

AXIOM LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2013

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AXIOM LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER, 2013

The directors submit their report together with the audited financial statements of the Company for the year ended 31st December, 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company is trading, imports and exports of precious metals, jewellery and base metals/concentrates during the year. In addition, the Company also involves in global investment.

RESULTS AND DIVIDENDS

The results of the Company for the year are set out in the statement of comprehensive income on page 4. The state of affairs of the Company is set out in the statement of financial position on page 5. The directors do not recommend the payment of any dividend for the year.

DIRECTORS

The directors who held office on the date of this report was:

NOVELLE LIMITED	Resigned on 10th October, 2013
VINOD PURANMAL BANSAL	Appointed on 10th October, 2013
TRIPTI BANSAL	Appointed on 10th October, 2013

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

DIRECTORS' INTERESTS

Apart from those set out in the relevant notes to the financial statements, no contract of significance to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

At no time during the year was the Company a party to any arrangements that enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company a party to any arrangements that enable the directors of the Company to acquire shares in or debentures of the Company or any other body corporate.

AUDITORS

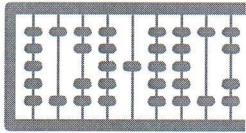
The Company's auditors, Charles H. C. Cheung & CPA Limited, Certified Public Accountants, now retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



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Chairman  
Hong Kong, 28 MAY 2014



Your Ref.

Our Ref.

Date:

## INDEPENDENT AUDITORS' REPORT

### TO THE SHAREHOLDERS OF AXIOM LIMITED

(Incorporated in Hong Kong with limited liability)

#### Report on the Financial Statements

We have audited the financial statements of Axiom Limited set out on pages 4 to 10, which comprise the statement of financial position as at 31st December, 2013, the statement of comprehensive income for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Directors' responsibility for the financial statements*

The directors are responsible for the preparation of financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS) issued by the Hong Kong Institute of Certified Public Accountants, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

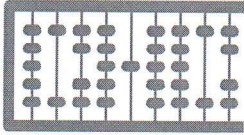
In addition, section 141D of the Hong Kong Companies Ordinance requires that the statement of financial position together with the notes thereon should be prepared in accordance with the requirements of the Eleventh Schedule to that Ordinance.

#### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Hong Kong Standards on Auditing and with reference to PN 900 (Clarified) "Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard" issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

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

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



Your Ref.

Our Ref.

Date:

**INDEPENDENT AUDITORS' REPORT**

**TO THE SHAREHOLDERS OF AXIOM LIMITED**

(Incorporated in Hong Kong with limited liability)

*Opinion*

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with SME-FRS. In addition, in our opinion the statement of financial position together with the notes thereon is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at 31st December, 2013 according to the best of our information and explanations given to us, and as shown by the books of the Company.

**Report on other matters under section 141D of the Hong Kong Companies Ordinance**

We report that we have obtained all the information and explanation which we required.



CHARLES H. C. CHEUNG & CPA LIMITED  
Certified Public Accountants (Practising)  
Hong Kong, 28 MAY 2014

Cheung Hing Chik, Charles  
Practising Certificate number: P00593

AXIOM LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER, 2013

	<u>NOTE</u>	<u>1.1.2013 to</u> <u>31.12.2013</u> US\$	<u>1.1.2012 to</u> <u>31.12.2012</u> US\$
TURNOVER	5	3,310,458,708.99	2,199,611,930.32
COST OF SALES		<u>(3,296,908,772.08)</u>	<u>(2,183,512,699.91)</u>
GROSS PROFIT		13,549,936.91	16,099,230.41
OTHER INCOME	5	360,693.61	108,133.17
SELLING AND DISTRIBUTION EXPENSES		(486,578.97)	(272,893.34)
ADMINISTRATIVE EXPENSES		(795,443.23)	(442,974.40)
FINANCE EXPENSES		<u>(4,385,957.35)</u>	<u>(7,516,431.96)</u>
PROFIT BEFORE TAXATION	6	8,242,650.97	7,975,063.88
TAXATION	8	<u>(9,853.00)</u>	<u>(3,820.00)</u>
NET PROFIT FOR THE YEAR		8,232,797.97	7,971,243.88
ACCUMULATED PROFITS BROUGHT FORWARD		<u>10,177,408.44</u>	<u>2,206,164.56</u>
ACCUMULATED PROFITS CARRIED FORWARD		<u>18,410,206.41</u>	<u>10,177,408.44</u>

The notes on pages 6 to 10 form an integral part of these financial statements.


