

Company Registration No. 09965414 (England and Wales)

ASIA INDUSTRIAL UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018



ASIA INDUSTRIAL UK LIMITED

COMPANY INFORMATION

Director	M Huxhold
Company number	09965414
Registered office	Acre House 11-15 William Road London NW1 3ER United Kingdom
Auditor	H W Fisher & Company Acre House 11-15 William Road London NW1 3ER United Kingdom

ASIA INDUSTRIAL UK LIMITED

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ASIA INDUSTRIAL UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The director presents the strategic report for the year ended 31 December 2018.

Fair review of the business

Both the level of business and the year end financial position were as expected by the director. The director expects the level of activity to increase in future periods.

Principal risks and uncertainties

The principal risks to the company include its reliance on a small number of customers and suppliers. The director considers the relationship between the company and its customers and suppliers to be strong.

Development and performance

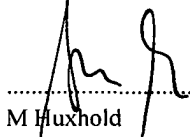
The company had turnover of €25,324,055 (2017: €34,844,472) and profit before taxation of €7,481,132 (2017: €12,442,990) for the year.

At 31 December 2018 the group had net assets of €10,276,772 (2017: €11,800,000).

Key performance indicators

In the opinion of the director the only Key Performance Indicators whose disclosure is necessary for an understanding of the development, performance or position of the business is gross profit and gross profit margin. For the year to 31 December 2018, the group had gross profit of €13,100,482 (2017: €13,685,331) with a gross profit margin of 52% (2017: 39%).

On behalf of the board


.....
M Huxhold
Director
11.7.19
.....

ASIA INDUSTRIAL UK LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The director presents her annual report and financial statements for the year ended 31 December 2018.

Principal activities

The principal activity of the company and group continued to be that of sourcing and supplying sanitary equipment for high speed trains.

Director

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

M Huxhold

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to €8,000,000. The director does not recommend payment of a further dividend.

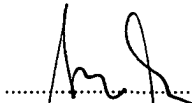
Auditor

The auditor, H W Fisher & Company, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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



M Huxhold

Director

Date: 11.7.19

ASIA INDUSTRIAL UK LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless she is 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 director is 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 director is 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. She is 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.

ASIA INDUSTRIAL UK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASIA INDUSTRIAL UK LIMITED

Qualified opinion on financial statements

We have audited the financial statements of Asia Industrial UK Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. 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, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2018 and of the group's profit 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 qualified opinion

The group has incorporated the assets, liabilities and results of its sub-group headed by LMAA International Limited as a group reconstruction under merger accounting principles (see accounting policy note 1.2 for further details). As set out below the financial information relating to this sub-group included in these financial statements have been derived from unaudited financial information.

The group accounts show an initial calculated negative goodwill on acquisition by LMAA International Limited of its subsidiary Shanghai Kai Ji of €697,930. This is based on unverified financial information. We have been unable to obtain the underlying financial records to support the net assets figure of Shanghai Kai Ji of €1,017,619 at the acquisition date which formed the basis for calculating the negative goodwill. This negative goodwill arose from the valuation placed on assets with limited useful lives and the negative goodwill was fully released by 31 December 2018. Any adjustment to the value of goodwill at acquisition would impact on the amount of negative goodwill written back to other operating income in the current and prior year.

We have been unable to obtain the accounting records of Shanghai Kai Ji, and we have not been able to obtain sufficient appropriate evidence in the consolidated accounts to form an opinion on the following figures for the current year of Shanghai Kai Ji:

- Total assets figure of €4,459,705 (2017: €9,713,388) which includes €1,968,675 (2017: €410,127) of cash, €1,682,026 (2017: €4,981,486) of receivables, and €716,543 (2017: €3,760,100) of stock.
- Total current liabilities of €405,786 (2017: €1,678,479) which is net of intercompany consolidation adjustments of €1,397,222 (2017: €6,312,764).
- Profit for the financial year of €3,308,905 (2017: €3,134,233).

