

**New Y Trading Limited**

**Financial Statements for the year ended 31 March 2017**

# **New Y Trading Limited**

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For the year ended 31 March 2017

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**New Y Trading Limited**  
**Director's responsibility statement**  
for the year ended 31 March 2017

The director is pleased to present the financial statements of New Y Trading Limited for the year ended 31 March 2017.

No disclosure has been made in respect of Section 211(1)(a) and (e) to (j) of the Companies Act 1993 following a unanimous decision by the shareholders in accordance with Section 211(3) of the Act.

The director is responsible for ensuring that the financial statements present fairly the financial position of the Company as at 31 March 2017 and the financial performance and cash flows for the year ended on that date in accordance with generally accepted accounting practice in New Zealand.

The director considers that the financial statements of the Company have been prepared using appropriate accounting policies consistently applied and supported by reasonable judgements and estimates and that all the relevant financial reporting and accounting standards have been followed.

The director believes that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Companies Act 1993.

The director authorised these Financial Statements under section 211(1)(k) of the Companies Act 1993 on 6 December 2017.



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**Jingjie Xue**  
**Director**

# New Y Trading Limited

## Statement of profit or loss and other comprehensive income

for the year ended 31 March 2017

		Year ended 31/03/2017	Year ended 31/03/2016 (Restated)
	Notes	\$	\$
<b>Revenue</b>	5	22,233,833	18,119,817
Cost of sales		(18,388,798)	(16,620,465)
<b>Gross profit</b>		<b>3,845,035</b>	<b>1,499,352</b>
<b>Other Income</b>			
Interest Received	19.2	54,982	24,559
<b>Expenses</b>			
Administrative expenses		(511,985)	(406,961)
Employee benefits expenses	8	(724,874)	(516,474)
Depreciation expenses	6.2	(65,029)	(28,074)
Finance costs	6.1	(8,942)	(1,582)
<b>Profit before tax</b>		<b>2,589,186</b>	<b>570,820</b>
Income tax expense	7	(728,716)	(216,992)
<b>Profit for the year</b>		<b>1,860,470</b>	<b>353,828</b>
<b>Other comprehensive income</b>		-	-
Total comprehensive income for the year		<b>1,860,470</b>	<b>353,828</b>
<b>Attributable to:</b>			
Owners of the company		1,860,470	353,828
<b>Earnings per share</b>			
<b>From continuing operations</b>			
Basic (per share)	16	18,605	3,538
Diluted (per share)	16	18,605	3,538

The accompanying notes form an integral part of these financial statements and should be read in conjunction with them.

# New Y Trading Limited

## Statement of financial position

as at 31 March 2017

		As at 31/03/2017	As at 31/03/2016 (Restated)
	Notes	\$	\$
<b>Assets</b>			
<b>Current Assets</b>			
Cash	14	81,572	341,989
Trade and other receivables	11	1,726,885	665,247
Stock on Hand - Finished Goods	10	1,275,999	21,364
Loan to shareholder	19.2	1,430,999	685,728
<b>Total Current Assets</b>		<b>4,515,455</b>	<b>1,714,328</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	9	429,939	162,176
Deferred Tax	7	38,169	22,633
<b>Total Non-Current Assets</b>		<b>468,108</b>	<b>184,809</b>
<b>Total Assets</b>		<b>4,983,563</b>	<b>1,899,137</b>
<b>Current Liabilities</b>			
Trade and other payables	12	1,208,754	1,306,354
Borrowings	13	726,861	-
Tax payable		807,120	212,425
<b>Total Current Liabilities</b>		<b>2,742,736</b>	<b>1,518,779</b>
<b>Total Liabilities</b>		<b>2,742,736</b>	<b>1,518,779</b>
<b>Net Assets</b>		<b>2,240,828</b>	<b>380,358</b>
<b>Capital</b>			
Share capital	17	100	100
Retained earnings	15	2,240,728	380,258
<b>Total Equity</b>		<b>2,240,828</b>	<b>380,358</b>

These financial statements were approved by the Board on 6 December 2017  
Signed on behalf of the Board by:

  
\_\_\_\_\_  
**Jingjie Xue**  
Director

The accompanying notes form an integral part of these financial statements and should be read in conjunction with them.

