

Company Registration No. 199405736E

YTE Special Products Pte Ltd

Annual Financial Statements
31 March 2018



YTE Special Products Pte Ltd

General Information

Directors

Srinivasa Reddy Polimera
Sharman Alok Dhar

Company Secretaries

Ng Poh Beng
Chan Boon Wee

Registered Office

122 Pioneer Road,
Singapore 639583.

Auditor

Ernst & Young LLP

Bankers

The Hongkong and Shanghai Banking Corporation Ltd
United Overseas Bank Ltd

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YTE Special Products Pte Ltd

Directors' Statement

The Directors present their statement to the member together with the audited financial statements of YTE Special Products Pte Ltd (the "Company") for the financial year ended 31 March 2018.

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 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 2018 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date, and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Srinivasa Reddy Polimera
Sharman Alok Dhar

Arrangements 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 object 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' interests in shares and debentures

No Director of the Company 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, Cap. 50, interest in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning or at the end of the financial year.

YTE Special Products Pte Ltd


Directors' Statement

Option

There is presently no option scheme on unissued shares of the Company.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.


Srinivasa Reddy Polimera
Director


Sharman Alok Dhar
Director

Singapore
29 April 2018

YTE Special Products Pte Ltd

**Independent Auditor's Report
For the financial year ended 31 March 2018**

Independent Auditor's Report to the Member of YTE Special Products Pte Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of YTE Special Products Pte Ltd (the "Company"), which comprise the balance sheet of the Company as at 31 March 2018, 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 of the Company 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 2018 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 general information and directors' statement set out on pages 1 and 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.

YTE Special Products Pte Ltd

Independent Auditor's Report For the financial year ended 31 March 2018

Independent Auditor's Report to the Member of YTE Special Products 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 FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based 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.

YTE Special Products Pte Ltd

Independent Auditor's Report
For the financial year ended 31 March 2018

Independent Auditor's Report to the Member of YTE Special Products 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

29 April 2018

YTE Special Products Pte Ltd

**Statement of Comprehensive Income
For the financial year ended 31 March 2018**

	Note	2018 USD	2017 USD
Revenue	4	260,208	42,861
Cost of sales		(257,309)	(45,396)
Gross gain/(loss)		2,899	(2,535)
Other operating income	5	1,285	2,128
Distribution expenses		(38,104)	(55,619)
Administrative expenses		(185,571)	(81,328)
Loss before tax	6	(219,491)	(137,354)
Income tax expense	7	–	(6,772)
Loss for the year		(219,491)	(144,126)
Other comprehensive income			
Foreign currency translation		30,430	61,491
Other comprehensive income for the year, net of tax		30,430	61,491
Total comprehensive income for the year attributable to owner of the Company		(189,061)	(82,635)

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

YTE Special Products Pte Ltd

**Balance Sheet
As at 31 March 2018**

	Note	2018 USD	2017 USD
Non-current assets			
Investment in subsidiaries	8	3,059,929	3,059,929
Current assets			
Inventories		149,300	147,340
Trade and other receivables	9	81,394	22,996
Cash and cash equivalents	10	113,157	74,020
		343,851	244,356
Current liabilities			
Trade and other payables	11	137,853	50,176
		137,853	50,176
Net current assets		205,998	194,180
Non-current liabilities			
Amounts due to immediate holding company	12	2,425,858	2,224,979
Net assets		840,069	1,029,130
Equity attributable to owner of the Company			
Share capital	13	1	1
Accumulated profits		739,972	959,463
Translation reserve		100,096	69,666
Total equity		840,069	1,029,130

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

YTE Special Products Pte Ltd

Statement of Changes in Equity
For the financial year ended 31 March 2018

	Share capital (Note 13) USD	Accumulated profits USD	Translation reserve USD	Total equity USD
2018				
At 1 April 2017	1	959,463	69,666	1,029,130
Loss for the year, representing total comprehensive income for the year, net of tax	–	(219,491)	30,430	(189,061)
At 31 March 2018	1	739,972	100,096	840,069
2017				
At 1 April 2016	1	1,103,589	8,175	1,111,765
Loss for the year, representing total comprehensive income for the year, net of tax	–	(144,126)	61,491	(82,635)
At 31 March 2017	1	959,463	69,666	1,029,130

