Annual Report 2015

Richfield International Limited

(Listed on the Australian Securities Exchange)

ABN: 31 103 306 403

ANNUAL REPORT 2015 CONTENTS

COMPANY INFORMATION

DIRECTORS

Steven Pynt,	Non-Executive Chairman
Chak Chew Tan,	Managing Director
Jennifer Lim,	Executive Director
Andrew Phillips,	Non-Executive Director
Jwee Phuan Ng,	Non-Executive Director

COMPANY SECRETARY
Eryn Kestel

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AUSTRALIAN SECURITIES EXCHANGE LISTING
Australian Securities Exchange Limited
(Home Exchange: Perth, Western Australia)
ASX Code: RIS

AUSTRALIAN BUSINESS NUMBER
31 103 306 403

Dear Shareholder,

As Chairman of the Board of Richfield International Limited, I am pleased to report that we achieved a satisfactory result in 2015 against the backdrop of weak global economic conditions and structural changes.

The principal activities of Richfield during the financial year were the provision of port and shipping services for ocean-going vessels engaged in the liner and tramper trade, sales and marketing of containerized shipping services and conventional services, various port operational handling services, as well as regional handling of merchandise and commercial commodities for sea-shipment in the containerized, ro-ro and breakbulk shipping markets.

The results were achieved despite of a challenging environment for the shipping industry with weakening global demand, muted global trade growth, and the economic slowdown in emerging markets. The global economic activity is not recovering equally across all markets, making recovery in the shipping industry similarly unbalanced. The demand for shipping capacity is not picking up to match the pace of capacity growth, it will simply lead to more aggressive commercial competition and the only result will be downward spiral of freight earnings, which is already at multi-year lows amid the collapse in commodity prices as well as the slowing growth in China, and lacklustre demand from the United States, Europe etc.

The macroeconomics outlook for the global economy in FY2016 remains uncertain with developed and emerging economies expecting to experience negative growth. The headwinds that have crimped growth in Asian economies in 2015 are unlikely to go away and might continue in 2016. ASEAN's ongoing trade slump is likely to become the new norm in the region, and any future growth will be mediocre compared to historical averages, and certainly not as stellar as seen during ASEAN's high trade growth period. China is also becoming less exposed to international trade as it shifts away from an industrial-led growth models towards consumption and services. This means Chinese companies are increasingly sourcing from within the country instead of importing, and this reconfiguration of supply chains will lead to a profound structural shift in the regional trade. Hence, the link between global economics, external trade and the shipping industry is once again clearly felt in the freight market. The shipping industry continues to struggle to cope with the weak demand and overcapacity that has dogged the various shipping segments, and with the world's second-biggest economy's slower growth has contributed greatly to the increase of the overcapacity in the industry.

The outlook of investment and financial markets will not be spared with the recent turmoil in global financial markets, and could be seriously affected by the globally weak and uncertain economy in 2016 alluding to the deceleration in major emerging markets, with falling commodity prices and the loss of momentum in China's economy, looking set to persist amid severe overcapacity including diminishing returns from investment.

The Company has been able to secure its position in this challenging environment, obtaining its fair share of cargo volume, and handling of port services and husbandry vessels. Our overall profitability and margins have been improved due to strengthening of the US$ from 1.3217 to 1.4074 at the close of the year. Likewise the S$ against the A$ also strengthened from 0.92348 to 0.97357. Most of our income is derived from US$'s and our operating costs are in S$'s. The profit further improves after conversion from S$'s to A$'s.

Richfield achieved a net profit of A$1,858K, an increase of A$396K as compared with 2014 net profit of $1,462K. This is the result of the Company's effective and efficient actions in increasing revenue streams from the profitable port and shipping services division. In 2015, the strengthening US$ and S$ against the A$ also boosted net profit as US$ receipts translated into higher S$'s and hence higher A$ revenue and profit.

Richfield's net asset position as at 31 December, 2015 has improved to A$19.374 million in comparison with A$16.977 million in 2014. Its cash and cash equivalent position has also increased to A$12.412 million (2014: A$11.802 million).

Richfield will look for suitable opportunities with appropriate partnerships & acquisitions of related and synergistic businesses, but will not be rushed into any new business opportunity, and will exercise prudence in reviewing and evaluating risks associated with any opportunity with a long-term sustainability perspective.

The Directors greatly appreciate and sincerely look forward to the continued support of all our shareholders, and would like to thank the management and staff for the support in a challenging year.

Yours faithfully,

Steven Pynt
Non-Executive Chairman

Directors' Report

The directors of Richfield International Limited (the "Company") submit herewith the financial report for the year ended 31 December 2015. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors

The directors of the Company at any time during or since the end of the financial year are:

Steven Pynt,	Non-Executive Chairman
Chak Chew Tan,	Managing Director
Jennifer Lim,	Executive Director
Andrew Phillips,	Non-Executive Director
Jwee Phuan Ng,	Non-Executive Director

Unless otherwise indicated, all directors held their position as a Director throughout the entire year and up to the date of this report.

The particulars of the current directors are as follows:

Steven Pynt, LLB, BBus, MBA, MTax – Non-Executive Chairman

After completing his law degree in 1980, Mr Pynt worked with a law firm for two and a half years before joining a major accounting firm where he worked as a tax consultant. Subsequently he established his own legal firm that later merged with a medium size Perth firm. After many years in practice as a commercial lawyer Mr Pynt was appointed in July 2010, Managing Director of Muzz Buzz Franchising Pty Ltd, which is Australia's largest specialist drive through coffee franchise.

Mr Pynt served as Chairman of the Commercial Tribunal from 2001 to 2004 after serving as its Deputy Chairman from 1994 through 2000. Mr Pynt also served as a Casual Member of the Racing Penalties Appeal Tribunal from 1997 to 2008. He was also engaged as a Casual seminar leader for Articled Law Clerks training program in Ethics & Advice & Negotiation from 1995 to 2005.

During the past 4 years, Mr Pynt has served as Non-Executive Chairman of ASX listed companies, South East Asia Resources Limited (resigned December 2013) and Global Health Limited, and as a Non-Executive Director of ASX listed Gondwana Resources Limited and Ephraim Resources Limited.