# New Y Trading Limited

## Statement of changes in equity

for the year ended 31 March 2017

	Notes	Share capital	Retained earnings (Restated)	Total
		\$	\$	\$
<b>Balance at 1 April 2015</b>		100	364,393	364,493
Profit for the year		-	353,828	353,828
Other comprehensive income		-	-	-
<b>Total comprehensive income for the year</b>		-	353,828	353,828
Distributions to owner	15	-	(469,396)	-
<b>Balance at 31 March 2016 and 1 April 2016 (previously reported)</b>		100	248,825	248,925
Adjustments (see note 15)			131,433	131,433
<b>Balance at 31 March 2016 and 1 April 2016 (restated)</b>		100	380,258	380,358
Profit for the year		-	1,860,470	1,860,470
Other comprehensive income		-	-	-
<b>Total comprehensive income for the year</b>		-	1,860,470	1,860,470
Distributions to owner	15	-	-	-
<b>Balance at 31 March 2017</b>		100	2,240,728	2,240,828

The accompanying notes form an integral part of these financial statements and should be read in conjunction with them.

# New Y Trading Limited

## Statement of cash flows

for the year ended 31 March 2017

		Year ended 31/03/2017	Year ended 31/03/2016
	Notes	\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers		21,868,444	14,931,564
Payments to suppliers and employees		(21,301,734)	(13,925,489)
<b>Cash generated from operations</b>		<u>566,710</u>	<u>1,006,075</u>
Interest paid		(8,942)	(1,582)
Income taxes paid		(149,557)	(74,299)
<b>Net cash (used in)/generated by operating activities</b>	21	<u>408,212</u>	<u>930,194</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(332,792)	(107,529)
<b>Net cash (used in)/generated by investing activities</b>		<u>(332,792)</u>	<u>(107,529)</u>
<b>Cash flows from financing activities</b>			
Proceeds from trade finance		726,861	-
Proceeds from shareholder		590,115	474,897
Payment to shareholder		(1,652,812)	(1,124,677)
<b>Net cash (used in)/generated by financing activities</b>		<u>(335,836)</u>	<u>(649,780)</u>
<b>Net increase in cash and cash equivalents</b>		(260,417)	172,885
Cash and cash equivalents at the beginning of the year		341,989	169,104
Cash and cash equivalents at the end of the year	14	<u>81,572</u>	<u>341,989</u>

The accompanying notes form an integral part of these financial statements and should be read in conjunction with them.

# **New Y Trading Limited**

## **Notes to the financial statements**

for the year ended 31 March 2017

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### **1. General information**

New Y Trading Limited ('the Company') is a New Zealand limited company incorporated and domiciled in New Zealand, trading as Q Express. The registered office is located at 9a Angle Street, Onehunga, Auckland, 1061, New Zealand. The company is a public shipping and delivery company that specialises in delivering parcels to China for online business sellers in New Zealand, as well as the sale of milk powder to customers in China. Its parent and ultimate holding company is QEX Logistics Limited. Its ultimate controlling party is Jingjie Xue.

### **2. Application of new and revised New Zealand International Financial Reporting Standards (NZ IFRSs)**

#### **2.1 New and revised NZ IFRSs in issue but not yet effective**

The Company has not applied the following new and revised NZ IFRSs that have been issued but are not yet effective:

- NZ IFRS 9 - Financial Instruments. This standard is effective for reporting periods beginning on or after 1 January 2018. The standard introduced new requirements for the classification and measurement of financial assets and incorporated new hedge accounting requirements. A new expected loss impairment model was also introduced.
- NZ IFRS 15 - Revenue from Contracts with Customers. This standard replaces NZ IAS 18 Revenue and is mandatory for reporting periods beginning on or after 1 January 2018. The standard provides a single comprehensive model for revenue recognition. It supersedes current recognition and related interpretations.
- NZ IFRS 16 - Leases. Effective for reporting periods beginning on or after 1 January 2019. The main changes under the standard for lessees are:
  - all operating leases of greater than 12 months duration will be required to be presented on balance sheet. The net present value of these leases will be recognised as an asset and a liability; and
  - all leases on balance sheet will give rise to a combination of interest expense on the lease liability and depreciation of the leased asset.