Consequently we were unable to determine whether any adjustments to the Shanghai Kai Ji amounts referred to above were necessary.

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 qualified opinion.

ASIA INDUSTRIAL UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ASIA INDUSTRIAL UK LIMITED

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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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 director is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

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 director's report.

Arising solely from the limitation on the scope of our work relating to a subsidiary, referred to above, we have not obtained all the information and explanations we considered necessary for the purpose our audit.

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.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director is 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 director either intends to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

ASIA INDUSTRIAL UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ASIA INDUSTRIAL UK LIMITED

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.

Use of our 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.

Simon Mott-Cowan (Senior Statutory Auditor)
for and on behalf of H W Fisher & Company

Chartered Accountants
Statutory Auditor

Acre House
11-15 William Road
London
NW1 3ER
United Kingdom

11/07/2019

ASIA INDUSTRIAL UK LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

		2018	2017
	Notes	€	€
Turnover	3	25,324,055	34,844,472
Cost of sales		(12,223,573)	(21,159,141)
		<hr/>	<hr/>
Gross profit		13,100,482	13,685,331
Administrative expenses		(6,013,390)	(4,616,943)
Other operating income		400,482	3,386,060
		<hr/>	<hr/>
Operating profit	4	7,487,574	12,454,448
Interest receivable and similar income	7	98	39
Interest payable and similar expenses	8	(5,067)	(11,497)
Unrealised losses on listed investments	9	(1,473)	-
		<hr/>	<hr/>
Profit before taxation		7,481,132	12,442,990
Tax on profit	10	(980,623)	(2,961,193)
		<hr/>	<hr/>
Profit for the financial year		6,500,509	9,481,797
		<hr/>	<hr/>

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

ASIA INDUSTRIAL UK LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 €	2017 €
Profit for the year	6,500,509	9,481,797
Other comprehensive income		
Currency translation differences	(23,737)	(17,692)
Total comprehensive income for the year	<u>6,476,772</u>	<u>9,464,105</u>

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

ASIA INDUSTRIAL UK LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 €	€	2017 €	€
Fixed assets					
Negative goodwill	13		-		(348,965)
Other intangible assets	13		5,835		13,058
Total intangible assets			5,835		(335,907)
Tangible assets	14		47,326		118,794
Investments	15		998,534		-
			1,051,695		(217,113)
Current assets					
Stocks	18	1,212,639		3,603,438	
Debtors	19	8,063,570		7,745,653	
Cash at bank and in hand		6,907,977		12,664,930	
		16,184,186		24,014,021	
Creditors: amounts falling due within one year	20	(6,957,447)		(11,996,908)	
Net current assets			9,226,739		12,017,113
Total assets less current liabilities			10,278,434		11,800,000
Provisions for liabilities	21		(1,662)		-
Net assets			10,276,772		11,800,000
Capital and reserves					
Called up share capital	23		10,001		10,001
Group reconstruction reserve			1,067		1,067
Profit and loss reserves			10,265,704		11,788,932
Total equity			10,276,772		11,800,000

The financial statements were approved and signed by the director and authorised for issue on 11.7.19

M Huxhold
Director

ASIA INDUSTRIAL UK LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 €	€	2017 €	€
Fixed assets					
Tangible assets	14		13,497		12,618
Investments	15		1,363,333		-
			<u>1,376,830</u>		<u>12,618</u>
Current assets					
Stocks	18	496,095		452,772	
Debtors	19	7,915,074		10,616,680	
Cash at bank and in hand		4,816,909		12,254,803	
		<u>13,228,078</u>		<u>23,324,255</u>	
Creditors: amounts falling due within one year	20	(6,846,530)		(9,960,106)	
Net current assets			<u>6,381,548</u>		<u>13,364,149</u>
Total assets less current liabilities			<u>7,758,378</u>		<u>13,376,767</u>
Provisions for liabilities	21		(1,662)		-
Net assets			<u><u>7,756,716</u></u>		<u><u>13,376,767</u></u>
Capital and reserves					
Called up share capital	23		10,001		10,001
Profit and loss reserves			7,746,715		13,366,766
Total equity			<u><u>7,756,716</u></u>		<u><u>13,376,767</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 profit for the year was €2,379,949 (2017 - €11,041,939 profit).