Chak Chew Tan – Managing Director

Mr C.C. Tan founded the Company's subsidiary, Richfield Marine Agencies (S) Pte Ltd since 1984, to handle ships owned by American shipping companies and chartered by the Military Command of the United States of America that called in at Singapore. He has been RMA's Managing Director since its founding and developed the company into a business offering a full suite of support services to the shipping industry. He has in-depth experience in international shipping including liner and tramper trade, ship management and has built up an extensive network of worldwide connections within the international shipping markets, including USA, Europe, East Africa, South Africa, Indian subcontinent and the Far East. More recently he has established a number of support companies providing ship management, logistics and chartering services.

Mr C.C. Tan has been a Deputy Commissioner of Maritime Affairs for the Government of the Republic of Vanuatu since February 1999. He was also the Chairman for a School Advisory Committee having been appointed by the Ministry of Education in Singapore from April 1999 to July 2006.

During the past 4 years, Mr C.C. Tan has not served as a Director of any other listed public company.

Directors' Report (continued)

Jennifer Lim – Executive Director

Ms Jennifer Lim had extensive experience in the logistics and shipping industry when she joined RMA in 1992. She has over 30 years of shipping experience in the commercial and operating management in the ship-management and liner shipping services both on containerization and break-bulk shipping. Ms Jennifer Lim is in charge of Richfield's containerized trade shipping business, its working practices, legality, documentation and oversees the day to day shipping affairs and its operation of its local and regional shipping entity services as well as freight receivables. In addition she oversees the administration function of the Company, including formulating policies of the Company.

During the past 4 years, Ms Jennifer Lim has not served as a Director of any other listed public company.

Andrew Phillips, BBS – Non-Executive Director

Mr Phillips has over 20 years international experience previously working in senior finance and commercial management positions within a number of public and multinational companies. Previously he was Group Financial Controller for Aristocrat Limited, a Director of Aristocrat (NZ) Limited, Executive Director for The Recovre Group (a former division of Allianz insurance) and CFO and Executive Director for Hoya Lens Australia.

Mr Andrew Phillips is currently serving as an Independent Director for three ASX listed companies, Longreach Oil Limited (ASX:LGO) and Southern Cross Exploration NL (ASX:SXX) and Crestal Petroleum Limited and is also currently Company Secretary for Sequoia Financial Group Ltd.

Mr Phillips, is also a director of Lithium Power International Limited.

Jwee Phuan Frederick Eric Ng, B.Sc, MBA – Non-Executive Director

Mr Ng has been the Principal Consultant of Chadway Management Service Pte Ltd since 1982. He is responsible for providing operational management, planning and executing growth strategies, merger and acquisitions activities and corporate finance services to companies in Singapore and the region, including the PRC. He also advises on business growth and globalisation strategies, capital market and corporate governance issues and is an active capital market intermediary matching capital with business.

Mr Ng's vast experience and knowledge provides him with the credentials to sit on a number of Boards of public companies that are listed on the Singapore and Australian Exchanges. Mr Ng also has vast experience of chairing Board and Audit Committee meetings and being a member of various Remuneration and Nomination Committees.

Since 2009 Mr Ng has served as a Non-Executive Director of ASX listed GBM Gold Ltd and appointed its Non Executive Chairman on 1 Jan 2014. He is also currently the Executive Director of Ephraim Resources Ltd (ASX - "EPA") and has been the Lead Independent Director at SGX Mainboard listed Chasen Holdings Ltd since 2007.

Company Secretary

Ms Eryn Kestel

Ms Eryn Kestel was appointed Company Secretary on 14 January 2011. Ms Kestel holds a Bachelor of Business Degree, majoring in Accounting. She has been a Certified Practising Accountant for over 15 years and has over 20 years of corporate experience.

Ms Kestel is not an executive of the Company.

Consolidated Result

The Company has been able to secure its position in this challenging environment, obtaining its fair share of cargo volume, and handling of port services and husbandry vessels. Our overall profitability and margins have been improved due to strengthening of the US$ from 1.3217 to 1.4074 at the close of the year. Likewise the S$ against the A$ also strengthened from 0.92348 to 0.97357. Most of our income is derived from US$'s and our operating costs are in S$'s. The profit further improves after conversion from S$'s to A$'s.

Statement of Financial Position and Cash Flow

Richfield achieved a net profit of A$1,858K, an increase of A$396K as compared with 2014 net profit of $1,462K. This is the result of the Company's effective and efficient actions in increasing revenue streams from the profitable port and shipping services division. In 2015, the strengthening US$ and S$ against the A$ also boosted net profit as US$ receipts translated into higher S$'s and hence higher A$ revenue and profit.

Richfield's net asset position as at 31 December, 2015 has improved to A$19.374 million in comparison with A$16.977 million in 2014. Its cash and cash equivalent position has also increased to A$12.412 million (2014: A$11.802 million).

Review of Operations and Principal Activities

The principal activities of Richfield during the financial year were the provision of port and shipping services for foreign-going vessels engaged in the liner and tramper trade, sales and marketing of containerized shipping services and conventional services, various port operational handling services, as well as regional handling of merchandise and commercial commodities for sea-shipment in the containerized, ro-ro and breakbulk shipping markets.

The world's second-largest economy continued to lose momentum late in the 2015, and the slower growth increase overcapacity in the shipping industry, and is likely to impact Asian economies, which have strong trade and financial linkages with the China.

The Company has achieved a satisfactory result for 2015 despite of a challenging environment for the shipping industry with weakening global demand, muted global trade growth, and the economic slowdown in emerging markets. The global economic activity is not recovering equally across all markets, making recovery in the shipping industry similarly unbalanced. The demand for shipping capacity is not picking up to match the pace of capacity growth, it will simply lead to more aggressive commercial competition and the only result will be downward spiral of freight earnings, which is already at multi-year lows amid the collapse in commodity prices as well as the slowing growth in China, and lacklustre demand from the United States, Europe etc.

In keeping with promoting and encouraging diversity at all levels and more specifically in accordance with the Company's Measurable Objective with regard its gender policy, during the 2015 financial year Richfield had:

- Fourteen (14) women employees in the organisation which represents 54% of all employees in the whole of the organisation;
- one (1) female in a senior executive position;
- one (1) female on the Board, who has held that role since being elected a Director in January 2003; and
- one (1) female Company Secretary

Directors' Report (continued)

Subsequent Events

On 23 December 2015, Pershing Securities Australia Pty Limited ACN 136 184 962 on behalf of Mercantile OFM Pty Limited ACN 120 221 623 (Mercantile OFM) announced an on-market takeover bid by Mercantile OFM for up to a maximum of 50,380,345 Richfield International Shares (Takeover Offer).