For lessors, the accounting for leases under NZ IFRS 16 remains substantially the same as under NZ IAS 17. The impact of NZ IFRS 16 will be determined by the level of operating lease commitments greater than 12 months duration at adoption. The Company's operating lease commitments are set out in note 20.

The Company is yet to assess the impact of these standards and does not expect to adopt them before their respective effective dates.

### **3. Significant accounting policies**

#### **3.1 Statement of compliance and reporting framework**

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). For the purposes of complying with NZ GAAP, the Company is a for-profit entity. These financial statements comply with New Zealand International Financial Reporting Standards Reduced Disclosure Regime.

The Company has adopted External Reporting Board Standard A1 Accounting Standards Framework (For-profit Entities and Public Sector Public Benefit Entities Update) (XRB A1). The Group qualifies for NZ IFRS (RDR) as it does not have public accountability and it is not a large for-profit public sector entity. The group has elected to apply NZ IFRS (RDR) and has applied disclosure concessions

These financial statements have been prepared in accordance with the Companies Act 1993.



# **New Y Trading Limited**

## **Notes to the financial statements**

for the year ended 31 March 2017

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### **3.2 Basis of preparation**

The financial statements have been prepared on the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of NZ IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in NZ IAS 2 or value in use in NZ IAS 36.

### **3.3 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable, excluding goods and services tax, and discounts.

#### **3.3.1 Sale of goods**

Revenue derived from the sale of goods includes the sale of milk powder to customers in China. This revenue is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### **3.3.2 Rendering of services**

Revenue derived from international freight forwarding is recognised on freight departure.

#### **3.3.3 Interest income**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### **3.4 Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

# New Y Trading Limited

## Notes to the financial statements

for the year ended 31 March 2017

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### 3.5 Taxation

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

#### 3.5.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other 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 Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### 3.5.2 Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used 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 it 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 the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities and assets 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 by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

#### 3.5.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

#### 3.5.4 Goods and services tax

Revenue, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST) except:

- where the amount of GST incurred is not recovered from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense.
- for receivables and payables which are recognised inclusive of GST. (The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables).

# New Y Trading Limited

## Notes to the financial statements

for the year ended 31 March 2017

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### 3.6 Property, plant and equipment

Building improvements, furniture and fittings, motor vehicles, office equipment and plant and equipment are stated at cost less accumulated depreciation.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the diminishing value method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The following depreciation rates are used in the calculation:

Building Improvements	9-10%
Motor vehicles	20-30%
Office Equipment	40-50%
Plant and Equipment	20-50%
Furniture and Fittings	16%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### 3.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

### 3.8 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 the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

### 3.9 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

# New Y Trading Limited

## Notes to the financial statements

for the year ended 31 March 2017

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### 3.10 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

#### 3.10.1 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and loan to shareholder) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

#### 3.10.2 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is 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.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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

For financial assets measured at amortised cost, 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 through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

# New Y Trading Limited

## Notes to the financial statements

for the year ended 31 March 2017

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### 3.10.3 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

### 3.11 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

#### 3.11.1 Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

### 3.12 Comparative figures (restatement)

#### ***Restatement of revenue and cost of sales***

There has been an add back of pass through costs of \$2,829,879 to revenue and cost of sales in the statement of profit or loss for the year ended 31 March 2016 to comply with current year presentation. The change did not have an impact on the total comprehensive income for the period, equity or the company's cash flows and earnings per share.

#### ***Restatement of loan to shareholder and equity***

The dividend was recorded gross of imputation credits. The dividend has been adjusted by \$131,433 to be net of imputation credits. The change did not have an impact on the total comprehensive income for the period, or the company's cash flows and earnings per share. It has increased equity of the company and decreased the loan to shareholder.

**New Y Trading Limited**  
**Notes to the financial statements**  
for the year ended 31 March 2017

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**4. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 3, the director of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The Company maintains a provision for estimated losses expected to arise from customers being unable to make required payments. This provision takes into account known commercial factors impacting specific customer accounts, as well as the overall profile of the receivables portfolio. In assessing the provision, factors such as past collection history, the age of receivable balances, the level of activity in customer accounts, as well as general macro-economic trends, are taken into account. Significant changes in these factors would likely necessitate changes in the doubtful debts provision. Refer to note 11.

