

Company Registration No. 03532828 (England and Wales)

A & M GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017



A & M GROUP LIMITED

COMPANY INFORMATION

Directors	S S Lim J Lim Jnr
Secretary	O C Norris
Company number	03532828
Registered office	Apex Yard 29-35 Long Lane London SE1 4PL
Auditor	D Lee & Co. 2nd Floor Premier House 309 Ballards Lane London N12 8LY
Business address	Apex Yard 29-35 Long Lane London SE1 4PL

A & M GROUP LIMITED

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A & M GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2017

The directors present the strategic report for the year ended 30 June 2017.

Fair review of the business

The company has had a stable profitable year for the year ended 30 June 2017. All tin trades have been hedged on the London Metal Exchange and all non-tin trades have been carried out on a back to back basis. We have continued to keep the overheads low.

Principal risks and uncertainties

The objectives, policies and strategies applied with respect to the management of financial risk are determined by the directors. The principal financial instruments used by the company to finance its operations are cash, bank overdraft and secured debt.

Foreign currency risk

The company's reporting currency is US dollars but it operates in different parts of the world in different currencies. The company enters into forward contracts to protect against the risk of exchange rate fluctuations.

Interest rate risk

The company's exposure to interest rate fluctuations is constantly monitored. There is no formal policy on overdrafts but a variable rate is applied over secured debts.

Liquidity risk

The company monitors cash flow and the available balance of the trading facility on a daily basis and regularly adjusts the amount it needs to borrow in accordance with what is required which also helps to lower the indirect trading costs.

Credit risk

The company's principle trade debtors are well established businesses in the commodities world and regular credit checks are performed on all major customers.

Development and performance

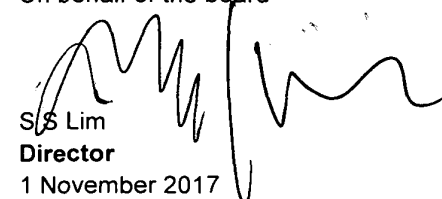
Adequate finance has been obtained to take advantage of business opportunities and the directors consider the state of affairs to be under control in what will continue to be challenging market conditions.

Key performance indicators

The directors consider the following to be the group's key performance indicators:

Turnover	\$59,020,208 [2016: \$35,940,169]
Gross profit/(loss)	\$2,237,521 [2016: \$2,485,180]
Profit/(loss) after tax	\$523,522 [2016: \$854,007]
Net current assets	\$4,701,830 [2016: \$4,150,200]
Net assets	\$4,929,953 [2016: \$4,403,188]

On behalf of the board


S S Lim
Director
1 November 2017

A & M GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

The directors present their annual report and financial statements for the year ended 30 June 2017.

Principal activities

The principal activity of the company continued to be that of acting as a holding company for its subsidiary undertakings. The principal activities of the group continued to be that of trading of minerals and metals, and the processing of secondary iodine.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

S S Lim
J Lim Jnr

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

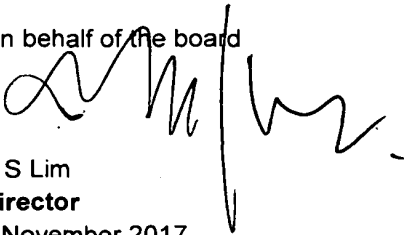
Auditor

In accordance with the company's articles, a resolution proposing that D Lee & Co. be reappointed as auditor of the group will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



S S Lim
Director

1 November 2017

A & M GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

A & M GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF A & M GROUP LIMITED

Opinion

We have audited the financial statements of A & M Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2017 set out on pages 6 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2017 and of its for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

A & M GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF A & M GROUP LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 for assessing the group's and the parent 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 group or the parent 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 (UK) 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 the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**D Lee (Senior Statutory Auditor)
for and on behalf of D Lee & Co.**

**Chartered Certified Accountants
Statutory Auditor**

3/11/2017

2nd Floor
Premier House
309 Ballards Lane
London
N12 8LY

A & M GROUP LIMITED

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 \$	2016 \$
Turnover	3	59,020,208	35,940,169
Cost of sales		(56,782,687)	(33,452,989)
Gross profit		<u>2,237,521</u>	<u>2,487,180</u>
Administrative expenses		(1,228,310)	(1,372,059)
Operating profit	4	<u>1,009,211</u>	<u>1,115,121</u>
Interest payable and similar expenses	8	(348,253)	(246,722)
Profit before taxation		<u>660,958</u>	<u>868,399</u>
Tax on profit	9	(137,436)	(14,392)
Profit for the financial year		<u><u>523,522</u></u>	<u><u>854,007</u></u>

Profit for the financial year is all attributable to the owners of the parent company.