The financial statements were approved and signed by the director and authorised for issue on 11.7.19


M Huxhold
Director

Company Registration No. 09965414

ASIA INDUSTRIAL UK LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital €	Group reconstruction reserve €	Profit and loss reserves €	Total €
Balance at 1 January 2017		10,001	-	2,324,827	2,334,828
Year ended 31 December 2017:					
Profit for the year		-	-	9,481,797	9,481,797
Other comprehensive income:					
Currency translation differences		-	-	(17,692)	(17,692)
Total comprehensive income for the year		-	-	9,464,105	9,464,105
Group reorganisation		-	1,067	-	1,067
Balance at 31 December 2017		10,001	1,067	11,788,932	11,800,000
Year ended 31 December 2018:					
Profit for the year		-	-	6,500,509	6,500,509
Other comprehensive income:					
Currency translation differences on overseas subsidiaries		-	-	(23,737)	(23,737)
Total comprehensive income for the year		-	-	6,476,772	6,476,772
Dividends	11	-	-	(8,000,000)	(8,000,000)
Balance at 31 December 2018		10,001	1,067	10,265,704	10,276,772

Group reconstruction reserve: This is created from the group adopting merger accounting principles and represents the share capital of LMAA International Limited. For further details see note 1.2.

ASIA INDUSTRIAL UK LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital €	Profit and loss reserves €	Total €
Balance at 1 January 2017		10,001	2,324,827	2,334,828
Year ended 31 December 2017:				
Profit and total comprehensive income for the year		-	11,041,939	11,041,939
Balance at 31 December 2017		10,001	13,366,766	13,376,767
Year ended 31 December 2018:				
Profit and total comprehensive income for the year		-	2,379,949	2,379,949
Dividends	11	-	(8,000,000)	(8,000,000)
Balance at 31 December 2018		10,001	7,746,715	7,756,716

ASIA INDUSTRIAL UK LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 €	€	2017 €	€
Cash flows from operating activities					
Cash generated from operations	27	6,766,449		11,941,148	
Interest paid		(5,067)		(11,497)	
Income taxes paid		(3,483,058)		(392,836)	
Net cash inflow from operating activities		3,278,324		11,536,815	
Investing activities					
Purchase of tangible fixed assets		(12,447)		(14,448)	
Purchase of fixed asset investments		(1,000,007)		-	
Interest received		98		39	
Net cash used in investing activities		(1,012,356)		(14,409)	
Financing activities					
Dividends paid to equity shareholders		(8,000,000)		-	
Net cash used in financing activities		(8,000,000)		-	
Net (decrease)/increase in cash and cash equivalents		(5,734,032)		11,522,406	
Cash and cash equivalents at beginning of year		12,664,930		1,142,524	
Effect of foreign exchange rates		(22,921)		-	
Cash and cash equivalents at end of year		6,907,977		12,664,930	

ASIA INDUSTRIAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Asia Industrial UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is Acre House, 11-15 William Road, London, NW1 3ER, United Kingdom.

The group consists of Asia Industrial UK Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in euros 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. 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 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;

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Asia Industrial UK Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

The transfer on the 29 January 2018 of the group headed by new subsidiary LMAA International Limited from the holding company, Asia Management AG, has been accounted for as a group reconstruction using the principles of merger accounting. Under those principles the assets and liabilities of LMAA International Limited have been reflected at their previous book values. The income, expenditure and cash flows of the LMAA International Limited group since its incorporation on 13 July 2017 have been included in the group accounts as if the LMAA group had always been part of the Asia International group. A merger reserve has been recognised representing the difference between the consideration paid and the share capital of LMAA International Limited at the acquisition date.