**New Y Trading Limited**  
**Notes to the financial statements**  
for the year ended 31 March 2017

**5. Revenue**

The following is an analysis of the Company's revenue for the year from continuing operations:

	Year ended 31/03/2017	Year ended 31/03/2016
	\$	\$
Revenue from freight	12,236,092	9,199,342
Revenue from sale of goods	9,997,741	8,920,475
	<u>22,233,833</u>	<u>18,119,817</u>

**6. Profit from Operations**

**6.1 Finance costs**

	Year ended 31/03/2017	Year ended 31/03/2016
	\$	\$
Interest on bank overdraft	8,942	1,582
	<u>8,942</u>	<u>1,582</u>

**6.2 Other expenses**

Depreciation expense	65,029	28,074
Rent	165,189	116,045
(Gain)/Loss on Disposal of Property, Plant & Equipment	-	4,341

**Fees paid to the auditor**

Audit of the financial statements	40,000	40,000
Other services (i)	7,000	7,000
Total fees paid to auditor	<u>47,000</u>	<u>47,000</u>

(i) Other services include first time audit readiness work, assistance with first time adoption of NZ IFRS and associated financial statements.

**7. Income tax**

The major components of income tax expense for the years ended 31 March 2017 and 2016 are:

**7.1 Income tax recognised in profit or loss**

	Year ended 31/03/2017	Year ended 31/03/2016
	\$	\$
<b>Current income tax</b>		
Current income tax charge	744,252	188,765
In respect of prior years	-	50,860
	<u>744,252</u>	<u>239,625</u>
<b>Deferred tax</b>		
In respect of the current year	(15,536)	(22,633)
	<u>(15,536)</u>	<u>(22,633)</u>
Total income tax expense recognised in the current year	<u>728,716</u>	<u>216,992</u>

The income tax expense for the year can be reconciled to the accounting profit as follows:

	Year ended 31/03/2017	Year ended 31/03/2016
	\$	\$
Profit before tax from continuing operations	2,589,186	570,820
Income tax expense calculated at 28% (2016: 28%)	724,972	159,830
Permanent differences	3,744	6,302
Adjustments recognised in the current year in relation to the current tax of prior years	-	50,860
Income tax expense recognised in profit or loss	<u>728,716</u>	<u>216,992</u>

**New Y Trading Limited**  
**Notes to the financial statements**  
for the year ended 31 March 2017

**7. Income tax (continued)**

**Deferred tax balances**

The following is the analysis of deferred tax assets/(liabilities) presented in the statement of financial position:

	Year ended 31/03/2017	Year ended 31/03/2016
	\$	\$
Deferred tax assets	38,169	22,633
Deferred tax liabilities	-	-
	<u>38,169</u>	<u>22,633</u>

	Opening balance \$	Recognition in profit or loss \$	Acquisitions/ disposals \$	Closing balance \$
<b>31 March 2016</b>				
Deferred tax assets/(liabilities) in relation to:				
Accrued expenses	-	22,633	-	22,633
	<u>-</u>	<u>22,633</u>	<u>-</u>	<u>22,633</u>

**31 March 2017**

Deferred tax assets/(liabilities) in relation to:

Accrued expenses	22,633	15,536	-	38,169
	<u>22,633</u>	<u>15,536</u>	<u>-</u>	<u>38,169</u>

	Year ended 31/03/2017	Year ended 31/03/2016
	\$	\$
<b>Imputation credits are as follows:</b>		
Balance available for use in subsequent reporting periods	146,185	-

**8. Employee benefits expense**

	Year ended 31/03/2017	Year ended 31/03/2016
	\$	\$
Salaries and wages	718,517	515,617
Kiwisaver Contributions	6,357	857
	<u>724,874</u>	<u>516,474</u>



**New Y Trading Limited**  
**Notes to the financial statements**  
for the year ended 31 March 2017

**9. Property, plant and equipment**

	31/03/2017	31/03/2016
	\$	\$
<b>Carrying amounts of:</b>		
Building improvements	6,085	6,753
Motor Vehicles	212,493	132,445
Office Equipment	18,478	2,687
Plant and Equipment	186,986	13,270
Furniture and Fittings	5,897	7,021
	<b>429,939</b>	<b>162,176</b>