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

A & M GROUP LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
Profit for the year	523,522	854,007
	<u> </u>	<u> </u>
Other comprehensive income		
Currency translation differences	3,243	(286,962)
Adjustments to the fair value of financial assets	-	70,508
	<u> </u>	<u> </u>
Other comprehensive income for the year	3,243	(216,454)
	<u> </u>	<u> </u>
Total comprehensive income for the year	526,765	637,553
	<u> </u>	<u> </u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

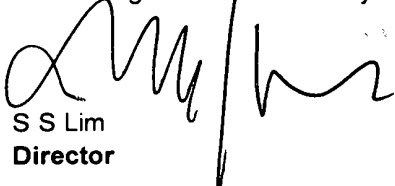
A & M GROUP LIMITED

GROUP BALANCE SHEET

AS AT 30 JUNE 2017

	Notes	2017 \$	\$	2016 \$	\$
Fixed assets					
Tangible assets	10	120,282		147,983	
Investment properties	11	133,898		133,898	
		<u>254,180</u>		<u>281,881</u>	
Current assets					
Stocks	15	13,358,201		10,013,572	
Debtors	16	9,145,994		8,626,708	
Cash at bank and in hand		1,225,974		1,148,189	
		<u>23,730,169</u>		<u>19,788,469</u>	
Creditors: amounts falling due within one year	17	(19,028,339)		(15,638,269)	
Net current assets		<u>4,701,830</u>		<u>4,150,200</u>	
Total assets less current liabilities		<u>4,956,010</u>		<u>4,432,081</u>	
Provisions for liabilities	19	(26,057)		(28,893)	
Net assets		<u><u>4,929,953</u></u>		<u><u>4,403,188</u></u>	
Capital and reserves					
Called up share capital	21	1,969,976		1,969,976	
Revaluation reserve		70,508		70,508	
Profit and loss reserves		2,889,469		2,362,704	
Total equity		<u><u>4,929,953</u></u>		<u><u>4,403,188</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 1 November 2017 and are signed on its behalf by:


S S Lim
Director

A & M GROUP LIMITED

COMPANY BALANCE SHEET

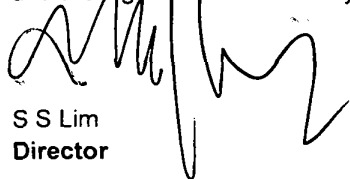
AS AT 30 JUNE 2017

	Notes	2017 \$	\$	2016 \$	\$
Fixed assets					
Tangible assets	10	37,489		40,971	
Investment properties	11	133,898		133,898	
Investments	12	1,403,947		1,403,947	
		<u>1,575,334</u>		<u>1,578,816</u>	
Current assets					
Debtors	16	3,838,791		6,054,824	
Cash at bank and in hand		342		262	
		<u>3,839,133</u>		<u>6,055,086</u>	
Creditors: amounts falling due within one year	17	<u>(2,280,097)</u>		<u>(4,454,668)</u>	
Net current assets		<u>1,559,036</u>		<u>1,600,418</u>	
Total assets less current liabilities		<u>3,134,370</u>		<u>3,179,234</u>	
Provisions for liabilities	19	<u>(14,141)</u>		<u>(14,109)</u>	
Net assets		<u><u>3,120,229</u></u>		<u><u>3,165,125</u></u>	
Capital and reserves					
Called up share capital	21	1,969,976		1,969,976	
Revaluation reserve		70,508		70,508	
Profit and loss reserves		1,079,745		1,124,641	
Total equity		<u><u>3,120,229</u></u>		<u><u>3,165,125</u></u>	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was \$44,896 (2016 - \$509,056 profit).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 1 November 2017 and are signed on its behalf by:



S S Lim
Director

Company Registration No. 03532828

A & M GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	\$	\$	\$	\$
Balance at 1 July 2015	1,969,976	-	1,795,659	3,765,635
Year ended 30 June 2016:				
Profit for the year	-	-	854,007	854,007
Other comprehensive income:				
Currency translation differences	-	-	(286,962)	(286,962)
Adjustments to fair value of financial assets	-	70,508	-	70,508
Total comprehensive income for the year	-	70,508	567,045	637,553
Balance at 30 June 2016	1,969,976	70,508	2,362,704	4,403,188
Year ended 30 June 2017:				
Profit for the year	-	-	523,522	523,522
Other comprehensive income:				
Currency translation differences on overseas subsidiaries	-	-	3,243	3,243
Total comprehensive income for the year	-	-	526,765	526,765
Balance at 30 June 2017	1,969,976	70,508	2,889,469	4,929,953