The two other subsidiaries, Shanghai Asia Industrial Trading Limited and Qingdao Asia Industrial Machinery Manufacturing Limited acquired during the year are consolidated using the purchase method. Their results are included from the date of incorporation.

The group profit and loss account and statement of cash flows also include the results and cash flows of Shanghai Asia Industrial Trading Limited for the period from its incorporation on 9 July 2018 to 31 December 2018.

The group profit and loss account and statement of cash flows also include the results and cash flows of Qingdao Asia Industrial Machinery Manufacturing Limited for the period from its incorporation on 2 April 2018 to 31 December 2018.

ASIA INDUSTRIAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

All financial statements are made up to 31 December 2018. 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. The transactions of foreign entities being consolidated have been translated into the Group's functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the group statement of comprehensive income.

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.

1.3 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues 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 in the normal course of business, and is shown net of VAT and other sales related taxes.

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 Intangible fixed assets - goodwill

Negative goodwill represents the excess of the fair value of the net assets acquired over the cost of the acquisition. It is initially recognised as a liability at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Negative goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life ending 31 December 2018. Amortisation is recognised in the profit and loss account as other operating income.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

Amortisation 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:

Software	33.33% straight line
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1.7 Tangible fixed assets

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

ASIA INDUSTRIAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

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

Fixtures and fittings	33.33% Straight line
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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.

1.8 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 are 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.

1.9 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).

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.

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct costs that have been incurred in bringing the stocks to their present location and condition.

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.

1.11 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand and deposits held at call with banks.

1.12 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.

ASIA INDUSTRIAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

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.

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.

Basic financial liabilities, including creditors and loans from fellow group companies 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.

1.13 Equity instruments

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

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.

ASIA INDUSTRIAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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.

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

1.16 Retirement benefits

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

1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.18 Foreign exchange

Transactions in currencies other than euros are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the director is 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.

ASIA INDUSTRIAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Negative goodwill

The negative goodwill is included in the financial statements based on the adopted accounting policy (see note 1.5).

The director considers the negative goodwill to have a useful life ending on 31 December 2018. Therefore the negative goodwill is fully amortised at 31 December 2018. An amortisation credit of £348,965 (2017: £348,965) has been recognised in the profit and loss account for the year included in other operating income.

Warranty provision

Warranties are provided for 12 months, 24 months and 36 months depending on the product. The director previously estimated the warranty accrual at 0.5% of the parent company sales value during the year. Based on recent experiences, the director has revised the estimate to 1.75% of the parent company sales during the year.

3 Turnover and other revenue

	2018 €	2017 €
Turnover analysed by class of business		
Sale of goods	25,324,055	34,844,472
	<u>25,324,055</u>	<u>34,844,472</u>
	2018 €	2017 €
Turnover analysed by geographical market		
Asia	25,260,325	33,184,962
Europe	63,730	1,659,510
	<u>25,324,055</u>	<u>34,844,472</u>

4 Operating profit

	2018 €	2017 €
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	44,338	25,220
Depreciation of owned tangible fixed assets	35,825	7,311
Impairment of owned tangible fixed assets	43,264	-
Loss on disposal of tangible fixed assets	4,076	-
Amortisation of intangible assets	(348,965)	(348,965)
Fees payable to the company's auditor for the audit of the financial statements of the group and company	25,000	8,000
Cost of stocks recognised as an expense	12,126,446	20,999,930
Operating lease charges	362,003	3,821
	<u>12,126,446</u>	<u>20,999,930</u>

ASIA INDUSTRIAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

5 Employees

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

	Group 2018 Number	2017 Number	Company 2018 Number	2017 Number
Office staff	21	20	2	2
Warehouse staff	2	1	2	1
	<u>23</u>	<u>21</u>	<u>4</u>	<u>3</u>

Their aggregate remuneration comprised:

	Group 2018 €	2017 €	Company 2018 €	2017 €
Wages and salaries	1,314,421	288,346	223,747	288,346
Social security costs	51,593	27,831	42,325	27,831
Pension costs	10,602	2,073	6,320	2,073
	<u>1,376,616</u>	<u>318,250</u>	<u>272,392</u>	<u>318,250</u>

6 Director's remuneration

	2018 €	2017 €
Remuneration for qualifying services	131,051	127,675
Company pension contributions to defined contribution schemes	4,238	791
	<u>135,289</u>	<u>128,466</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2017 - 1).