	Buildings Improvements	Motor Vehicles	Office Equipment	Plant and Equipment	Furniture and Fittings	Total
<b>Cost or valuation</b>	\$	\$	\$	\$	\$	\$
<b>Balance at 1 April 2015 (Unaudited)</b>	<b>2,180</b>	<b>104,229</b>	<b>7,229</b>	-	<b>11,882</b>	<b>125,520</b>
Additions	5,485	86,545	3,586	15,391	-	<b>111,007</b>
Disposals	-	(12,511)	(5,579)	-	-	<b>(18,090)</b>
<b>Balance at 31 March 2016</b>	<b>7,665</b>	<b>178,263</b>	<b>5,236</b>	<b>15,391</b>	<b>11,882</b>	<b>218,437</b>
Additions	-	122,001	18,809	191,982	-	<b>332,792</b>
Disposals	-	-	-	-	-	-
<b>Balance at 31 March 2017</b>	<b>7,665</b>	<b>300,264</b>	<b>24,045</b>	<b>207,373</b>	<b>11,882</b>	<b>551,229</b>

	Buildings Improvements	Motor Vehicles	Office Equipment	Plant and Equipment	Furniture and Fittings	Total
<b>Accumulated depreciation</b>	\$	\$	\$	\$	\$	\$
<b>Balance at 1 April 2015 (Unaudited)</b>	<b>(628)</b>	<b>(29,217)</b>	<b>(5,089)</b>	-	<b>(3,524)</b>	<b>(38,458)</b>
Eliminated on disposals of assets	-	-	-	-	-	-
Depreciation expense	(284)	(23,183)	(1,149)	(2,121)	(1,337)	<b>(28,074)</b>
Disposals	-	6,582	3,689	-	-	<b>10,271</b>
<b>Balance at 31 March 2016</b>	<b>(912)</b>	<b>(45,818)</b>	<b>(2,549)</b>	<b>(2,121)</b>	<b>(4,861)</b>	<b>(56,261)</b>
Eliminated on disposals of assets	-	-	-	-	-	-
Depreciation expense	(668)	(41,953)	(3,018)	(18,266)	(1,124)	<b>(65,029)</b>
Disposals	-	-	-	-	-	-
<b>Balance at 31 March 2017</b>	<b>(1,580)</b>	<b>(87,771)</b>	<b>(5,567)</b>	<b>(20,387)</b>	<b>(5,985)</b>	<b>(121,290)</b>

**10. Inventories**

	31/03/2017	31/03/2016
	\$	\$
Finished goods	1,275,999	21,364
	<b>1,275,999</b>	<b>21,364</b>

**New Y Trading Limited**  
**Notes to the financial statements**  
for the year ended 31 March 2017

**11. Trade and other receivables**

	31/03/2017	31/03/2016
	\$	\$
Trade receivables	1,303,323	416,418
Allowance for doubtful debts	(14,915)	-
Prepayments and other receivables	438,477	248,829
	<u>1,726,885</u>	<u>665,247</u>

**Reconciliation for allowance for doubtful debts**

Balance at the beginning of the year	-	-
Charge in the year	(14,915)	-
Balance at the end of the year	<u>(14,915)</u>	<u>-</u>

Cash receipts are normally received before the goods or service is delivered or they are cash sales, therefore the debtors balance is low compared to the revenue. The average credit period on sales of goods and rendering of services is 60 days. No interest is charged on trade receivables. The Company has recognised an allowance for doubtful debts of 100% against all receivables over 120 days because historical experience has been that receivables that are past due beyond 120 days are not recoverable. Allowances for doubtful debts are recognised against trade receivables between 60 days and 120 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

\$14,915 is past due at the end of the current year (2016: \$Nil).

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. There are no individually impaired trade receivables recognised. The Company does not hold any collateral over these balances.