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

YTE Special Products Pte Ltd

Cash Flow Statement
For the financial year ended 31 March 2018

	2018 USD	2017 USD
Cash flows from operating activities :		
Loss before tax	(219,491)	(137,354)
Adjustment for:		
Unrealised exchange loss, net	152,773	48,557
Operating loss before working capital changes	(68,718)	(88,797)
Increase in inventories	(1,960)	(15,536)
(Increase)/decrease in trade and other receivables	(58,398)	428
Increase in trade and other payables and other liabilities	167,752	125,557
Net cash flows from operations	40,676	21,652
Income tax paid	-	(6,772)
Net cash flows generated from operating activities	40,676	14,880
Net increase in cash and cash equivalents	40,676	14,880
Cash and cash equivalents at beginning of financial year	74,020	59,140
Effect of exchange rate charges	(1,539)	-
Cash and cash equivalents at end of financial year (Note 10)	113,157	74,020

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

YTE Special Products Pte Ltd

Notes to the Financial Statements For the financial year ended 31 March 2018

1. Corporate information

YTE Special Products Pte Ltd (the "Company") is a limited liability company, which is incorporated in Singapore, and its immediate holding company is York Transport Equipment (Asia) Pte. Ltd. Its intermediate and ultimate holding companies are TRF Singapore Pte Ltd and TRF Limited respectively.

The registered office and principal place of business of the Company is located at No. 122 Pioneer Road, Singapore 639583.

The principal activities of the Company are those of distribution of truck and trailer axles and other component. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

The financial statements have been prepared on a historical cost basis and are presented in United States Dollars ("USD").

2.2 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 periods beginning on or after 1 April 2018, including the Amendments to FRS 7 Disclosure Initiative. The adoption of these standards did not have any effect on the financial performance or position of the Company.

2.3 Standards issued but not yet effective

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

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
FRS 109 <i>Financial Instruments</i>	1 January 2018
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 116 <i>Leases</i>	1 January 2019
Improvements to FRSs (March 2018)	1 January 2019

The directors expect that the adoption of the 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 policy on adoption of FRS 109, 115, and 116 are described below.

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 impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

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

2.3 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 loans and trade receivables, either on a 12-month or lifetime basis. The Company expects to apply the simplified approach and record lifetime expected losses on all loans and trade receivables. Upon application of the expected credit loss model, the Company expects no significant impact on its equity, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact. The Company plans to adopt the new standard on the required effective date.

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. The Company plans to adopt the new standard on the required effective date.

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 exemptions 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.

2.4 Functional and foreign currencies

The financial statements are presented in United States Dollars ("USD"), which is also the Company's functional currency, and which reflects the economic substance of the underlying events and circumstances of the Company.

Transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the 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 determined.

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

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

2.5 Subsidiaries

A subsidiary is an entity over which the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Company generally has such power when it directly or indirectly holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

Investment in subsidiaries is accounted for at cost less impairment losses.

Pursuant to the Consolidated and Separate Financial Statements under FRS 27, the Company is exempted from preparing consolidated financial statements as it has met the criteria for exemption provided in FRS 27 paragraph 10. The financial statements in this report comprise only the financial statements of the Company. The immediate holding company, York Transport Equipment (Asia) Pte Ltd, prepares consolidated financial statements. The registered office of York Transport Equipment (Asia) Pte Ltd is at No. 5 Tuas Avenue 6, Singapore 639295.

2.6 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when 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. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. In determining fair value less cost of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset, 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.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount.

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

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

2.7 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

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

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

Subsequent measurement

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 has been recognised directly in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(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 and in the case of other financial liabilities, plus directly attributable transaction costs.

2. **Summary of significant accounting policies (cont'd)**

2.7 **Financial instruments (cont'd)**

(b) **Financial liabilities (cont'd)**

Subsequent measurement

After initial recognition, other financial liabilities 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 derecognised 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 derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.8 **Impairment of financial assets**

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

Financial assets carried at amortised cost

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

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

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

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

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.9 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.10 *Provisions*

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 economic resources 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.

2.11 *Employee benefits*

(a) *Defined contribution plan*

The Company participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to a 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 are accrue to the employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to balance sheet date.

2. **Summary of significant accounting policies (cont'd)**

2.12 **Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and 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 discount, rebates, and sales tax or duty. The Company assesses its revenue arrangement to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Sales of goods

Revenue is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery and acceptance of goods sold.

Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

2.13 **Income 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, in the country where the Company operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) **Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period 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 income 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; and
- In respect of temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

2.13 *Income taxes (cont'd)*

(b) *Deferred tax (cont'd)*

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; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

2.13 Income taxes (cont'd)

(c) Sales tax

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

- Where the sales tax incurred on 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.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.14 Leases

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

As lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over 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. Significant accounting estimates and judgements

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. 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.