A & M GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	\$	\$	\$	\$
Balance at 1 July 2015	1,969,976	-	615,585	2,585,561
Year ended 30 June 2016:				
Profit for the year	-	-	509,056	509,056
Other comprehensive income:				
Adjustments to fair value of financial assets	-	70,508	-	70,508
Total comprehensive income for the year	-	70,508	509,056	579,564
Balance at 30 June 2016	1,969,976	70,508	1,124,641	3,165,125
Year ended 30 June 2017:				
Loss and total comprehensive income for the year	-	-	(44,896)	(44,896)
Balance at 30 June 2017	1,969,976	70,508	1,079,745	3,120,229

A & M GROUP LIMITED

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 \$	\$	2016 \$	\$
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	27	(1,427,704)		501,073	
Interest paid		(348,253)		(246,722)	
Income taxes (paid)/refunded		(140,224)		1,683	
Net cash (outflow)/inflow from operating activities		<u>(1,916,181)</u>		<u>256,034</u>	
Investing activities					
Purchase of tangible fixed assets		(5,895)		(29,071)	
Purchase of investment property		-		(70,508)	
Proceeds from other investments and loans		-		660,846	
Net cash (used in)/generated from investing activities		<u>(5,895)</u>		<u>561,267</u>	
Net cash used in financing activities		<u>-</u>		<u>-</u>	
Net (decrease)/increase in cash and cash equivalents		<u>(1,922,076)</u>		<u>817,301</u>	
Cash and cash equivalents at beginning of year		(7,432,326)		(8,249,627)	
Cash and cash equivalents at end of year		<u><u>(9,354,402)</u></u>		<u><u>(7,432,326)</u></u>	
Relating to:					
Cash at bank and in hand		1,225,974		1,148,189	
Bank overdrafts included in creditors payable within one year		<u>(10,580,376)</u>		<u>(8,580,515)</u>	

A & M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

Company information

A & M Group Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Apex Yard, 29-35 Long Lane, London, SE1 4PL.

The group consists of A & M Group Limited and all of its subsidiaries.

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings, as modified by the revaluation of stocks.

The financial statements are prepared in US dollars, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest \$.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

A & M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

(Continued)

The consolidated financial statements incorporate those of A & M Group Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 June 2017. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Leasehold	20% per annum on reducing balance
Plant and machinery	15% and 20% per annum on reducing balance
Fixtures, fittings & equipment	20% per annum on reducing balance
Computer equipment	20% per annum on reducing balance

A & M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

A & M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

(Continued)

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows 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 asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell with the exception of stocks of tin which are included in the balance sheet at market value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

Tin is accounted at market value as it is traded on the London Metal Exchange.

In the opinion of the directors, this policy properly reflects the trading of the company and represents a true and fair view of the company's financial position as at the balance sheet date.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

A & M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

(Continued)

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where 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 have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

A & M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

(Continued)

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.13 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.14 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

A & M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.18 Forward contract recognition

Forward contracts at the balance sheet date are valued against market value at the date on the commodity by commodity basis. Full provisions are made for the net unrealised losses for a commodity and no account is taken of unrealised profits for a commodity.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

A & M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2017 \$	2016 \$
Turnover analysed by class of business		
Sales of goods	59,020,208	35,940,169
	<u>59,020,208</u>	<u>35,940,169</u>
	2017 \$	2016 \$
Turnover analysed by geographical market		
World market	59,020,208	35,940,169
	<u>59,020,208</u>	<u>35,940,169</u>

The directors consider that a geographical split of turnover is inappropriate as commodities are effectively traded in world market.

4 Operating profit

	2017 \$	2016 \$
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(91,868)	(155,038)
Depreciation of owned tangible fixed assets	30,494	35,339
Cost of stocks recognised as an expense	56,661,432	33,309,448
	<u>56,661,432</u>	<u>33,309,448</u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to \$91,868 (2016 - \$155,038).