**12. Trade and other payables**

	31/03/2017	31/03/2016
	\$	\$
Trade payables	976,907	1,124,889
Deferred revenue	85,530	100,632
Accrued expenses	84,000	47,000
Employee benefits	52,317	33,833
Customer deposits	10,000	-
	<u>1,208,754</u>	<u>1,306,354</u>

The average credit period on purchases is 60 days. No interest is charged on the trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

**13. Borrowings**

	31/03/2017	31/03/2016
	\$	\$
Trade Finance	(726,861)	-
	<u>(726,861)</u>	<u>-</u>

The trade finance is obtained from a bank. It is secured over the Company's assets, undertakings and uncalled capital. There is an interlocking debt and interest guarantee between Jingjie Xue (Ronnie), Xiaobei Wu (Doreen), Xue Trust, Appleby Nurseries Limited and New Y Trading Limited. Interest rates charged comprise a base rate determined at the date of each drawdown, plus a 3% margin. The minimum term is 15 days to a maximum term of 45 days for each advance.

**14. Cash and cash equivalents**

	31/03/2017	31/03/2016
	\$	\$
Cash at bank and on hand	81,572	341,989
	<u>81,572</u>	<u>341,989</u>

**New Y Trading Limited**  
**Notes to the financial statements**  
for the year ended 31 March 2017

**15. Retained earnings and dividends on equity instruments**

	31/03/2017	31/03/2016 (Restated)
	\$	\$
Retained earnings	2,240,728	380,258
	<b>Year ended</b>	<b>Year ended</b>
	<b>31/03/2017</b>	<b>31/03/2016</b>
	<b>(Restated)</b>	<b>(Restated)</b>
	<b>\$</b>	<b>\$</b>
<b>Balance at beginning of year</b>	380,258	364,393
Profit attributable to owners of the Company	-	353,828
Payment of dividends	-	(469,396)
<b>Balance at end of year (previously reported)</b>	380,258	248,825
Dividend amended*	-	131,433
<b>Balance at end of year (restated)</b>	380,258	380,258
Profit attributable to owners of the Company	1,860,470	-
<b>Balance at end of year (restated)</b>	<b>2,240,728</b>	<b>380,258</b>

During the year ended 31 March 2017, no dividend was declared. In prior year, the dividend paid was \$469k.

\* In 2016 the dividend was recorded gross of imputation credits. The dividend has been adjusted to be net of imputation credits.

**16. Earnings per share**

	31/03/2017	31/03/2016
	\$	\$
Basic earnings per share	18,605	3,538
Diluted earnings per share	18,605	3,538

**16.1 Basic earnings per share**

The earnings and weighted average number of ordinary shares used in the calculation of the basic earnings per share are as follows.

	31/03/2017	31/03/2016
Profit for the year attributable to owners of the Company (\$)	1,860,470	353,828
Weighted average number of ordinary shares for the purposes of basic earnings per share	100	100

**16.2 Diluted earnings per share**

The earnings used in the calculation of diluted earnings per share are as follows.

	31/03/2017	31/03/2016
Profit for the year attributable to owners of the Company (\$)	1,860,470	353,828
Weighted average number of ordinary shares for the purposes of diluted earnings per share	100	100

**17. Issued capital**

	31/03/2017	31/03/2016
	\$	\$
Issued, fully paid capital comprises:		
100 fully paid ordinary shares (31 March 2016: 100)	100	100

Fully paid ordinary shares carry one vote per share, carry a right to dividends and a pro rata share of net assets on wind up after repayment of the other payables.

**New Y Trading Limited**  
**Notes to the financial statements**  
for the year ended 31 March 2017

**18. Financial instruments**

**18.1 Capital management**

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholder through the optimisation of the debt and equity balance.

The capital structure of the Company consists of equity of the Company (comprising issued capital and retained earnings).