7 Interest receivable and similar income

	2018 €	2017 €
Interest income		
Other interest income	98	39
	<u>98</u>	<u>39</u>

ASIA INDUSTRIAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

8 Interest payable and similar expenses

	2018	2017
	€	€
Interest payable to group undertakings	921	11,293
Other interest on financial liabilities	(204)	204
Other interest	4,350	-
	<u>5,067</u>	<u>11,497</u>
Total finance costs	<u>5,067</u>	<u>11,497</u>

9 Amounts written off investments

	2018	2017
	€	€
Fair value gains/(losses) on financial instruments		
Change in value of financial assets held at fair value through profit or loss	(1,473)	-
	<u>(1,473)</u>	<u>-</u>

10 Taxation

	2018	2017
	€	€
Current tax		
UK corporation tax on profits for the current period	549,766	2,606,136
Foreign current tax on profits for the current period	392,633	389,839
	<u>942,399</u>	<u>2,995,975</u>
Total current tax	<u>942,399</u>	<u>2,995,975</u>
Deferred tax		
Origination and reversal of timing differences	38,224	(34,782)
	<u>38,224</u>	<u>(34,782)</u>
Total tax charge	<u>980,623</u>	<u>2,961,193</u>

ASIA INDUSTRIAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

10 Taxation

(Continued)

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:

	2018 €	2017 €
Profit before taxation	7,481,132	12,442,990
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	1,421,415	2,395,276
Tax effect of expenses that are not deductible in determining taxable profit	48,986	227
Tax effect of income not taxable in determining taxable profit	(280)	-
Unutilised tax losses carried forward	-	5,486
Effect of change in corporation tax rate	(3,971)	3,527
Depreciation on assets not qualifying for tax allowances	312	-
Amortisation on assets not qualifying for tax allowances	(66,303)	(67,175)
Effect of overseas tax rates	93,596	175,768
Foreign exchange differences	(18,595)	(52,959)
Elimination of intra-group profits	(494,537)	501,043
Taxation charge	980,623	2,961,193

11 Dividends

	2018 €	2017 €
Interim paid	8,000,000	-

12 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2018 €	2017 €
In respect of:			
Property, plant and equipment	14	43,264	-
Recognised in:			
Administrative expenses		43,264	-

The impairment losses in respect of financial assets are recognised in other gains and losses in the profit and loss account.

ASIA INDUSTRIAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

13 Intangible fixed assets

Group	Negative goodwill €	Software €	Total €
Cost			
At 1 January 2018	(697,930)	33,072	(664,858)
Exchange adjustments	-	(307)	(307)
At 31 December 2018	(697,930)	32,765	(665,165)
Amortisation and impairment			
At 1 January 2018	(348,965)	20,013	(328,952)
Amortisation charged for the year	(348,965)	7,157	(341,808)
Exchange adjustments	-	(240)	(240)
At 31 December 2018	(697,930)	26,930	(671,000)
Carrying amount			
At 31 December 2018	-	5,835	5,835
At 31 December 2017	(348,965)	13,058	(335,907)

The company had no intangible fixed assets at 31 December 2018 or 31 December 2017.