AXIOM LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER, 2013

	<u>NOTE</u>	<u>2013</u> US\$	<u>2012</u> US\$
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipments	3	35,286.56	10,143.67
Investments in bonds	10	<u>77,000,000.00</u>	<u>69,000,000.00</u>
		<u>77,035,286.56</u>	<u>69,010,143.67</u>
<b>CURRENT ASSETS</b>			
Trade receivable		5,028,156.20	18,388,605.55
Accounts receivable		4,713,821.59	13,157,111.25
Other receivable		51,829.45	19,956.07
Stock	7	10,073,897.66	3,415,213.00
Tax prepaid	8	-	7,506.00
Deposits		55,784.58	18,777.14
Advances		8,841.55	54,568.46
Bank fixed deposits, held for facilities		622,743,757.26	852,755,447.54
Cash and bank balances		<u>17,655,145.87</u>	<u>1,194,907.17</u>
		<u>660,331,234.16</u>	<u>889,012,092.18</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade payable		589,836.35	3,682,014.50
Other payable		642,416.48	278,354.27
Due to a director		113,728.54	-
Secured loans from banks		75,450,000.00	60,450,000.00
Bills payable secured by L/C		553,394,062.90	699,845,011.87
Trade finance secured by LOU		-	99,659,656.65
Provision for taxation	8	<u>5,645.32</u>	<u>-</u>
		<u>630,195,689.59</u>	<u>863,915,037.29</u>
<b>NET CURRENT ASSETS</b>		<u>30,135,544.57</u>	<u>25,097,054.89</u>
<b>NON-CURRENT LIABILITIES</b>			
Secured bank loans against bond investment		<u>68,759,436.72</u>	<u>63,928,602.12</u>
<b>NET TOTAL ASSETS</b>		<u>38,411,394.41</u>	<u>30,178,596.44</u>
<b>CAPITAL AND RESERVES</b>			
Issued capital	4	1,188.00	1,188.00
Share premium	4	20,000,000.00	20,000,000.00
Accumulated profits		<u>18,410,206.41</u>	<u>10,177,408.44</u>
		<u>38,411,394.41</u>	<u>30,178,596.44</u>

Approved by Board of Directors on 28 MAY 2014



Director



Director

The notes on pages 6 to 10 form an integral part of these financial statements.

AXIOM LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2013

1. CORPORATE INFORMATION

The Company was incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance. The address of its registered office and principal place of business is Unit 4511, 45/F., The Center, 99 Queen's Road Central, Hong Kong. The principal activity of the Company is trading, imports and exports of precious metals, jewellery, and base metals/concentrates. In addition, the Company also involves in global investment. The operations of the company are at Hong Kong, Dubai and Singapore.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Company qualifies under the Hong Kong Companies Ordinance to prepare and present its financial statements in accordance with section 141D of that Ordinance. The Company's shareholders have unanimously agreed in writing to apply section 141D with respect to the Company's financial statements for the year ended 31st December, 2013.

These financial statements comply with the Small and Medium-sized Entity Financial Reporting Standard issued by the Hong Kong Institute of Certified Public Accountants and have been prepared under the accrual basis of accounting.

The measurement base adopted is the historical cost convention.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

a. Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Company and when the revenue can be measured reliably.

Turnover represents sales income during the period. Interest income from bank deposits is accrued on a time proportion basis on the principal outstanding and at the interest rate applicable.

Margin trading of commodities income represents income or loss between contract price and market price on account of the positions executed with the foreign banks.

b. Foreign exchange

Foreign currency transactions are converted at the exchange rate applicable on the transaction date. Foreign currency monetary items are translated into USD using exchange rates applicable at the balance sheet date. Gains and losses on foreign exchange are recognized in the income statement.

c. Taxation

The charge for taxation is based on the results for the period as adjusted for items which are non-assessable or disallowed. Timing differences arise because of the recognition for tax purpose in respect of certain items of income and expense in a different accounting period from that in which they are recognized in the financial statements. The tax effect of timing differences, computed under the liability method, is recognized in the financial statements to the extent that it is probable a liability or an asset will crystallize in the foreseeable future. A deferred tax asset is not recognized unless its realization is assured beyond reasonable doubt.

d. Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred.