The Takeover Offer was an unconditional cash offer.

On 6th January 2016 the Company released to the market the required Target Statement, in which the Directors unanimously recommended that Shareholder reject the Takeover Offer.

The principal reasons for the reject recommendation can be summarised as follows:

- the Takeover Offer was materially inadequate and does not reflect fair value of the Company's Shares;
- the Timing of the Takeover Offer is opportunistic and fails to reflect a number of initiatives and growth strategies underway; and
- by accepting the Takeover Offer on market, Shareholders will lose the opportunity to participate in the Company's expected future growth; and upside.

The Takeover Offer closed on the 8th February 2016 and Mercantile OFM 's holding in Richfield International Limited at the date of closure was 26.38%, which was insufficient to gain control of the Company.

Apart from the above Takeover Offer, there have not been any further matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

Future Developments

Shipping entity services in the provision of port and services for foreign-going vessels in the liner and tramper trades, various shipping support functions, handling and services to the containerized and break-bulk cargo will remain the core businesses of Richfield in the foreseeable future.

The shipping industry was severely impacted by a widening supply-demand gap leading to freight rate reductions. Despite the very challenging market conditions in our industry, we are able to achieve a good operational performance across our businesses in 2015. We will continue to strengthen the Company's position through better management of operational performance and identifying sustainable growth investments.

We believe on the demand side will trend up in the near future and we will be observing the market prospects in the short-to-mid-term horizon to seek the best time and opportunity to scale-up our containerized shipping operations as well as the break-bulk shipping.

Meanwhile, the Company will continue to identify, evaluate and pursue prospective profitable business ventures and investments on a merger and/or joint-venture, and exercise prudence in reviewing and evaluating risks associated with any investment opportunity, to elevate the earnings and shareholder value further.

The Directors greatly appreciate and look forward to the continued support of all our shareholders.

Dividends

The Directors recommend that no dividend be paid in respect of the current financial year and no dividends have been paid or declared since the commencement of the financial year.

Indemnification of Officers and Auditors

During the year the Company has in place a contract insuring the directors of the Company (as named above), the Company secretary, and all executive officers of the Company and its subsidiary companies

Directors' Report (continued)

against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The total premium paid amounted to $5,779.80 (2014: $5,429.59).

The Company has not otherwise, during or since the financial year end, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Auditors' Declaration

The lead auditors' independence under section 307C of the Corporations Act 2001 is set out on page 14 and forms part of the Directors' Report.

Remuneration Report

This report outlines the remuneration arrangements in place for the key management personnel of the Company for the financial year ended 31 December 2015. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the parent company, and certain executives.

Remuneration Policy

The performance of the Company depends upon the quality of the Directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

The board of Richfield International believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the economic entity, as well as to create goal congruence between directors, executives and shareholders.

The Company has not established a Remuneration Committee and will not adopt a Remuneration Committee Charter until the Company is of a size that warrants its establishment. Currently, the Board assumes the role of the Remuneration Committee and amongst other activities, determines payments to the Non-Executive Directors and reviews remuneration levels annually, based on market practice and accountability. Independent external advice is sought when required.

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board in the absence of a Remuneration Committee.

In accordance with best practice Corporate Governance, the structure of Non-Executive Director and Executive remuneration is separate and distinct.

<u>Executive Remuneration</u>
Relevant executives receive a fixed base salary (which is based on factors such as length of service and experience), superannuation, options and performance incentives. The board reviews executive packages annually by reference to the economic entity's performance, executive performance and relevant comparative information from industry sectors and other listed companies in similar industries and where appropriate, external advice on policies and practices.

Executives are entitled to participate in the Richfield Share Option Scheme. This provides that the number of scheme shares to be offered at each date of grant to a participant shall be determined by the committee at its absolute discretion after taking into account the performance of the participant and such other general criteria as the committee may consider appropriate (subject to any limitations set forth in the ASX Listing Rules) being:

Directors' Report (continued)

Remuneration Report (continued)

Managing Director	- up to 500,000 scheme shares each per year
Executive Director	- up to 300,000 scheme shares each per year
Non Executive Director	- up to 100,000 scheme shares each per year
General /Senior Managers	- up to 250,000 scheme shares each per year
Managers	- up to 100,000 scheme shares each per year
Executives	- up to 50,000 scheme shares each per year

Non-Executive Remuneration
Non-executive directors are remunerated at market rates for comparable companies for time, commitment and responsibilities. The remuneration of non-executive directors is reviewed annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees for non-executive directors are not linked to the performance of the Group. However, to align director's interests with shareholders' interests, the directors are encouraged to hold shares in the Group. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.

Non-executive directors may also be remunerated for additional specialised services performed at the request of the Board and reimbursed for reasonable expenses incurred by directors on company business.

All remuneration paid to directors and executives is valued at the cost to the company and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive.

No share or options were issued during the year.

Performance-based Remuneration

KPIs to be achieved by Executive Directors are set by the Board.

The Company has the discretion to pay performance based bonuses to Executive Directors based on set monetary figures, rather than proportions of salary. These bonuses will generally be set to encourage achievement of specific goals that have been given a high level of importance in relation to the future growth and profitability of the consolidated entity.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. For the year ended 31 December 2015, there was no link between remuneration and shareholder wealth or Group performance.

The Board will review the performance bonuses to gauge their effectiveness against achievement of the set goals, and adjust future years' incentives as they see fit to ensure use of the most cost effective and efficient methods.

In determining whether or not a KPI has been achieved, Richfield International bases the assessment on audited figures.

Relationship between Remuneration Policy and Company Performances

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives through the implementation of performance-based bonus based on KPIs. The Company believes this policy has been effective in increasing shareholder wealth over the past four years.

The following table shows the gross revenue, profits and dividends for the last five years for the listed entity, as well as the share prices at the end of the respective financial years. Analysis of the actual figures shows an increase in profits each year. The improvement in the company's performance over the last five years has been reflected in the company's share price with an increase each year with the exception of 2014. The Board is of the opinion that these results can be attributed, in part, to the previously described remuneration policy and is satisfied with the overall upwards trend in shareholder wealth over the past five years.

Directors' Report (continued)

Remuneration Report (continued)

	2011	2012	2013	2014	2015
	$	$	$	$	$
Revenue	6.6 m	6.0 m	3.7 m	3.1 m	3.6m
Net Profit	0.2 m	0.3 m	1.0 m	1.5 m	1.9m
Share price at year-end	0.02	0.06	0.12	0.09	0.21
Dividend paid	0.00	0.00	0.00	0.00	0.00

Performance Conditions Linked to Remuneration

A key underlying principle of the executive reward strategy is that remuneration should be linked to performance.