5 Auditor's remuneration

	2017 \$	2016 \$
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	13,002	16,068
Audit of the financial statements of the company's subsidiaries	23,927	25,353
	<u>36,929</u>	<u>41,421</u>
For other services		
Taxation compliance services	11,701	12,051
	<u>11,701</u>	<u>12,051</u>

A & M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2017 Number	2016 Number	Company 2017 Number	2016 Number
Administration and sale	6	7	-	-
Production	3	3	-	-
	<u>9</u>	<u>10</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2017 \$	2016 \$	Company 2017 \$	2016 \$
Wages and salaries	619,724	708,501	-	-
Social security costs	70,756	64,239	-	-
Pension costs	42,353	50,898	-	-
	<u>732,833</u>	<u>823,638</u>	<u>-</u>	<u>-</u>

7 Directors' remuneration

	2017 \$	2016 \$
Remuneration for qualifying services	218,373	178,084
Company pension contributions to defined contribution schemes	9,062	8,395
	<u>227,435</u>	<u>186,479</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2017 \$	2016 \$
Remuneration for qualifying services	<u>108,872</u>	<u>92,791</u>

8 Interest payable and similar expenses

	2017 \$	2016 \$
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	<u>348,253</u>	<u>246,722</u>

A & M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

9 Taxation

	2017 \$	2016 \$
Current tax		
Adjustments in respect of prior periods	140,272	(1,217)
Deferred tax		
Origination and reversal of timing differences	(2,836)	15,609
Total tax charge for the year	137,436	14,392

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2017 \$	2016 \$
Profit before taxation	660,958	868,399
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	132,192	173,680
Tax effect of expenses that are not deductible in determining taxable profit	1,872	24,523
Tax effect of utilisation of tax losses not previously recognised	-	(48,913)
Unutilised tax losses carried forward	(123,691)	-
Adjustments in respect of prior years	99,471	(1,217)
Group relief	(12,790)	(148,455)
Permanent capital allowances in excess of depreciation	3,258	(834)
Under/(over) provided in prior years	40,801	-
Deferred tax	(2,836)	15,609
Rounding	(841)	(1)
Taxation charge for the year	137,436	14,392

A & M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

10 Tangible fixed assets

Group	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Total
	\$	\$	\$	\$	\$
Cost					
At 1 July 2016	90,072	263,685	153,521	55,367	562,645
Additions	-	-	-	6,657	6,657
Exchange adjustments	(2,611)	(7,643)	(108)	(762)	(11,124)
At 30 June 2017	87,461	256,042	153,413	61,262	558,178
Depreciation and impairment					
At 1 July 2016	51,477	196,796	142,833	23,426	414,532
Depreciation charged in the year	5,622	15,273	2,028	7,571	30,494
Exchange adjustments	(1,492)	(5,703)	65	-	(7,130)
At 30 June 2017	55,607	206,366	144,926	30,997	437,896
Carrying amount					
At 30 June 2017	31,854	49,676	8,487	30,265	120,282
At 30 June 2016	38,595	66,889	10,558	31,941	147,983
Company			Fixtures, fittings & equipment	Computer equipment	Total
			\$	\$	\$
Cost					
At 1 July 2016			149,775	55,367	205,142
Additions			-	6,657	6,657
Exchange adjustments			-	(762)	(762)
At 30 June 2017			149,775	61,262	211,037
Depreciation and impairment					
At 1 July 2016			140,745	23,426	164,171
Depreciation charged in the year			1,806	7,571	9,377
At 30 June 2017			142,551	30,997	173,548
Carrying amount					
At 30 June 2017			7,224	30,265	37,489
At 30 June 2016			9,030	31,941	40,971

A & M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

11 Investment property

	Group 2017 \$	Company 2017 \$
Fair value		
At 1 July 2016 and 30 June 2017	133,898	133,898

Investment property comprises of one property. The fair value of the investment property has been arrived at on the basis of a valuation carried out by the director.

12 Fixed asset investments

	Notes	Group 2017 \$	2016 \$	Company 2017 \$	2016 \$
Investments in subsidiaries	13	-	-	1,403,947	1,403,947

Movements in fixed asset investments

Company	Shares in group undertakings \$
Cost or valuation	
At 1 July 2016 and 30 June 2017	1,403,947
Carrying amount	
At 30 June 2017	1,403,947
At 30 June 2016	1,403,947

13 Subsidiaries

Details of the company's subsidiaries at 30 June 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
A & M Minerals & Metals Limited	Great Britain	Administrative support services	Ordinary	100.00
A & M Minerals Limited	Great Britain	Trading of minerals and metals	Ordinary	100.00
Thornton Processing Limited	Great Britain	Processors of secondary iodine	Ordinary	100.00

The investments in subsidiaries are all stated at cost.