Key sources of estimation uncertainty

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

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

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.

The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

4. Revenue

Revenue represents invoiced value of goods sold.

5. Other operating income

	2018 USD	2017 USD
Realised foreign exchange gain	1,269	2,113
Interest income	16	15
	1,285	2,128

6. Loss before tax

The following items have been included in arriving at loss before tax:

	2018 USD	2017 USD
Employee benefit expense		
- Salaries, bonuses and other costs	-	2,768
Operating lease charges	23,963	27,320
Unrealised foreign exchange losses	151,234	48,557
Inventories recognised as an expense in cost of sales	257,309	45,396

YTE Special Products Pte Ltd

**Notes to the Financial Statements
For the financial year ended 31 March 2018**

7. Income tax expense

	2018 USD	2017 USD
Underprovision of current income tax in respect of previous years	–	6,772
<hr/>		
A reconciliation between tax credit and the product of accounting loss multiplied by the applicable tax rate for the financial years ended are as follows:-		
Loss before tax	(219,491)	(137,354)
<hr/>		
Tax expense at the applicable tax rate of 17%	(37,313)	(23,350)
Non-deductible expenses	1,256	11,446
Effect of different tax rate in other countries	(3,090)	(5,496)
Underprovision in respect of previous years	–	6,772
Deferred tax assets not recognised	39,147	17,400
<hr/>		
Income tax credit	–	6,772
<hr/>		

At the end of the reporting period, the Company has tax losses of approximately USD543,000 (2017: USD323,000) that are available for offset against future taxable profits, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the Singapore and Turkey tax authorities and compliance with certain provisions.

8. Investment in subsidiaries

The subsidiaries are:

	Subsidiaries (Country of incorporation)	Cost of investments		Percentage of equity held		Principal activities (Place of business)
		2018 USD	2017 USD	2018 %	2017 %	
(1)	York Transport Equipment (Shanghai) Co Ltd. (People's Republic of China)	3,000,000	3,000,000	100	100	Production and distribution of axles an related components (People's Republic of China)
(2)	Qingdao YTE Special Products Co. Ltd. (People's Republic of China)	209,569	209,569	100	100	Production and distribution of axles an related components (People's Republic of China)
	Less : Provision for impairment	(149,640)	(149,640)			
		<hr/>	<hr/>			
		3,059,929	3,059,929			
		<hr/>	<hr/>			

YTE Special Products Pte Ltd

Notes to the Financial Statements For the financial year ended 31 March 2018

8. Investment in subsidiaries (cont'd)

- (1) Audited by other auditor, Shanghai Shenyua Certified Public Accountants Co Ltd.
(2) Audited by other auditor, Qingdao Zhonghui Certified Public Accountants Co Ltd.

During the financial year, the Company performed impairment assessment on the investment in subsidiaries and no impairment was provided as the recoverable amount is in excess of the carrying amount of the investment.

9. Trade and other receivables

	2018 USD	2017 USD
Trade receivables:		
Third parties	41,190	11,972
VAT receivable	29,521	94
	<hr/>	<hr/>
	70,711	12,066
Rental deposits	10,683	10,930
	<hr/>	<hr/>
	81,394	22,996
Add: Cash and cash equivalents (Note 10)	113,157	74,020
Less: VAT receivable	(29,521)	(94)
	<hr/>	<hr/>
Total loans and receivables	165,030	96,922
	<hr/> <hr/>	<hr/> <hr/>

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Receivables that are past due but not impaired

The Company has trade receivables amounting to USD41,190 (2017: USD11,972) that are past due at balance sheet but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet is as follows:

	2018 USD	2017 USD
Trade receivables past due :		
Less than 30 days	32,260	7,714
30 – 60 days	7,183	–
61 – 90 days	344	–
More than 90 days	1,403	4,258
	<hr/>	<hr/>
	41,190	11,972
	<hr/> <hr/>	<hr/> <hr/>

YTE Special Products Pte Ltd

**Notes to the Financial Statements
For the financial year ended 31 March 2018**

10. Cash and cash equivalents

The carrying amounts of cash at banks approximate their fair values.