Payments of remuneration related to performance are based on a variety of conditions, both financial and non-financial. The key financial measure in 2015, depending on role and seniority, was EBIT. Richfield International's earnings and other performance measures are affected by external economic factors, including transport costs and foreign exchange rates.

For the year ended December 2015, the performance of Richfield International's businesses increased on the prior year with EBIT (from continuing operations and pre significant items) increasing by $A376,772 to $A1,949 million and total comprehensive income (from continuing operations and pre significant items) increasing by $A509,715 to $A2,396 million.

For the year ended December 2015, Richfield International did meet the EBIT threshold set by the board. Despite external market drivers such as the further cyclical downturn in shipping and the continuing fluctuations in the Singapore and Australian dollar, the actual year end result was higher than budgeted financial performance. There is a clear link between this performance and the level of remuneration related to performance for which the Executive Directors received a bonus for.

Individual performance of the Executive Directors were assessed against key performance strategies undertaken by the business during the year and this performance is reflected in the performance bonus payments to the Managing and Executive Directors as set out below.

The performance-related proportions of remuneration based on these targets are included in the following table. The objective of the reward schemes is to both reinforce the short and long-term goals of the Group and provide a common interest between management and shareholders.

The satisfaction of the performance conditions is based on a review of the audited financial statements of the Group and publicly available market indices, as such figures reduce any risk of contention relating to payment eligibility. The Board does not believe that performance conditions should include a comparison with any other measures or factors external to the Group at this time.

Employment Details of Members of Key Management Personnel

The following table provides employment details of persons who were, during the financial year, members of KMP of the consolidated group. The table also illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of options.

Directors' Report (continued)

Remuneration Report (continued)

	Position Held as at 31 December 2015 and any Change during the Year	Contract Details (Duration and Termination)	Proportions of Elements of Remuneration Related to Performance			Proportions of Elements of Remuneration Not Related to Performance	
			Performance Bonus	Shares	Options	Fixed Salary/Fees	Total
			%	%	%	%	%
Group KMP							
C.C. Tan	Managing Director	No fixed terms	12	-	-	88	100
Jennifer Lim	Executive Director	No fixed terms	12	-	-	88	100
Steven Pynt	Non-Executive Chairman	3 years	-	-	-	100	100
Andrew Phillips	Non-Executive Director	3 years	-	-	-	100	100
Jwee Phuan NG	Non-Executive Director	3 years	-	-	-	100	100

Details of Remuneration for Year Ended 31 December 2015 as provided below.

Remuneration packages contain the following key elements:

a) Salary/fees;
b) Benefits – including the provision of motor vehicle and other expenses and superannuation (or its Singaporean equivalent: contributions to the Central Provident Fund (CPF)).

The following table discloses the remuneration of each director of the company for the period to 31 December 2015:

	Short-term Benefits			**Post-employment Benefits**	**Long-term Benefits**	**Total**
	Salaries/Fees	**Profit Share and Bonuses**	**Benefits**	**Superannuation/CPF**	**LSL**	
Name	**$**		**$**	**$**	**$**	**$**
Executive						
C.C. Tan	319,818	47,462	-	14,926	-	382,206
Jennifer Lim	197,635	27,990	-	14,916	-	240,541
Non-Executive						
Steven Pynt	18,000	-	-	-	-	18,000
Andrew Phillips	7,000	-	-	-	-	7,000
Jwee Phuan Ng	7,000	-	-	-	-	7,000
Total	**549,453**	**75,452**	**-**	**29,842**	**-**	**654,747**

The following table discloses the remuneration of each director of the company for the period to 31 December 2014:

	Short-term Benefits			Post-employment Benefits	Long-term Benefits	Total
	Salaries/Fees	Profit Share and Bonuses	Benefits	Superannuation/CPF	LSL	
Name	**$**		**$**	**$**	**$**	**$**
Executive						
C.C. Tan	230,395	-	-	11,235	-	241,630
Jennifer Lim	105,679	-	21,005	12,223	-	138,907
Non-Executive						
Steven Pynt	18,000	-	-	-	-	18,000
Andrew Phillips	7,000	-	-	-	-	7,000
Jwee Phuan Ng	6,000	-	-	-	-	6,000
Total	**367,074**	**-**	**21,005**	**23,458**	**-**	**411,537**

No other employees of the Company are considered to be key management personnel.

KMP Shareholdings

	Balance at Beginning of Year	Granted as Remuneration during the Year	Issued on Exercise of Options during the Year	Other Changes during the Year	Balance at End of Year
C.C. Tan	23,381,550	-	-	-	23,381,550
Jennifer Lim	881,550	-	-	12,584,365	13,465,915
Steven Pynt	20,000	-	-	-	20,000
Andrew Phillips	21,300	-	-	6,000	27,300
	24,304,400	-	-	12,590,365	36,894,795

Executive Directors

Director fee of A$73,017.75 (S$75,000) payable to C.C. Tan and $48,678.50 (S$50,000) payable to Jennifer Lim as approved by Board of Directors for the year ending 31 Dec 2015 (2014: Nil).

Employment Contracts of Directors

Remuneration and other terms of employment for Non-Executive Directors are described above. The employment conditions of the executive directors are formalised in contracts of employment.

C.C. Tan
- Date of commencement and termination of the employment contract – 18th December 2004, no set termination date.
- Remuneration – S$253,500 per annum.
- Termination of employment on grounds of gross misconduct.

Jennifer Lim
- Date of commencement and termination of the employment contract – 18th December 2004, no set termination date.
- Remuneration – S$153,000 per annum.
- Termination of employment on grounds of gross misconduct.

Directors' Report (continued)

Other Transactions with KMP and/or their Related Parties

i. As at 31 December 2015, the amount of accrued director fees payable was $153,696 as detailed in Note 13.

ii. As at 31 December 2015, Sundry receivables in relation to legal fees expended by the Company to be reimbursed by Director was $66,000 as detailed in Note 8.

There were no other transactions conducted between the Group and KMP or their related parties, other than those disclosed above relating to equity, compensation and loans, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favorable than those reasonably expected under arm's length dealings with unrelated persons.

Meetings of Directors

The following table sets out the number of directors' meeting (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director. During the financial year, four board meetings were held.