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

**18.2 Categories of financial instruments**

<b>As at 31 March 2017</b>	<b>Loans and Receivables</b>	<b>Financial Liabilities at Amortised cost</b>	<b>Total</b>
<i>Assets</i>			
Cash and cash equivalents	81,572	-	81,572
Trade receivables	1,288,408	-	1,288,408
Loan to shareholder	1,430,999	-	1,430,999
<b>Total Financial Assets</b>	<b>2,800,979</b>	<b>-</b>	<b>2,800,979</b>
<i>Total Non-Financial Assets</i>			2,182,584
<b>Total Assets</b>			<b>4,983,563</b>
<i>Liabilities</i>			
Trade and other payables	-	1,208,754	1,208,754
Borrowings	726,861	-	726,861
<b>Total Financial Liabilities</b>	<b>726,861</b>	<b>1,208,754</b>	<b>1,935,615</b>
<i>Total Non-Financial Liabilities</i>			807,120
<b>Total Liabilities</b>			<b>2,742,736</b>
<b>As at 31 March 2016 (Restated)</b>	<b>Loans and Receivables</b>	<b>Financial Liabilities at Amortised cost</b>	<b>Total</b>
<i>Assets</i>			
Cash and cash equivalents	341,989	-	341,989
Trade and other receivables	416,418	-	416,418
Loan to shareholder	685,728	-	685,728
<b>Total Financial Assets</b>	<b>1,444,135</b>	<b>-</b>	<b>1,444,135</b>
<i>Total Non-Financial Assets</i>			455,002
<b>Total Assets</b>			<b>1,899,137</b>
<i>Liabilities</i>			
Trade and other payables	-	1,306,354	1,306,354
<b>Total Financial Liabilities</b>	<b>-</b>	<b>1,306,354</b>	<b>1,306,354</b>
<i>Total Non-Financial Liabilities</i>			212,425
<b>Total Liabilities</b>			<b>1,518,779</b>

# New Y Trading Limited

## Notes to the financial statements

for the year ended 31 March 2017

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### 18.3 Financial risk management objectives

The Company's activities expose it to a variety of financial risks; market risk, foreign currency risk, interest rate risk, credit risk and liquidity risk.

#### 18.3.1 Market risk

The Company's activities expose it primarily to financial risks of changes in foreign currency exchange rates and interest rates. The Company undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are currently not managed as the foreign currency exposure is not material enough to warrant the use of foreign exchange contracts and foreign exchange option contracts.

#### 18.3.2 Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are currently not managed as the foreign currency exposure is not material enough to warrant the use of foreign exchange contracts and foreign option contracts. There are no forward or options contracts held by the Company at year end.

In the current year, there were no material transactions denominated in foreign currencies.

#### 18.3.3 Interest rate risk management

Interest rate risk is the risk of loss to the Company arising from adverse fluctuations in interest rates. The Company has exposure to interest rate risk as a result of the International Trade and Foreign Exchange Facilities entered into. Interest rate exposures are not currently managed as the interest rate exposure is not material enough to warrant the use of interest rate swap contracts. There are no interest rate swap contracts held by the Company at year end.

#### 18.3.4 Credit risk management

Credit risk arises from the financial assets of the Company which comprise cash and cash equivalents, receivables, loan to shareholder and other current assets. The Company's credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers.

The carrying amounts shown on the statement of financial position represents the Company's maximum exposure to credit risk.

#### 18.3.5 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the director, who has established an appropriate liquidity risk management framework for the management of the Company's funding and liquidity management requirements. All accounts and other payable balances are payable within 12 months.

**New Y Trading Limited**  
**Notes to the financial statements**  
for the year ended 31 March 2017

**19. Related party Disclosures**

Details of transactions between the Company and other related parties are disclosed below.

**19.1 Trading transactions**

During the year, the Company entered into the following trading transactions with related parties:

	<b>Purchases of services</b>	
	<b>31/03/2017</b>	<b>31/03/2016</b>
	<b>\$</b>	<b>\$</b>
Ditu International Logistics Company Limited	5,702,954	4,397,635

The following balances were outstanding at the end of the reporting period:

	<b>Amounts owed to related parties</b>	
	<b>31/03/2017</b>	<b>31/03/2016</b>
	<b>\$</b>	<b>\$</b>
Ditu International Logistics Company Limited	320,271	551,536

Ditu International Logistics Company Limited qualifies as a related party as the entity is 100% owned by QEX Logistics Limited which is the ultimate parent entity of New Y Trading Limited.

Purchases were made at market price discounted to reflect the quantity of goods purchased and the relationships between the parties.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

**19.2 Loans to related parties**

	<b>31/03/2017</b>	<b>31/03/2016</b>
		<b>(Restated)</b>
	<b>\$</b>	<b>\$</b>
Loan to Shareholder	1,430,999	685,728

The Company has provided the Shareholder with a short-term loan at rates comparable to the average commercial rate of interest. The loan to shareholder is unsecured. The loan is repayable on demand.