Cash and cash equivalents are denominated in the following foreign currencies:

	2018 USD	2017 USD
Singapore dollars	14,368	12,863
Euro dollars	503	691

11. Trade and other payables

	2018 USD	2017 USD
Current:		
Trade payable	55,833	–
Accrued expenses	57,862	26,018
Other payables	24,158	24,158
	<hr/> 137,853	<hr/> 50,176
Non-current:		
Amounts due to immediate holding company (Note 12)	2,425,858	2,224,979
Total financial liabilities carried at amortised cost	<hr/> 2,563,711	<hr/> 2,275,155

12. Amounts due to immediate holding company

	2018 USD	2017 USD
Amounts due to immediate holding company	2,425,858	2,224,979

The amounts due to immediate holding company are non-interest bearing, unsecured and are repayable on demand.

The immediate holding company has agreed to subordinate its claim on the amount owing to it by the Company until all the liabilities of the Company have been paid.

Amounts due to immediate holding company are denominated in the following foreign currencies:

	2018 USD	2017 USD
Singapore dollar	1,717,640	12,863

YTE Special Products Pte Ltd

Notes to the Financial Statements For the financial year ended 31 March 2018

13. Share capital

	2018 USD	2017 USD
Issued and fully paid :		
Balance at beginning and end of financial year	1	1

The holder of ordinary share is entitled to receive dividends as and when declared by the Company. The ordinary share carries one vote per share without restriction. This ordinary share has no par value.

14. Operating lease commitments

The Group leases certain properties from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The rental expenses recognised in profit or loss for financial year ended 31 March 2018 amounted to USD23,963 (2017: USD27,320).

Future minimum lease payments for all leases with initial or remaining terms of one year are as follows:

	Group	
	2018 USD	2017 USD
No later than one year	14,192	4,511

15. Related party transactions

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

	2018 USD	2017 USD
Purchases from immediate holding company	84,993	81,215

16. Financial risk management objectives and policies

The main risks arising from the Company's financial instruments are liquidity risk, foreign currency risk and credit risk.

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.

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

The Board reviews and agrees policies for managing each of these risks and they are summarised below:-

(a) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to a shortage of funds.

The Company monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations. Short-term funding is obtained from its immediate holding company or through the use of stand-by credit facilities.

The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to below.

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.

	2018			2017		
	1 year or less USD'000	More than 1 year USD'000	Total USD'000	1 year or less USD'000	More than 1 year USD'000	Total USD'000
Financial assets						
Trade and other receivables	81	–	81	23	–	23
Cash and cash equivalents	113	–	113	74	–	74
Total undiscounted financial assets	194	–	194	97	–	97
Financial liabilities						
Trade and other payables	138	–	138	50	–	50
Amount due to immediate holding company	–	2,426	2,426	–	2,225	2,225
Total undiscounted financial liabilities	138	2,426	2,564	50	2,225	2,275
Total net undiscounted financial assets/(liabilities)	56	(2,426)	(2,370)	47	(2,225)	(2,178)

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

(b) *Foreign currency risk*

As the Company operates in several countries, it is exposed to foreign currency risk arising from cash flows from anticipated transactions and financing arrangements denominated in foreign currencies, primarily the Singapore dollar. Transaction risk is calculated in each foreign currency and includes foreign currency denominated assets and liabilities and firm and probable purchases and sales commitments.

As at the balance sheet date, the Company did not enter into any forward exchange contracts to hedge its foreign currency risk exposure.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's profit before tax to a reasonably possible change in the Singapore Dollars exchange rates against its functional currency, with all other variables held constant.

	2018 USD	2017 USD
	<i>Loss before tax</i>	<i>Loss before tax</i>
SGD/USD - strengthened 3% (2017: 3%)	(55,000)	(53,000)
- weakened 3% (2017: 3%)	55,000	53,000

(c) *Credit risk*

Credit risk is limited to the risk arising from the inability of a debtor to make payments when due. It is the Company's policy to provide credit terms to creditworthy customers. The Company has entered into trade credit insurance for customers who are on open credit term. These debts are continually monitored and therefore, the Company does not expect to incur material credit losses.

The carrying amount of trade and other receivables and cash and cash equivalents represent the Company's maximum exposure to credit risk

The Company has no significant concentration of credit risk. Cash is placed with the reputable banks.

Financial assets that are neither past due nor impaired

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

17. Fair values of assets and liabilities

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

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

18. Capital management

The primary objective of the Company's capital management is to ensure that it maintains 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.

The Company does not set a policy on maintaining its capital structure at a specific gearing ratio. The Company would consider dividend payment to shareholder, issuance of new shares or borrowings whenever it is in the best interest of the shareholders to do so. No changes were made in the primary objective during the years ended 31 March 2018 and 31 March 2017.

19. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 March 2018 were authorised for issue in accordance with a resolution of the directors on 29 April 2018.