AXIOM LIMITED

NOTES TO FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31ST DECEMBER, 2013

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES - CONTINUED

e. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The depreciable amount of an item of property, plant and equipment is allocated on a systematic basis over its estimated useful life using the straight-line method. The principal annual rates used for depreciation are as follows:

Furniture	30%
Equipment	30%

f. Investments in bonds

Investments in bonds are stated at face value.

3. PROPERTY, PLANT AND EQUIPMENT

	<u>Furniture</u> US\$	<u>Equipment</u> US\$	<u>Total</u> US\$
AT COST			
At 1 January, 2013	11,803.94	9,833.73	21,637.67
Additions	31,870.06	13,321.64	45,191.70
At 31 December, 2013	<u>43,674.00</u>	<u>23,155.37</u>	<u>66,829.37</u>
ACCUMULATED DEPRECIATION			
At 1 January, 2013	5,684.67	5,809.33	11,494.00
Charges for the year	13,102.20	6,946.61	20,048.81
At 31 December, 2013	<u>18,786.87</u>	<u>12,755.94</u>	<u>31,542.81</u>
NET BOOK VALUE			
At 31 December, 2013	<u>24,887.13</u>	<u>10,399.43</u>	<u>35,286.56</u>
At 31 December, 2012	<u>6,119.27</u>	<u>4,024.40</u>	<u>10,143.67</u>

4. SHARE CAPITAL

	<u>2013</u> US\$	<u>2012</u> US\$
Authorized:		
10,000 ordinary shares of HK\$1 each	<u>1,290.00</u>	<u>1,290.00</u>
Issued and fully paid:		
9,202 ordinary shares of HK\$1 each	<u>1,188.00</u>	<u>1,188.00</u>
Share premium		
200 ordinary shares of HK\$775,000 each (HK\$155,000,000.00)	<u>20,000,000.00</u>	<u>20,000,000.00</u>



AXIOM LIMITED

NOTES TO FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31ST DECEMBER, 2013

5. TURNOVER AND REVENUE

Turnover and revenue recognized by category are as follows:

	<u>1.1.2013 to</u> <u>31.12.2013</u> US\$	<u>1.1.2012 to</u> <u>31.12.2012</u> US\$
<b>Turnover</b>		
Sales of precious metals, jewellery, and base metals/concentrates	3,290,884,116.22	2,172,382,686.85
Bank fixed deposit interest income	14,504,055.95	23,517,802.84
Bonds interest income	3,911,118.07	3,711,440.63
Margin trading of commodities income	1,159,418.75	-
	<u>3,310,458,708.99</u>	<u>2,199,611,930.32</u>
<b>Other revenue</b>		
Capital gain on sale of bonds through JP Morgan	152,000.00	108,000.00
Discount on purchase of bonds through JP Morgan	205,400.00	-
Bank balance interest income	2,583.91	133.17
Exchange gain	709.70	-
	<u>360,693.61</u>	<u>108,133.17</u>
Total revenue	<u>3,310,819,402.60</u>	<u>2,199,720,063.49</u>

6. PROFIT BEFORE TAXATION

This is stated after charging:

	<u>1.1.2013 to</u> <u>31.12.2013</u> US\$	<u>1.1.2012 to</u> <u>31.12.2012</u> US\$
Directors' emoluments		
Fee		-
Other emoluments	122,774.10	34,838.67
Company quarter expenses	84,479.68	85,431.30
Auditors' remuneration	6,451.61	4,258.06
Depreciation	20,048.81	6,491.30
Staff welfare expenses	4,266.85	2,121.42
Staff payroll	<u>71,448.05</u>	<u>136,683.73</u>

AXIOM LIMITED

NOTES TO FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31ST DECEMBER, 2013

7. STOCK

	<u>2013</u> US\$	<u>2012</u> US\$
AT COST		
Silver, 2,745.655kgs	1,858,756.16	1,443,680.00
Gold KGB .995 15 kgs	654,350.38	-
Studded Jewellery, 1,409.9 grams	1,958,287.94	1,971,533.00
Nickel Cathodes 410,106 kg	5,602,503.18	-
	<u>10,073,897.66</u>	<u>3,415,213.00</u>

