

AXIOM LIMITED

FINANCIAL STATEMENTS

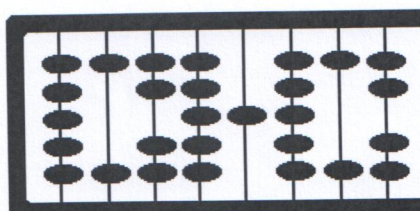
**FOR THE PERIOD FROM 1ST SEPTEMBER, 2010 (DATE
OF INCORPORATION) TO 31ST DECEMBER, 2011**

CHARLES H. C. CHEUNG & CPA LIMITED

Certified Public Accountants, Practising

張慶植會計師行有限公司

香港執業會計師



AXIOM LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST SEPTEMBER, 2010 (DATE OF INCORPORATION) TO 31ST
DECEMBER, 2011

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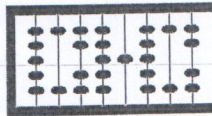
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Your Ref.

Our Ref.

Date:

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF AXIOM LIMITED (Incorporated in Hong Kong with limited liability)

Report on the Financial Statements

We have audited the financial statements of Axiom Limited set out on pages 5 to 8, which comprise the statement of financial position as at 31st December, 2011, the statement of comprehensive income for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and presentation of these financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS) issued by the Hong Kong Institute of Certified Public Accountants. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of financial statements and ensuring that they are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

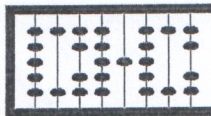
In addition, section 141D of the Hong Kong Companies Ordinance requires that the statement of financial position together with the notes thereon should be prepared in accordance with the requirements of the Eleventh Schedule to that Ordinance.

Auditors' responsibility

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

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

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



Your Ref.

Our Ref.

Date:

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF AXIOM LIMITED

(Incorporated in Hong Kong with limited liability)

Opinion

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with SME-FRS. In addition, in our opinion the statement of financial position together with the notes thereon is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at 31st December, 2011 according to the best of our information and explanations given to us, and as shown by the books of the Company.

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

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

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

- 4 JUN 2012

Cheung Hing Chik, Charles
Practising Certificate number: P00593

AXIOM LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31ST DECEMBER, 2011

| | <u>NOTE</u> | <u>1.9.2010 to</u> <u>31.12.2011</u> US\$ |
|-----------------------------------|-------------|---|
| TURNOVER | 5 | 1,315,408,722.82 |
| COST OF SALES | | <u>(1,310,857,748.89)</u> |
| GROSS PROFIT | | 4,550,973.93 |
| OTHER INCOME | 5 | 296.42 |
| SELLING AND DISTRIBUTION EXPENSES | | (176,799.14) |
| ADMINISTRATIVE EXPENSES | | (309,270.12) |
| FINANCE EXPENSES | | <u>(1,846,161.53)</u> |
| PROFIT BEFORE TAXATION | 6 | 2,219,039.56 |
| TAXATION | 7 | <u>(12,875.00)</u> |
| NET PROFIT FOR THE PERIOD | | <u>2,206,164.56</u> |

The notes on pages 5 to 8 form an integral part of these financial statements.

AXIOM LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER, 2011

| | <u>NOTE</u> | <u>2011</u> <u>US\$</u> |
|--------------------------------|-------------|----------------------------|
| ASSETS | | |
| NON-CURRENT ASSETS | | |
| Property, plant and equipments | 3 | 11,672.97 |
| Investments in bonds | 9 | 69,000,000.00 |
| Bank fixed deposits | | 325,195,730.00 |
| | | <u>394,207,402.97</u> |
| CURRENT ASSETS | | |
| Accounts receivable | | 3,056,588.47 |
| Other receivable | | 11,853,089.38 |
| Deposits | | 18,777.14 |
| Advances | | 21,638.69 |
| Cash and bank balances | | 895,288.65 |
| | | <u>15,845,382.33</u> |
| CURRENT LIABILITIES | | |
| Other payable | | 414,318.18 |
| Provision for taxation | 7 | 12,875.00 |
| | | <u>427,193.18</u> |
| NET CURRENT ASSETS | | <u>15,418,189.15</u> |
| NON-CURRENT LIABILITIES | | |
| Secured loans from banks | 10 | 119,903,850.22 |
| Secured loans from suppliers | 11 | 267,514,389.34 |
| | | <u>387,418,239.56</u> |
| NET TOTAL ASSETS | | <u>22,207,352.56</u> |
| CAPITAL AND RESERVES | | |
| Issued capital | 4 | 1,188.00 |
| Share premium | 4 | 20,000,000.00 |
| Accumulated profits | | 2,206,164.56 |
| | | <u>22,207,352.56</u> |

Approved by the Board of Directors on - 1 JUN 2012

For and on behalf of

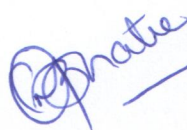
NOVELLE LIMITED

路威有限公司



Authorized Signature(s)

Director



Director

The notes on pages 5 to 8 form an integral part of these financial statements.