ASIA INDUSTRIAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

14 Tangible fixed assets

Group	Fixtures and fittings
	€
Cost	
At 1 January 2018	153,350
Additions	12,447
Disposals	(25,581)
Exchange adjustments	(1,049)
	<hr/>
At 31 December 2018	139,167
	<hr/>
Depreciation and impairment	
At 1 January 2018	34,556
Depreciation charged in the year	35,825
Impairment losses	43,264
Eliminated in respect of disposals	(21,505)
Exchange adjustments	(299)
	<hr/>
At 31 December 2018	91,841
	<hr/>
Carrying amount	
At 31 December 2018	47,326
	<hr/>
At 31 December 2017	118,794
	<hr/>
	<hr/>
Company	Fixtures and fittings
	€
Cost	
At 1 January 2018	19,781
Additions	8,443
	<hr/>
At 31 December 2018	28,224
	<hr/>
Depreciation and impairment	
At 1 January 2018	7,163
Depreciation charged in the year	7,564
	<hr/>
At 31 December 2018	14,727
	<hr/>
Carrying amount	
At 31 December 2018	13,497
	<hr/>
At 31 December 2017	12,618
	<hr/>
	<hr/>

More information on the impairment arising in the year is given in note 12.

ASIA INDUSTRIAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

15 Fixed asset investments

	Notes	Group 2018 €	2017 €	Company 2018 €	2017 €
Investments in subsidiaries	16	-	-	364,799	-
Listed investments		876,858	-	876,858	-
Cash at investment managers		121,676	-	121,676	-
		<u>998,534</u>	<u>-</u>	<u>1,363,333</u>	<u>-</u>
Listed investments included above:					
Listed investments carrying amount		<u>876,858</u>	<u>-</u>	<u>876,858</u>	<u>-</u>

Movements in fixed asset investments

Group	Listed investments €	Cash at investment managers €	Total €
Cost or valuation			
At 1 January 2018	-	-	-
Additions	878,331	121,676	1,000,007
Valuation changes	(1,473)	-	(1,473)
At 31 December 2018	<u>876,858</u>	<u>121,676</u>	<u>998,534</u>
Carrying amount			
At 31 December 2018	<u>876,858</u>	<u>121,676</u>	<u>998,534</u>
At 31 December 2017	<u>-</u>	<u>-</u>	<u>-</u>

ASIA INDUSTRIAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

15 Fixed asset investments

(Continued)

Movements in fixed asset investments

Company	Shares in group undertakings €	Listed investments €	Cash at investment managers €	Total €
Cost or valuation				
At 1 January 2018	-	-	-	-
Additions	364,799	878,331	121,676	1,364,806
Valuation changes	-	(1,473)	-	(1,473)
At 31 December 2018	364,799	876,858	121,676	1,363,333
Carrying amount				
At 31 December 2018	364,799	876,858	121,676	1,363,333
At 31 December 2017	-	-	-	-

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
LMAA International Limited	1	Management services	Ordinary	100.00
Qingdao Asia Industrial Machinery Manufacturing Co Limited	2	Manufacture of train drainage systems	Ordinary	100.00
Shanghai Asia Industrial Trading Limited	3	Service of train vacuum systems	Ordinary	100.00
Shanghai Kai Ji Vacuum Technology Co Limited	4	Trading of train vacuum system parts	Ordinary	100.00

1. Ground Floor 5-13 New Street, Sai Ying Pun, Hong Kong

2. East of No.1 Road, Kiaochow Bay Industrial Park, Jiaozhou City, Qingdao, Shandong Province, China

3. Room 1631, Unit 1604-06, 16/F, Building B, Baodi Plaza, No.688, Dalian Road, Yangpu District, Shanghai, China

4. Room 04-108, WeWork Yunnan Road, Huangpu District, Shanghai 200021, China

ASIA INDUSTRIAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

17 Financial instruments

	Group 2018 €	2017 €	Company 2018 €	2017 €
Carrying amount of financial assets				
Debt instruments measured at amortised cost	8,136,809	6,939,122	n/a	n/a
Instruments measured at fair value through profit or loss	876,858	-	876,858	-
Carrying amount of financial liabilities				
Measured at amortised cost	6,531,242	9,027,819	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

18 Stocks

	Group 2018 €	2017 €	Company 2018 €	2017 €
Finished goods and goods for resale	1,212,639	3,603,438	496,095	452,772