	Board Meetings	
Director	**Held while director**	**Attended**
C.C. Tan	4	4
Jennifer Lim	4	4
Steven Pynt	4	4
Andrew Phillips	4	3
Jwee Phuan Ng	4	4

Remuneration report considered at the most recent Annual General Meeting

In accordance with the Corporations Act, if at consecutive annual general meetings, 25% of the votes cast on the remuneration report resolution are voted against adoption of the remuneration report, the Company must put to its shareholder a Spill Resolution to consider spilling the current Board

At the 2015 Annual General Meeting of Richfield International Limited, the votes cast against the remuneration report was more than 25%, accordingly the Company recorded its "First Strike" against its 2015 Remuneration Report. If more than 25% of the votes cast at the 2016 Annual General Meeting are against the Remuneration Report the Company must put to its shareholder a Spill Resolution to consider spilling the current Board

In these circumstances, the Corporations Act 2001 requires any Company to include in the following year's Remuneration Report of its Annual Report, an explanation of the Board's proposed action in response to that First Strike or, alternatively, if the Board does not propose any action, the Board's reason for such inaction.

Richfield's response to the First Strike is not to amend its overall remuneration policy. The Board believes that it is not able to take any action or make any comment, as it is solely at the discretion of the Shareholder's wish as to how they vote on the Remuneration Report. The Board as a whole is not able to control its Shareholders.

The Richfield Board remains confident that the Company's remuneration policy and the level and structure of its executive remuneration are suitable for the operating of the Company and its shareholders.

Subsequent to the 2015 Annual General Meeting, the Richfield Board has not engaged any remuneration consultants to advice on remuneration policy or the level or structure of its executive remuneration.

Parent entity financial statements

The Annual Report 2015 is presented according to the *Corporations Amendment (Corporate Reporting Reform) Act 2010* and the accompanying *Corporations Amendment Regulations 2010 (No. 6)*. The Act has removed the need to prepare the parent entity financial statements. However, as some parent entity disclosures are still

Directors' Report (continued)

required by way of note. Hence, a simplified parent statement of financial position and parent disclosures in relation to commitments amongst other parties are presented in note 26.

Environmental regulation

The consolidated entity's activities are not subject to any significant environmental regulations under either Commonwealth or State Legislation. However, the directors believe that the consolidated entity has adequate systems and procedures in place for the awareness and management of its environmental requirements, and are not aware of any breach of those requirements as they apply to the consolidated entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company or Group, or to intervene in any proceedings to which the Company or Group is a party for the purposes of taking responsibility on behalf of the Company or Group for all or part of those proceedings.

Non Audit Services

During the year, there were no fees paid or payable for non-audit services provided by Moore Stephens.

Corporate Governance Statement

The Company's 2015 Corporate Governance Statement has been released as a separate document and is located on our website at www.richfield.com.sg/corporategovernance.pdf

Signed in accordance with a resolution of the directors made pursuant to s298 (2) of the *Corporations Act 2001*.

On behalf of the Directors

Steven Pynt
Non-Executive Chairman

PERTH, WA
Dated: 18th March 2016

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ACCOUNTANTS & ADVISORS

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AUDITOR'S INDEPENDENCE DECLARATION UNDER S307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF RICHFIELD INTERNATIONAL LIMITED

As lead auditor for the audit of Richfield International Limited and its controlled entities for the financial year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Richfield International Limited during the year

MOORE STEPHENS

Suan-Lee Tan
Partner

Moore Stephens
Chartered Accountants

Signed at Perth this 18th day of March 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

		Consolidated	
		31.12.15	**31.12.14**
	Note	**$**	**$**
Revenue from ordinary activities	2	3,593,745	3,126,934
Other income	2	16,318	9,078
Foreign exchange gains / (losses)		1,266,127	679,453
Freight and handling charges		(509,129)	(379,908)
Professional fees		(62,258)	(57,595)
Directors' salaries and fees		(626,904)	(398,092)
Depreciation and amortisation expense		(124,222)	(48,656)
Employee expense		(948,830)	(818,767)
Other expenses from ordinary activities		(655,116)	(539,488)
Profit/(Loss) From Ordinary Activities Before Income Tax Expense		1,949,731	1,572,959
Income tax expense relating to ordinary activities	6	(91,795)	(110,743)
Net Profit/(Loss) After Related Income Tax Expense		1,857,936	1,462,216
Other comprehensive income:			
Gains/(losses) on revaluation of available-for-sale financial assets		(42,480)	24,705
Exchange differences arising on translation of foreign operations		581,463	400,283
Other comprehensive income for the year, net of tax		538,983	424,988
Total comprehensive income/(loss) for the year		2,396,919	1,887,204
Profit/(Loss) attributable to:			
Equity holders of the parent		2,396,919	1,887,204
Total comprehensive income/(loss) attributable to:			
Equity holders of the parent		2,396,919	1,887,204
Basic Earnings Per Share (cents per share)	20	2.95	2.32
Diluted Earnings Per Share (cents per share)	20	2.95	2.32

The above Statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Note	Consolidated 31.12.15 $	Consolidated 31.12.14 $
Current Assets			
Cash and cash equivalents	7	12,412,162	11,802,307
Receivables	8	230,959	333,004
Other	9	185,767	54,613
Total Current Assets		12,828,888	12,189,924
Non-Current Assets			
Available-for-sale financial assets	10	1,352,093	1,010,250
Property, plant & equipment	11	445,699	81,691
Intangibles	12	5,761,471	5,761,471
Total Non-Current Assets		7,559,263	6,853,412
Total Assets		20,388,151	19,043,336
Current Liabilities			
Payables	13	900,439	1,929,195
Interest-bearing liabilities	14	-	-
Income tax liabilities		103,402	122,946
Total Current Liabilities		1,003,841	2,052,141
Non-Current Liabilities			
Interest-bearing liabilities	14	-	-
Deferred tax liabilities		10,083	13,887
Total Non-Current Liabilities		10,083	13,887
Total Liabilities		1,013,924	2,066,028
Net Assets		19,374,227	16,977,308
Equity			
Issued Capital	16	10,693,287	10,693,287
Asset revaluation reserves		(17,775)	24,705
Foreign currency translation reserve		1,842,773	1,261,310
Retained earnings		6,855,942	4,998,006
Total Equity		19,374,227	16,977,308