AXIOM LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST DECEMBER, 2011

1. CORPORATE INFORMATION

The Company was incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance. The address of its registered office and principal place of business is Room 1503, 15/F., Queen's Place, 74 Queen's Road Central, Hong Kong. The principal activity of the Company is trading, imports and exports of precious metals such as gold and silver. In addition, the Company also involves in global investment. The operations of the company are at Hong Kong, Dubai and Singapore.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Company qualifies under the Hong Kong Companies Ordinance to prepare and present its financial statements in accordance with section 141D of that Ordinance. The Company's shareholders have unanimously agreed in writing to apply section 141D with respect to the Company's financial statements for the period ended 31st December, 2011.

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

The measurement base adopted is the historical cost convention.

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

a. Revenue recognition

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

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

b. Foreign exchange

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

c. Taxation

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

d. Borrowing costs

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

AXIOM LIMITED

NOTES TO FINANCIAL STATEMENTS - CONTINUED

FOR THE PERIOD ENDED 31ST DECEMBER, 2011

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES - CONTINUED

e. Property, plant and equipment

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

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

| | |
|-----------|-----|
| Furniture | 30% |
| Equipment | 30% |

f. Investments in bonds

Investments in bonds are stated at cost less accumulated impairment losses.

3. PROPERTY, PLANT AND EQUIPMENT

| | <u>Furniture</u> US\$ | <u>Equipment</u> US\$ | <u>Total</u> US\$ |
|--------------------------|--------------------------|--------------------------|----------------------|
| AT COST | | | |
| Additions | 7,144.97 | 9,530.70 | 16,675.67 |
| At 31 December, 2011 | <u>7,144.97</u> | <u>9,530.70</u> | <u>16,675.67</u> |
| ACCUMULATED DEPRECIATION | | | |
| Charges for the period | 2,143.49 | 2,859.21 | 5,002.70 |
| At 31 December, 2011 | <u>2,143.49</u> | <u>2,859.21</u> | <u>5,002.70</u> |
| NET BOOK VALUE | | | |
| At 31 December, 2011 | <u>5,001.48</u> | <u>6,671.49</u> | <u>11,672.97</u> |

4. SHARE CAPITAL

| | <u>2011</u> US\$ |
|---|----------------------|
| Authorized: | |
| 10,000 ordinary shares of HK\$1 each | <u>1,290.00</u> |
| Issued and fully paid: | |
| 9,202 ordinary shares of HK\$1 each | <u>1,188.00</u> |
| Share premium | |
| 200 ordinary shares of HK\$775,000 each (HK\$155,000,000.00) | <u>20,000,000.00</u> |

AXIOM LIMITED

NOTES TO FINANCIAL STATEMENTS - CONTINUED

FOR THE PERIOD ENDED 31ST DECEMBER, 2011

5. TURNOVER AND REVENUE

Turnover and revenue recognized by category are as follows:

| | <u>1.9.2010 to</u> <u>31.12.2011</u> US\$ |
|--------------------------|---|
| Turnover | |
| Sales of precious metals | 1,308,210,573.88 |
| Bank interest income | 7,198,148.94 |
| | <u>1,315,408,722.82</u> |
| Other revenue | |
| Exchange gain | <u>296.42</u> |
| Total revenue | <u>1,315,409,019.24</u> |

6. PROFIT BEFORE TAXATION

This is stated after charging:

| | <u>1.9.2010 to</u> <u>31.12.2011</u> US\$ |
|--------------------------|---|
| Directors' emoluments | |
| Fee | - |
| Other emoluments | 52,438.65 |
| Company quarter expenses | 27,804.76 |
| Auditors' remuneration | 2,580.65 |
| MPF | 5,160.00 |
| Depreciation | 5,002.70 |
| Staff welfare expenses | 11,871.55 |
| Staff payroll | <u>113,497.60</u> |

7. TAXATION

| | <u>2011</u> US\$ |
|--|---------------------|
| Taxation in the statement of comprehensive income comprises: | |
| Provision for the period | <u>12,875.00</u> |
| Taxation in the statement of financial position represents: | |
| Provision for taxation | <u>(12,875.00)</u> |

Hong Kong Profits Tax has been provided at the rate of 16.5% for the period.

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

AXIOM LIMITED

NOTES TO FINANCIAL STATEMENTS - CONTINUED

FOR THE PERIOD ENDED 31ST DECEMBER, 2011

8. CHANGE IN EQUITY

| | <u>Issued capital</u> US\$ | <u>Share premium</u> US\$ | <u>Accumulated profits</u> US\$ | <u>Total</u> US\$ |
|---------------------------|-----------------------------------|----------------------------------|--|----------------------|
| As at 1st September, 2010 | 1,188.00 | 20,000,000.00 | - | 20,001,188.00 |
| Net profit for the period | - | - | 2,206,164.56 | 2,206,164.56 |
| As at 31st December, 2011 | <u>1,188.00</u> | <u>20,000,000.00</u> | <u>2,206,164.56</u> | <u>22,207,352.56</u> |