19 Debtors

	Group 2018 €	2017 €	Company 2018 €	2017 €
Amounts falling due within one year:				
Trade debtors	7,936,667	6,865,122	6,254,641	10,189,791
Amounts owed by group undertakings	-	-	1,612,368	-
Other debtors	90,629	763,090	35,720	381,657
Prepayments and accrued income	36,274	80,879	12,345	8,670
	8,063,570	7,709,091	7,915,074	10,580,118
Deferred tax asset (note 21)	-	36,562	-	36,562
	8,063,570	7,745,653	7,915,074	10,616,680

ASIA INDUSTRIAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

20 Creditors: amounts falling due within one year

	Group 2018 €	2017 €	Company 2018 €	2017 €
Trade creditors	2,160,591	3,049,613	2,121,578	1,861,348
Amounts owed to group undertakings	-	-	321,816	-
Amounts owed to parent undertaking	-	350,000	-	350,000
Corporation tax payable	408,580	2,949,239	319,655	2,519,918
Other taxation and social security	17,625	19,850	17,625	19,850
Other creditors	59,733	418,133	6,685	-
Accruals and deferred income	4,310,918	5,210,073	4,059,171	5,208,990
	<u>6,957,447</u>	<u>11,996,908</u>	<u>6,846,530</u>	<u>9,960,106</u>

21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Liabilities 2018 €	Liabilities 2017 €	Assets 2018 €	Assets 2017 €
Accelerated capital allowances	1,662	-	-	(2,145)
Other timing differences	-	-	-	38,707
	<u>1,662</u>	<u>-</u>	<u>-</u>	<u>36,562</u>
Company	Liabilities 2018 €	Liabilities 2017 €	Assets 2018 €	Assets 2017 €
Accelerated capital allowances	1,662	-	-	(2,145)
Other timing differences	-	-	-	38,707
	<u>1,662</u>	<u>-</u>	<u>-</u>	<u>36,562</u>
			Group 2018 €	Company 2018 €
Movements in the year:				
Liability/(asset) at 1 January 2018			(36,562)	(36,562)
Charge to profit or loss			38,224	38,224
			<u>1,662</u>	<u>1,662</u>

ASIA INDUSTRIAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

22 Retirement benefit schemes

	2018	2017
	€	€
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	10,602	2,073

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.

23 Share capital

	Group and company	
	2018	2017
	€	€
Ordinary share capital		
Issued and fully paid		
10,001 Ordinary shares of €1 each	10,001	10,001

24 Operating lease commitments

Lessee

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		Company	
	2018	2017	2018	2017
	€	€	€	€
Within one year	125,390	23,184	-	-
Between two and five years	12,949	-	-	-
	138,339	23,184	-	-

25 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018	2017
	€	€
Aggregate compensation	287,539	139,562

ASIA INDUSTRIAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

26 Controlling party

The ultimate parent company is Asia Management AG, a company registered in Lichtenstein.

The registered office of Asia Management AG is Landstrasse 40, FL-9495 Triesen, Lichtenstein.

The ultimate controlling party is Vallean Stiftung, a discretionary foundation registered in Lichtenstein.

27 Cash generated from group operations

	2018 €	2017 €
Profit for the year after tax	6,500,509	9,481,797
Adjustments for:		
Taxation charged	980,623	2,961,193
Finance costs	5,067	11,497
Investment income	(98)	(39)
Loss on disposal of tangible fixed assets	4,076	-
Amortisation and impairment of intangible assets	(341,808)	(348,046)
Depreciation and impairment of tangible fixed assets	79,089	7,311
Amounts written off investments	1,473	-
Movements in working capital:		
Decrease/(increase) in stocks	2,390,799	(2,705,328)
(Increase) in debtors	(354,479)	(2,509,842)
(Decrease)/increase in creditors	(2,498,802)	5,042,605
Cash generated from operations	6,766,449	11,941,148