The above Statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Share Capital $	Asset Revaluation Reserve $	Foreign Currency Translation Reserve $	Retained Earnings $	Total $
Consolidated					
Balance at 1 January 2014	10,693,287	-	861,027	3,535,790	15,090,104
Exchange adjustments	-	-	400,283	-	400,283
Revaluation reserve	-	24,705	-	-	24,705
Net profit/(loss) for the year	-	-	-	1,462,216	1,462,216
Balance at 31 December 2014	**10,693,287**	**24,705**	**1,261,310**	**4,998,006**	**16,977,308**
Balance at 1 January 2015	10,693,287	24,705	1,261,310	4,998,006	16,977,308
Exchange adjustments	-	-	581,463	-	581,463
Revaluation reserve	-	(42,480)	-	-	(42,480)
Net profit/(loss) for the year	-	-	-	1,857,936	1,857,936
Balance at 31 December 2015	**10,693,287**	**(17,775)**	**1,842,773**	**6,855,942**	**19,374,227**

The above consolidated statement of consolidated changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Consolidated Inflows/(Outflows) 31.12.15 $	31.12.14 $
Cash Flows From Operating Activities			
Cash receipts from customers		15,816,660	16,452,480
Cash payments to suppliers, employees and related party		(14,483,592)	(15,185,548)
Interest received		96,910	68,171
Tax Paid		(108,013)	(108,734)
Net cash used in operating activities	19(b)	1,321,965	1,226,369
Cash Flows From Investing Activities			
Proceeds from disposal of physical non-current asset		-	-
Payment for property, plant and equipment		(453,643)	(10,114)
Purchase of available-for-sale investments		(258,469)	(906,710)
Net cash used in investing activities		(712,112)	(916,824)
Cash Flows From Financing Activities			
Proceeds from issue of shares less costs		-	-
Repayment of related party loans		-	-
Repayment of Borrowings		-	-
Loan from a controlled entity		-	-
Net cash provided by financing activities		-	-
Net increase/(decrease) in Cash Held		609,853	309,545
Cash At the Beginning of the Year		11,018,732	10,695,695
Effects of Changes in Exchange Rates on Cash and Cash Equivalents		(99,727)	13,492
Cash At the End of the Year	19(a)	11,528,858	11,018,732

The above consolidated statement of consolidated cash flow should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 1: BASIS OF PREPARATION

Financial Reporting Framework

Richfield International Limited (the "Company") is a company domiciled in Australia. The consolidated report of the Company for the period ended 31 December 2015 comprises the Company and its subsidiaries (together referred to as the "consolidated entity" or "Group").

The separate financial statements of the parent entity, Richfield International Limited, have not been presented within this financial report as permitted by amendments made to the Corporations Act 2001 effective as at 28 June 2010.

The consolidated financial report was authorized and issued by the directors on 18 March 2016.

(a) Statement of Compliance

This general purpose financial report for the reporting year ended 31 December 2015 has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions, Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

(b) Basis of Preparation

The financial report is presented in Australian dollars. The principal accounting policies adopted in the preparation of the financial report are set out below.

Historical Cost Convention

These financial statements have been prepared on an accruals basis and are based on historical costs modified where applicable, by the measurement at fair value of selected financial assets.

(c) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Richfield International Limited at the end of the reporting period. A controlled entity is any entity over which Richfield International Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 18 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been charged where necessary to ensure consistency with those adopted by the parent entity.

Where applicable, non-controlling interest, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 1: BASIS OF PREPARATION (continued)

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consideration of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

(i) the consideration transferred;
(ii) any non-controlling interest; and
(iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the consolidated statement of comprehensive income.

The value of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the aforementioned non-controlling interest. The Group can elect to measure the non-controlling interest in the acquiree either at fair value (*full goodwill method*) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (*proportionate interest method*). The Group determines which method to adopt for each acquisition.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 1: BASIS OF PREPARATION (continued)

Goodwill (continued)

Under the *full goodwill method*, the fair values of the non-controlling interests are determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

(d) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

(e) Depreciation of Property, Plant and Equipment

Assets are depreciated on a straight-line basis over their estimated useful lives, commencing from the time the asset is held ready for use.

The depreciation rates or useful lives used for each class of assets for the current and comparative periods are:

Class of Fixed Assets	**Depreciation Rate**
Office Equipment	33.33%
Furniture and Fittings	16.67%
Renovations	33.33%
Data Processing Equipment	33.33%
Motor Vehicles	16.67%

The residual value, if significant, is reassessed annually.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 1: BASIS OF PREPARATION (continued)

(f) Leased Assets

Leases under which the consolidated entity assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Finance Leases

A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the reception of the lease. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed. Contingent rentals are expensed as incurred.

Operating Leases

Payments made under operating leases are expensed on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

Lease incentives are recognised as liabilities. Lease rental payments are allocated between rental expense and reduction of the liability, on a straight-line basis over the period of the lease.

(g) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(h) Employee Benefits

Annual Leave

Liabilities for employee benefits for annual leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs.

Fixed contributions are also paid into separate entities such as the Central Provident Fund ("CPF") in Singapore, and the Company will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. CPF contributions made by the Company are expensed in the financial year to which they relate.

Share-based Payment Transactions

If options were to be issued to employees and associated entities they would be issued under an Employee Share Option Scheme. The fair value of options granted would be recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options is measured using the Black Scholes model; taking into account the market related vesting conditions upon which the options were granted. The amount to be recognised as an expense will be adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving any threshold for vesting.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 1: BASIS OF PREPARATION (continued)

(i) Receivables

Trade Debtors and Other Receivables

Trade and other receivables are stated at their cost less impairment losses.

(j) Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling costs.

(k) Interest Bearing Liabilities

Other Liabilities

Liabilities are recognised initially at fair value less attributable transaction costs. Interest expense is calculated using the effective interest method.

(l) Revenue Recognition

Goods Sold and Services Rendered

Revenue is measured at the fair value of the consideration received or receivable after taking into account only trade discounts and volume rebates allowed.

Revenue for the sale of goods is recognised in the Statement of Comprehensive Income when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from the rendering of services is recognised when the services are rendered. Agency fees and commission income are recognised when the right to receive payment is established. Revenue from freight forwarding is recognised upon shipment. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return of goods or there is continuing management involvement with the goods.

Interest income

Interest income is recognised as it is earned, using the effective interest method.

(m) Payables

Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount normally being paid within 30 days of recognition of the liability.

(n) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 1: BASIS OF PREPARATION (continued)

(o) Foreign Currency Translations and Balances

Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Richfield International Limited's functional and presentation currency.

Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

Group Companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

--- assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period;
--- income and expenses are translated at average exchange rates for the period; and
--- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

(p) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 1: BASIS OF PREPARATION (continued)

(p) Income Tax (continued)

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realization and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(q) Goods and Service Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(r) Investments

Investments are classified as being available for sale and are stated at fair value, with any resultant gain or loss recognised directly in equity, except for impairment losses. The fair value is their quoted bid price at the balance date.

(s) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and deposits with financial institutions. For the purpose of the consolidated cash flow statement, cash and cash equivalents are presented net of cash or cash equivalents which are pledged to banks to secure credit facilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 1: BASIS OF PREPARATION (continued)

(t) Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or cost. *Fair value* is the price an entity would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

(i) the amount at which the financial asset or financial liability is measured at initial recognition;
(ii) less principal repayments;
(iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
(iv) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 1: BASIS OF PREPARATION (continued)

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determined payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets.)

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets.)

(v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Derivative Instruments

Richfield International Limited and Controlled Entities designate certain derivatives as either;

(i) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
(ii) hedges of highly probable forecast transactions (cash flow hedges).

At the inception of the transaction the relationship between hedging instruments and hedged items, as well as the Group's risk management objective and strategy for undertaking various hedge transactions is documented.

Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items, are also documented.

(i) *Fair value hedge*

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in the statement of comprehensive income, together with any changes in the fair value of hedged assets or liabilities that are attributable to the hedged risk.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 1: BASIS OF PREPARATION (continued)

(ii) *Cash flow hedge*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred to a hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income.

Amounts accumulated in the hedge reserve in equity are transferred to the statement of comprehensive income in the periods when the hedged item will affect profit or loss.

Fair Value

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Financial Guarantees

Where material, financial guarantees are issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability-weighted discounted cash flow approach. The probability has been based on:

--- the likelihood of the guaranteed party defaulting in a year period;
--- the proportion of the exposure that is not expected to be recovered due to the guaranteed partly defaulting; and
--- the maximum loss exposed if the guaranteed party were to default.

De-recognition

Financial assets are de-recognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 1: BASIS OF PREPARATION (continued)

(u) Critical Accounting Estimates and Judgment

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of certain assets and liabilities within the reporting period are:

Impairment of Intangibles

The consolidated entity assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Goodwill with an indefinite useful life is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units using value-in-use calculations which incorporate various key assumptions. The assumptions used in this estimation of the recoverable amount and the carrying amount of goodwill are set out in note 12.

Based on the impairment assessment performed as at 31 December 2015, no impairment to the consolidated entity's carrying value of goodwill was identified.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 1: BASIS OF PREPARATION (continued)

(v) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2015. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 2: PROFIT FOR THE PERIOD

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

	Consolidated 31.12.15 $	Consolidated 31.12.14 $
Operating Revenue		
Shipping service income	3,510,654	3,058,763
Other income	16,318	9,078
Interest income	83,091	68,171
Total Revenue	3,610,063	3,136,012
Expenses		
Freight and handling charges	509,129	379,908
Foreign currency exchange (gain)/loss	(1,266,127)	(679,453)
Professional fees	62,258	57,595
Directors' salaries and fees	626,904	398,092
Depreciation	124,222	48,656
Employee expenses	948,830	818,767
Other expenses ordinary activities	655,116	539,488
Total Expenses	1,660,332	1,563,053

Other income in the year 2014 and 2015 relates to benefits derived from a prevailing government scheme for businesses.

NOTE 3: DIVIDENDS

The Directors recommend that no dividend be paid in respect of the current financial period and no dividends have been paid or declared since the commencement of the financial period.

NOTE 4: BUSINESS COMBINATIONS

There was no business acquisition during the financial period.

NOTE 5: OPERATING SEGMENTS

(a) Segment Reporting

The Group has applied AASB 8 Operating Segments from 1 January 2009. AASB 8 requires a "management approach" under which segment information is presented on the same basis that is used for internal reporting purposes. Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors, who makes strategic decisions.

(b) Accounting Policies Adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 5: OPERATING SEGMENTS (continued)

(c) Inter-segment Transactions

An internally determined transfer price is set for all inter-entity sales. This price is re-set quarterly and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation for the Group's financial statements.

Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

(d) Segment Assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

(e) Segment Liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

(f) Unallocated Items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- income and expenses of the parent entity;
- impairment of assets and other non-recurring items of revenue or expense;
- assets and liabilities of the parent entity;
- amounts owing to directors;
- intangible assets; and
- discontinuing operations.

(g) Comparative Information

The AASB 8: Operating Segments has been adopted since year 2009. Comparative information has been stated to conform to the requirements of the Standard.

(h) Description of Segments

The Economic entity operates predominantly in one industry, namely the shipping industry by providing shipping services through its wholly owned subsidiary *Richfield Marine Agencies (S) Pte Ltd*. These activities are predominantly in Singapore. Management has determined the operating segments based on the reporting reviewed by the Board of Directors that is used to make strategic decisions. The Board of Directors consider the business from the revenue perspective and determined the Group's subsidiaries, namely, *Richfield Marine Agencies (S) Pte Ltd* and *Speeda Shipping Co (S) Pte Ltd*, as the two operating segment units. The Board of Directors monitors these two operating segments' revenue separately. This is in line with existing practice in regards to the Group's internal reporting and information provided to the Board of Directors for strategic decision makings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 5: OPERATING SEGMENTS (continued)

(i) Segment Information Provided to the Board of Directors

The Board of Directors assesses the performance of the operating segments based on their revenue results. Revenue is considered to be the result for the segment. Costs (operating expenses, depreciation, amortization, finance costs and income tax) are directly associated to operating segments. The total revenue result ties directly to revenue as reported in the consolidation. Segment assets represent those trade receivables directly attributable to the segment revenues.

The revenue from the external parties reported to the Board of Directors is measured in a manner consistent with that in the statement of comprehensive income.