A & M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

14 Financial instruments

	Group 2017 \$	2016 \$	Company 2017 \$	2016 \$
Carrying amount of financial assets				
Debt instruments measured at amortised cost	7,324,909	7,374,282	3,838,791	6,051,417
Carrying amount of financial liabilities				
Measured at amortised cost	19,005,564	15,598,396	2,275,425	4,450,168

15 Stocks

	Group 2017 \$	2016 \$	Company 2017 \$	2016 \$
Finished goods and goods for resale	13,358,201	10,013,572	-	-

16 Debtors

	Group 2017 \$	2016 \$	Company 2017 \$	2016 \$
Amounts falling due within one year:				
Trade debtors	5,029,210	5,070,943	-	-
Corporation tax recoverable	1,633	1,681	-	-
Amounts due from group undertakings	-	-	3,824,164	6,036,352
Other debtors	2,326,070	2,359,948	14,627	18,472
Prepayments and accrued income	1,789,081	1,194,136	-	-
	9,145,994	8,626,708	3,838,791	6,054,824

17 Creditors: amounts falling due within one year

	Notes	Group 2017 \$	2016 \$	Company 2017 \$	2016 \$
Bank loans and overdrafts	18	10,580,376	8,580,515	-	-
Trade creditors		4,246,839	4,003,166	-	20,316
Amounts due to group undertakings		-	-	2,097,087	3,707,376
Other taxation and social security		22,775	39,873	4,672	4,500
Other creditors		183,254	742,601	162,736	703,730
Accruals and deferred income		3,995,095	2,272,114	15,602	18,746
		19,028,339	15,638,269	2,280,097	4,454,668

A & M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

18 Loans and overdrafts

	Group 2017 \$	2016 \$	Company 2017 \$	2016 \$
Bank overdrafts	10,580,376	8,580,515	-	-
Payable within one year	10,580,376	8,580,515	-	-

The bank overdrafts are secured on the Group's investment property, stocks and trade debtors.

19 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2017 \$	Liabilities 2016 \$
Group		
Accelerated capital allowances	12,661	14,791
Revaluations	13,396	14,102
	26,057	28,893
	Liabilities 2017 \$	Liabilities 2016 \$
Company		
Accelerated capital allowances	745	7
Revaluations	13,396	14,102
	14,141	14,109
	Group 2017 \$	Company 2017 \$
Movements in the year:		
Liability at 1 July 2016	28,893	14,109
(Credit)/charge to profit or loss	(2,836)	32
Liability at 30 June 2017	26,057	14,141

A & M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

20 Retirement benefit schemes

	2017	2016
Defined contribution schemes	\$	\$
Charge to profit or loss in respect of defined contribution schemes	42,353	50,898

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

21 Share capital

	Group and company	
	2017	2016
Ordinary share capital	\$	\$
Issued and fully paid		
12,000,000 Ordinary shares of 16.42 cents each	1,969,976	1,969,976

22 Financial commitments, guarantees and contingent liabilities

At the balance sheet date certain Group companies had entered into forward contracts for the purchase and sale of minerals and metals and had opened letters of credit in the ordinary course of business.

The company had entered into cross guarantee with certain other Group companies to secure the banking arrangements of the Group.

23 Operating lease commitments

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2017	2016	Company 2017	2016
	\$	\$	\$	\$
Within one year	86,071	-	86,071	-
Between two and five years	344,284	-	344,284	-
In over five years	430,357	-	430,357	-
	860,712	-	860,712	-

24 Related party transactions

At 30 June 2017, the Group was owed \$2,270,376 (2016: \$2,270,376) by A & M Myanmar Limited, a company incorporated in Myanmar and in which Mr S S Lim is a director and owns 75% of the issued share capital. The amount represents a prepayment on a commodity purchase contract. The amount is repayable on demand.

A & M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

25 Directors' transactions

During the year the Mr S S Lim, a director and shareholder provided interest free loan to the company which is payable on demand amounting to £162,736.

26 Controlling party

For the whole year, the ultimate controlling party is Mr S S Lim, who is the director and holds one hundred percent of the shareholdings.

27 Cash generated from group operations

	2017 \$	2016 \$
Profit for the year after tax	523,522	854,007
Adjustments for:		
Taxation charged	137,436	14,392
Finance costs	348,253	246,722
Depreciation and impairment of tangible fixed assets	30,494	35,339
Foreign exchange gains on cash equivalents	6,345	(266,049)
Movements in working capital:		
(Increase) in stocks	(3,344,629)	(4,068,076)
(Increase) in debtors	(544,600)	(2,205,420)
Increase in creditors	1,415,475	5,890,158
Cash (absorbed by)/generated from operations	(1,427,704)	501,073