8. TAXATION

	<u>2013</u> US\$	<u>2012</u> US\$
Taxation in the statement of comprehensive income comprises:		
Provision for the year	9,853.00	5,369.00
(Overprovision) for prior year	-	(1,549.00)
	<u>9,853.00</u>	<u>3,820.00</u>

Taxation in the statement of financial position represents:

Balance b/f	7,506.00	(12,875.00)
Tax paid	-	24,201.00
Tax refunded	(3,298.32)	-
Overprovision for prior year	-	1,549.00
Provision for current year	(9,853.00)	(5,369.00)
Tax (payable)/pre-paid	<u>(5,645.32)</u>	<u>7,506.00</u>

Hong Kong Profits Tax has been provided at the rate of 16.5% (2012: 16.5%) for the year.

Deferred taxation has not been provided as the tax effect of timing difference is insignificant at the end of reporting period.

9. CHANGE IN EQUITY

	<u>Issued capital</u> US\$	<u>Share premium</u> US\$	<u>Accumulated profits</u> US\$	<u>Total</u> US\$
As at 1st January, 2013	1,188.00	20,000,000.00	10,177,408.44	30,178,596.44
Net profit for the year	-	-	8,232,797.97	8,232,797.97
	<u>1,188.00</u>	<u>20,000,000.00</u>	<u>18,410,206.41</u>	<u>38,411,394.41</u>

AXIOM LIMITED

NOTES TO FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31ST DECEMBER, 2013

10 INVESTMENTS IN BONDS, at face value

	<u>2013</u> US\$	<u>2012</u> US\$
Balance b/f	69,000,000.00	69,000,000.00
Addition during the year	11,221,958.33	4,047,687.50
Premium on bonds investment written off	<u>(221,958.33)</u>	<u>(47,687.50)</u>
	80,000,000.00	73,000,000.00
Sale proceed of bonds investment	(3,152,000.00)	(4,108,000.00)
Gain on disposal	<u>152,000.00</u>	<u>108,000.00</u>
Balance c/f	<u><u>77,000,000.00</u></u>	<u><u>69,000,000.00</u></u>

AXIOM LIMITEDCASH FLOW STATEMENTFOR THE YEAR ENDED 31ST DECEMBER, 2013

	<u>1.1.2013 to</u> <u>31.12.2013</u> US\$	<u>1.1.2012 to</u> <u>31.12.2012</u> US\$
<b>Cash flows from operating activities</b>		
Profit before tax	8,242,650.97	7,975,063.88
Adjustments for:		
Depreciation	20,048.81	6,491.30
Premium on bonds investment written off	221,958.33	47,687.50
Discount on purchase of bonds through JP Morgan	(205,400.00)	-
Capital gain on disposal of bonds through JP Morgan	(152,000.00)	(108,000.00)
Operating profit before working capital changes	8,127,258.11	7,921,242.68
Decrease / (Increase) in trade receivable	13,360,449.35	(18,388,605.55)
Decrease / (Increase) in accounts receivable	8,443,289.66	(10,111,417.75)
Decrease / (Increase) in other receivable	(31,873.38)	11,833,133.31
Decrease / (Increase) in stock	(6,658,684.66)	(3,415,213.00)
(Increase) / Decrease in deposits	(37,007.44)	-
(Increase) / Decrease in advances	45,726.91	(22,859.18)
(Decrease) / Increase in trade payables	(3,092,178.15)	3,682,014.50
(Decrease)/Increase in dues to a director	113,728.54	-
(Decrease) / Increase in other payables	364,062.21	(135,139.53)
Cash from / (used in) operations	20,634,771.15	(8,636,844.52)
<i>Net cash from / (used in) operating activities</i>	20,634,771.15	(8,636,844.52)
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(45,191.70)	(4,962.00)
Investments in bonds	(11,016,558.33)	(4,047,687.50)
Bank fixed deposits	230,011,690.28	(527,559,717.54)
Profits tax refunded/(paid)	3,298.32	(24,201.00)
Proceeds from sale of bonds through JP Morgan	3,152,000.00	4,108,000.00
<i>Net cash from / (used in) investing activities</i>	222,105,238.57	(527,528,568.04)
<b>Cash flows from financing activities</b>		
(Decrease) / Increase in secured loans from banks	15,000,000.00	-
Increase in secured loans against bonds	4,830,834.60	4,474,751.90
Increase in bills payable secured by L/C	(146,450,948.97)	432,330,622.53
Increase in trade finance secured by LOU	(99,659,656.65)	99,659,656.65
<i>Net cash generated from financing activities</i>	(226,279,771.02)	536,465,031.08
<b>Net increase in cash and cash equivalents</b>	16,460,238.70	299,618.52
<b>Cash and cash equivalents at beginning of period</b>	1,194,907.17	895,288.65
<b>Cash and cash equivalents at end of period</b>	17,655,145.87	1,194,907.17