Interest income of \$54,982 (2016: \$24,559) has been recognised in respect of this loan.

Restatement of 2016 Loan to shareholder - the dividend was recorded gross of imputation credits. The dividend has been adjusted by \$131,433 to be net of imputation credits. The previously recorded loan balance was \$554,295.

**19.3 Compensation of key management personnel**

Key management includes directors (executive and non-executive). The compensation paid or payable to key management for employee services is shown below:

	<b>31/03/2017</b>	<b>31/03/2016</b>
	<b>\$</b>	<b>\$</b>
Key management personnel	101,501	-
Director's salary	58,165	100,000
	<b>159,666</b>	<b>100,000</b>

**New Y Trading Limited**  
**Notes to the financial statements**  
for the year ended 31 March 2017

**20. Non-cancellable operating lease commitments**

	31/03/2017	31/03/2016
	\$	\$
Not later than 1 year	133,596	133,596
Later than 1 year and not later than 5 years	143,189	276,785
Later than 5 years	-	-
	<u>276,785</u>	<u>410,381</u>

**21. Reconciliation of net operating cash flows to profit/loss**

	31/03/2017	31/03/2016
	\$	\$
<b>Cash flows from operating activities</b>		
Profit for the year	1,860,470	353,828
<i>Adjustments for:</i>		
Income tax expense recognised in profit or loss	728,716	216,992
Depreciation and amortization	65,029	28,074
(Gain)/Loss on Disposal of PPE	-	4,341
Interest paid	11,359	1,582
Interest received	-	(24,559)
Shareholder salary and accruals	-	155,079
	<u>2,665,574</u>	<u>735,337</u>
<i>Movements in working capital:</i>		
(Increase) / decrease in Debtors	(1,061,638)	(448,547)
Increase / (decrease) in Creditors	(97,600)	724,649
Increase / (decrease) in Borrowings	726,861	-
Decrease/(increase) in deferred tax	15,536	-
(Increase) / decrease in inventory	(1,254,635)	(5,364)
(Increase) / decrease in loan to shareholder	(427,389)	-
Cash generated from operations	<u>566,711</u>	<u>1,006,075</u>
Interest paid	(8,942)	(1,582)
Income taxes paid	(149,557)	(74,299)
<b>Net cash generated by operating activities</b>	<u>408,212</u>	<u>930,194</u>

**22. Events after the reporting period**

On 3 October 2017, New Y trading Limited entered into a lease agreement with Holyoake Industries Limited to rent a warehouse on 70 Richard Pearse Drive, Mangere, Auckland, for 4 years from 8 January 2018.

On 8 November 2017, the company extended its International Trade Facility to \$2,500,000 with Westpac.

**23. Approval of financial statements**

The financial statements were approved by the director and authorised for issue on 6 December 2017.

## Independent Auditor's Report

### To the Shareholders of New Y Trading Limited

#### Opinion

We have audited the financial statements of New Y Trading Limited (the 'Company'), which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss, statement of changes in equity and statement of cash flows 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, on pages 4 to 23, present fairly, in all material respects, the financial position of the Company as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime ('NZ IFRS RDR').

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other assignments for the Company in the areas of first time audit readiness, assistance with first time adoption of NZ IFRS and help with the associated financial statements. These services have not impaired our independence as auditor of the Company. In addition to this, partners and employees of our firm deal with the Company on normal terms within the ordinary course of trading activities of the business of the Company. The firm has no other relationship with, or interest in, the Company.

#### Directors' responsibilities for the financial statements

The directors are responsible on behalf of the Company for the preparation and fair presentation of the financial statements in accordance with NZ IFRS RDR, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible on behalf of the Company 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### 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 ISAs and ISAs (NZ) 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.

A further description of our responsibilities for the audit of the financial statements is located on at the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8>

This description forms part of our auditor's report.

#### Restriction on use

This report is made solely to the Company's shareholders, as a body, in accordance with Section 207B of the Companies Act 1993. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

*Deloitte Limited*

Auckland, New Zealand  
6 December 2017