolia	2016: US\$100,000 (2015: US\$100,000)	Indirectly held 100% (2015: directly hold 100%)	Providing foreign trade services and management consultancy
Mader Mechanical Ltd (Note b)*	Zambia	ZMW10,000	Directly held 100% (2015: Nil)	Providing foreign trade services and management consultancy
Global Maintenance Solutions Pte Ltd (Note b)*	Singapore	US\$100	Directly held 100% (2015: Nil)	Providing mine maintenance and management consultancy services

* Company not audited by East Asia Sentinel Limited.

Note a: On 12 January 2016, all shares held by the Company in Mader Gobi LLC were disposed to the Company's subsidiary, Global Maintenance Solutions Pte Ltd with consideration MNT 968,679,000 (equivalent to US\$484,611).

Note b: Mader Mechanical Ltd and Global Maintenance Solutions Pte Ltd were incorporated on 26 August 2015 and 23 December 2015 respectively.

13. LOAN TO A RELATED COMPANY

	2016 US\$	2015 US\$
Mader Contracting Pty Ltd		
- Principal	1,500,000	700,000
- Interest	54,405	6,509
	<u>1,554,405</u>	<u>706,509</u>

MADER INTERNATIONAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

13. LOAN TO A RELATED COMPANY (continued)

	2016 US\$	2015 US\$
Within one year	64,932	-
Over one year	<u>1,489,473</u>	<u>706,509</u>
	<u><u>1,554,405</u></u>	<u><u>706,509</u></u>

The amount due is unsecured, interest bearing at 5.45% per annum which is based on the Benchmark Interest Rate from the Australian Taxation Office, and repayable by monthly installment over 10 years.

The Company's director, Mr Luke Benjamin MADER, is also the director of Mader Contracting Pty Ltd.

14. TRADE AND OTHER RECEIVABLES

	2016 US\$	2015 US\$
Trade receivables	3,677,029	1,834,173
	-----	-----
Deposits	31,759	37,248
Prepayments	<u>172,286</u>	<u>211,658</u>
	204,045	248,906
	-----	-----
	<u><u>3,881,074</u></u>	<u><u>2,083,079</u></u>

15. CASH AND CASH EQUIVALENTS

	2016 US\$	2015 US\$
Cash at bank and on hand	872,769	1,331,122
Short-term deposit	<u>14,006</u>	<u>14,005</u>
	<u><u>886,775</u></u>	<u><u>1,345,127</u></u>

MADER INTERNATIONAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

16. LOAN FROM A SUBSIDIARY

The amount due is unsecured, interest bearing at 7% per annum and repayable on or before 31 July 2017.

17. DEFERRED TAXATION

Deferred income tax liabilities are calculated in full on temporary differences under the liability method using a Zambia corporation taxation rate of 35% (2015: Nil).

Details of the deferred tax liabilities recognised and movements during the current and prior years are as follows:

	2016 US\$	2015 US\$
At the beginning of the year	-	-
Recognised in statement of comprehensive income (note 9)	<u>3,981</u>	<u>-</u>
At the end of the year	<u><u>3,981</u></u>	<u><u>-</u></u>

18. SHARE CAPITAL

	2016 US\$	2015 US\$
Issued and fully paid: 10,000 ordinary shares	<u><u>1,286</u></u>	<u><u>1,286</u></u>

19. EXCHANGE RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 7 to the consolidated financial statements.

The exchange reserve comprises all foreign exchange differences arising from the translation of the consolidated financial statements of the Group. The reserve is dealt with in accordance with the accounting policies note 3(b) set out in the consolidated financial statements.

MADER INTERNATIONAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

20. BANKING FACILITY

The Company's business card facility of HK\$150,000 (2015: HK\$150,000) is secured by personal guarantee given by a director.

21. OPERATING LEASE COMMITMENTS

At 30 June, the Group had future aggregate minimum lease payments under non-cancellable operating leases with respect to office premise and staff quarter as follows:

	2016 US\$	2015 US\$
Not later than one year	42,617	87,046
Later than one year and no later than five years	<u>-</u>	<u>20,513</u>
	<u>42,617</u>	<u>107,559</u>

22. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these consolidated financial statements, the Group had the following related party transactions:

	2016 US\$	2015 US\$
Loan interest received from a related company	47,896	6,509
Loan interest paid to a related company	<u>-</u>	<u>28,846</u>


MADER INTERNATIONAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

23. COMPANY'S STATEMENT OF FINANCIAL POSITION

	NOTE	2016 US\$	2015 US\$
NON-CURRENT ASSETS			
Property, plant and equipment		13,711	17,735
Investment in a subsidiary	12	1,281	100,000
Amounts due from subsidiaries	12	395,140	-
Loan to a related company – non-current portion		<u>1,489,473</u>	<u>706,509</u>
		<u>1,899,605</u>	<u>824,244</u>
CURRENT ASSETS			
Trade receivables		1,551,366	201,582
Deposits and prepayments		111,693	131,019
Amounts due from subsidiaries	12	426,667	-
Loan to a related company –current portion		64,932	-
Cash and cash equivalents		<u>378,307</u>	<u>978,280</u>
		<u>2,532,965</u>	<u>1,310,881</u>
CURRENT LIABILITIES			
Accruals and other payables		<u>395,428</u>	<u>167,553</u>
NET CURRENT ASSETS		<u>2,137,537</u>	<u>1,143,328</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,037,142</u>	<u>1,967,572</u>
NON CURRENT LIABILITY			
Loan from a subsidiary	16	<u>2,226,251</u>	<u>1,005,000</u>
NET ASSETS		<u>1,810,891</u>	<u>962,572</u>
CAPITAL AND RESERVES			
Share capital	18	1,286	1,286
Retained profits		<u>1,809,605</u>	<u>961,286</u>
TOTAL EQUITY		<u>1,810,891</u>	<u>962,572</u>



Neto Crystal Worldwide Company Limited
Director



Luke Benjamin MADER
Director

MADER INTERNATIONAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

24. COMPANY'S STATEMENT OF CHANGE IN EQUITY

	Share capital US\$	Retained profits US\$	Total US\$
YEAR ENDED 30 JUNE 2015			
At 1 July 2014	1,286	1,028,917	1,030,203
<u>Comprehensive income</u>			
Loss for the year	-	(67,631)	(67,631)
At 30 June 2015	<u>1,286</u>	<u>961,286</u>	<u>962,572</u>
YEAR ENDED 30 JUNE 2016			
At 1 July 2015	1,286	961,286	962,572
<u>Comprehensive income</u>			
Profit for the year	-	848,319	848,319
At 30 June 2016	<u>1,286</u>	<u>1,809,605</u>	<u>1,810,891</u>

25. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on **23 FEB 2017**