AXIOM LIMITEDDETAILED STATEMENT OF COMPREHENSIVE INCOMEFOR THE YEAR ENDED 31ST DECEMBER, 2013

	<u>1.1.2013 to</u> <u>31.12.2013</u> US\$	<u>1.1.2012 to</u> <u>31.12.2012</u> US\$
TURNOVER		
Sales of precious metals, jewellery, and base metals/concentrates	3,290,884,116.22	2,172,382,686.85
Bank interest income	14,504,055.95	23,517,802.84
Bonds interest income	3,911,118.07	3,711,440.63
Margin trading of commodities income	1,159,418.75	-
	<u>3,310,458,708.99</u>	<u>2,199,611,930.32</u>
LESS: COST OF SALES		
Opening stock	3,415,213.00	-
Purchases	3,295,962,042.00	2,183,511,737.16
Less: Closing stock	(10,073,897.66)	(3,415,213.00)
Usance charges	7,605,414.74	3,416,175.75
	<u>3,296,908,772.08</u>	<u>2,183,512,699.91</u>
GROSS PROFIT	<u>13,549,936.91</u>	<u>16,099,230.41</u>
ADD: OTHER INCOME		
Capital gain on sale of bonds through JP Morgan	152,000.00	108,000.00
Discount on purchase of bonds through JP Morgan	205,400.00	-
Bank balance interest income	2,583.91	133.17
Exchange gain	709.70	-
	<u>360,693.61</u>	<u>108,133.17</u>
LESS: SELLING & DISTRIBUTION EXPENSES		
Business promotion expenses	249,392.74	63,184.19
Freight charges	237,186.23	209,709.15
	<u>486,578.97</u>	<u>272,893.34</u>
LESS: ADMINISTRATIVE EXPENSES		
Auditors' remuneration	6,451.61	4,258.06
Commission expenses	239,000.00	13,935.37
Company's quarter expenses	84,479.68	85,431.30
Consultancy fee	-	12,903.23
Customs declaration fee	-	82,070.62
Depreciation	20,048.81	6,491.30
Overseas travelling expenses	62,996.77	14,840.80
Office expenses	3,335.31	2,353.71
Legal expenses	5,960.64	213.54
Miscellaneous	1,987.86	2,342.16
Visa expenses	1,632.91	88.46
Office electricity charges	1,734.55	621.54
Post, telephone and courier	11,899.02	2,511.10
Printing and stationery	3,457.07	1,510.38
Internet expenses	2,057.35	4,974.73
Insurance	584.88	438.20
Staff salary and allowance	71,448.05	136,683.73
Directors' remuneration	122,774.10	34,838.67
Office rental expenses	146,922.67	20,403.68
Office maintenance	-	3,197.77
Staff welfare expenses	4,266.85	2,121.42
Local travelling expenses	4,405.10	10,744.63
	<u>795,443.23</u>	<u>442,974.40</u>

AXIOM LIMITED

DETAILED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER, 2013

	<u>1.1.2013 to</u> <u>31.12.2013</u> US\$	<u>1.1.2012 to</u> <u>31.12.2012</u> US\$
LESS: FINANCE EXPENSES		
Bank charges	73,004.14	25,099.01
Bank loan interest expenses	1,328,484.34	1,399,925.44
Bank balances interest expenses	6,488.71	10,255.50
Exchange rate loss	-	586.30
LC charges and interest	2,756,021.83	6,032,878.21
Premium on bonds investment written off	221,958.33	47,687.50
	<u>4,385,957.35</u>	<u>7,516,431.96</u>
PROFIT BEFORE TAXATION	<u>8,242,650.97</u>	<u>7,975,063.88</u>