9. INVESTMENTS IN BONDS

| | <u>2011</u> US\$ |
|----------------------|----------------------|
| Bonds, at cost value | 69,765,800.00 |
| Premium written off | <u>(765,800.00)</u> |
| Bonds, at face value | <u>69,000,000.00</u> |

10. SECURED LOANS FROM BANKS

| | <u>2011</u> US\$ |
|--------------------------------|-----------------------|
| J.P. Morgan Loan | 60,450,000.00 |
| J.P. Morgan Loan Against Bonds | <u>59,453,850.22</u> |
| | <u>119,903,850.22</u> |

11. SECURED LOANS FROM SUPPLIERS
(against Trade Letters of Credit)

| | <u>2011</u> US\$ |
|-----------------------------------|-----------------------|
| Novelle Pte Ltd., Singapore | 45,459,490.13 |
| Vintage Bullion DMCC, Dubai | 201,511,714.73 |
| Rochester Trade Links DMCC, Dubai | <u>20,543,184.48</u> |
| | <u>267,514,389.34</u> |

AXIOM LIMITED

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31ST DECEMBER, 2011

| | <u>2011</u> US\$ |
|---|---------------------|
| Cash flows from operating activities | |
| Profit before tax | 2,219,039.56 |
| Adjustments for: | |
| Depreciation | 5,002.70 |
| Premium on bonds investment written off | 765,800.00 |
| Operating profit before working capital changes | 2,989,842.26 |
| Decrease / (Increase) in accounts receivable | (3,056,588.47) |
| Decrease / (Increase) in other receivable | (11,853,089.38) |
| (Increase) / Decrease in deposits | (18,777.14) |
| (Increase) / Decrease in advances | (21,638.69) |
| (Decrease) / Increase in trade and other payables | 414,318.18 |
| Cash from / (used in) operations | (11,545,933.24) |
| <i>Net cash from / (used in) operating activities</i> | (11,545,933.24) |
| Cash flows from investing activities | |
| Purchase of tangible assets | (16,675.67) |
| Investments in bonds | (69,765,800.00) |
| Bank fixed deposits | (325,195,730.00) |
| <i>Net cash from / (used in) investing activities</i> | (394,978,205.67) |
| Cash flows from financing activities | |
| Increase in issued capital | 1,188.00 |
| Increase in share premium | 20,000,000.00 |
| (Decrease) / Increase in secured loans from banks | 119,903,850.22 |
| (Decrease) / Increase in secured loans from suppliers | 267,514,389.34 |
| <i>Net cash generated from financing activities</i> | 407,419,427.56 |
| Net increase in cash and cash equivalents | 895,288.65 |
| Cash and cash equivalents at beginning of period | - |
| Cash and cash equivalents at end of period | 895,288.65 |

AXIOM LIMITED

DETAILED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31ST DECEMBER, 2011

| | <u>1.9.2010 to</u> <u>31.12.2011</u> US\$ |
|---|---|
| TURNOVER | |
| Sales of precious metals | 1,308,210,573.88 |
| Bank interest income | 7,198,148.94 |
| | <u>1,315,408,722.82</u> |
| LESS: COST OF SALES | |
| Purchases | <u>1,310,857,748.89</u> |
| GROSS PROFIT | <u>4,550,973.93</u> |
| ADD: OTHER INCOME | |
| Exchange gain | <u>296.42</u> |
| LESS: SELLING & DISTRIBUTION EXPENSES | |
| Business promotion expenses | 12,688.68 |
| Bank charges | 2,831.30 |
| Freight charges | 161,279.16 |
| | <u>176,799.14</u> |
| LESS: ADMINISTRATIVE EXPENSES | |
| Auditors' remuneration | 2,580.65 |
| Computer software expenses | 35,000.00 |
| Company's quarter expenses | 27,804.76 |
| Depreciation | 5,002.70 |
| Overseas travelling expenses | 5,881.05 |
| Secretarial fee | 4,446.05 |
| Office expenses | 1,494.47 |
| Miscellaneous | 3,818.57 |
| Visa expenses | 82.60 |
| Office electricity charges | 408.11 |
| Post, telephone and courier | 1,416.05 |
| Printing and stationery | 729.93 |
| Internet expenses | 5,765.48 |
| MPF | 5,160.00 |
| Staff payroll | 113,497.60 |
| Directors' remuneration | 52,438.65 |
| Office rental expenses | 23,965.29 |
| Staff welfare expenses | 11,871.55 |
| Local travelling expenses | 7,906.61 |
| | <u>309,270.12</u> |
| LESS: FINANCE EXPENSES | |
| Bank charges | 29,520.70 |
| Bank loan interest expenses | 538,287.01 |
| Bank interest expenses | 6,470.29 |
| LC charges | 506,083.53 |
| Premium on bonds investment written off | 765,800.00 |
| | <u>1,846,161.53</u> |
| PROFIT BEFORE TAXATION | <u>2,219,039.56</u> |