The amounts provided to the Board of Directors with respect to total receivables are measured in a manner consistent with financial statements. These receivables are allocated based on the operations of the segment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 5: OPERATING SEGMENTS (continued)

(i) Segment Information provided to the Board of Directors (continued)

	Speeda Shipping Co (S) Pte Ltd	Richfield Marine Agencies (S) Pte Ltd	Total
	$	$	$
12 months ended 31.12.15			
Revenue			
External Sales	-	3,510,654	3,510,654
Inter-segment sales	-	-	-
Interest	-	75,805	75,805
Total segment revenue	-	3,586,459	3,586,459
Reconciliation of segment revenue to group revenue:			
Inter-segment elimination	-	-	-
Total group revenue	-	3,586,459	3,586,459
Segment net profit/(loss) before tax	(124,953)	2,163,310	2,038,357
Reconciliation of segment result to group net profit/(loss) before tax:			
Amounts not included in segment result:			
● Parent's interest income			7,286
● Parent's other costs			(95,912)
Profit before tax from continuing operations			1,949,731

	Speeda Shipping Co (S) Pte Ltd	Richfield Marine Agencies (S) Pte Ltd	Total
	$	$	$
12 months ended 31.12.14			
Revenue			
External Sales	-	3,058,763	3,058,763
Inter-segment sales	-	-	-
Interest	11,822	45,565	57,387
Total segment revenue	11,822	3,104,328	3,116,150
Reconciliation of segment revenue to group revenue:			
Inter-segment elimination	-	-	-
Total group revenue	11,822	3,104,328	3,116,150
Segment net profit/(loss) before tax	(43,267)	1,714,492	1,671,225
Reconciliation of segment result to group net profit/(loss) before tax:			
Amounts not included in segment result:			
● Parent's interest income			10,784
● Parent's other costs			(109,050)
Profit before tax from continuing operations			1,572,959

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 5: OPERATING SEGMENTS (continued)

(ii) Segment Assets

31 December 2015	Speeda Shipping Co (S) Pte Ltd	Richfield Marine Agencies (S) Pte Ltd	Total
	$	$	$
Segment Assets	100,288	15,666,438	15,766,726
Segment asset increases for the period:			
- capital expenditure	-	-	-
Reconciliation of segment assets to group assets			
- Inter-segment eliminations	-	(1,551,565)	(1,551,565)
- Unallocated assets:			
- Elimination of inter-company debts			(595,945)
- Parent's current assets			1,007,464
- Intangibles			5,761,471
Total group assets			20,388,151

31 December 2014	Speeda Shipping Co (S) Pte Ltd	Richfield Marine Agencies (S) Pte Ltd	Total
	$	$	
Segment Assets	100,049	14,010,500	14,110,549
Segment asset increases for the period:			
- capital expenditure	-	-	-
Reconciliation of segment assets to group assets			
- Inter-segment eliminations	-	(1,360,538)	(1,360,538)
- Unallocated assets:			
- Elimination of inter-company debts			(576,069)
- Parent's current assets			1,107,923
- Intangibles			5,761,471
Total group assets			19,043,336

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 5: OPERATING SEGMENTS (continued)

(iii) Segment Liabilities

31 December 2015	**Speeda Shipping Co (S) Pte Ltd**	**Richfield Marine Agencies (S) Pte Ltd**	**Total**
	$	**$**	**$**
Segment Liabilities	1,564,122	954,377	2,518,499
Reconciliation of segment liabilities to group liabilities			
- Inter-segment eliminations	(1,551,564)	-	(1,551,564)
- Unallocated liabilities			
- Trade payables- 3rd party			46,989
- Other accruals			-
Total group liabilities			1,013,924

31 December 2014	**Speeda Shipping Co (S) Pte Ltd**	**Richfield Marine Agencies (S) Pte Ltd**	**Total**
	$	**$**	
Segment Liabilities	1,366,187	2,015,199	3,381,386
Reconciliation of segment liabilities to group liabilities			
- Inter-segment eliminations	(1,360,538)	-	(1,360,538)
- Unallocated liabilities			
- Trade payables – 3rd party			45,180
- Other accruals			-
Total group liabilities			2,066,028

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 5: OPERATING SEGMENTS (continued)

(iv) Revenue by Geographical Region

	31.12.2015	31.12.2014
	$	$
Revenue attributable to external customers, based on location of external customer:		
Singapore	3,510,654	3,058,763
China	-	-
Other countries	-	-
Total revenue	3,510,654	3,058,763

(v) Assets by Geographical Region

	31.12.2015	31.12.2014
	$	$
The location of segment assets by geographical location of the assets:		
Singapore	13,619,216	12,173,942
Australia - unallocated segment	6,768,935	6,869,394
	20,388,151	19,043,336

(vi) Major Customers

The Group has a number of customers to whom it provides shipping services. The Group services a single external customer in Richfield Marine Agencies (S) Pte Ltd segment who accounts for 33.23% of external revenue (2014: 34.95%).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 6: INCOME TAX

Current Tax	Consolidated 31.12.15 $	31.12.14 $
a) Income Tax Expense		
Current Tax	103,402	116,872
Under(over) provided in earlier years	(7,005)	(1,756)
	96,397	115,116
Deferred income tax expense included in income tax expense comprises:		
Movement in temporary differences	(4,602)	(4,373)
Under/(over) provision in prior years	-	-
	(4,602)	(4,373)
Total income tax expense	91,795	110,743
b) Numerical reconciliation of income tax expense to prima facie tax payable		
Operating profit (loss) before tax	1,949,731	1,572,959
Income tax (expense)/benefit calculated at 30%** and 17%* (2014:17%)	319,933	254,628
Tax exempt income	(240,319)	(133,601)
Non-deductible expenses	40,654	10,099
Current tax under (over) provided in earlier years	(7,005)	(1,756)
Deferred tax under (over) provided in prior years	-	-
Under (over) provision of prior year's income tax	-	-
Group relief utilized	-	-
Others	(48,056)	(48,107)
Deferred tax assets not brought to account as assets	26,588	29,480
	91,795	110,743

* - Singapore corporate tax rate
**- Australian corporate tax rate

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Deferred tax assets not taken into account

The Company's potential future income tax benefit calculated at 30% arising from tax losses and timing differences of $88,625 (2014: $98,265) has not been recognized as a deferred tax asset because recovery of tax losses and timing differences are not probable at this juncture. This benefit for tax losses will only be obtained if:

a) assessable income is derived of a nature and of amount sufficient to enable the benefit from the deductions to be realised;
b) conditions for deductibility imposed by the law are complied with; and
c) no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated	
	31.12.15 $	31.12.14 $
Cash at bank and on hand	11,232,265	10,369,891
Short term and bank deposit	1,179,897	1,432,416
	12,412,162	11,802,307

For the purposes of the consolidated cash flow statement, the consolidated cash and cash equivalents comprise the following:

Cash and bank balances (as above)	12,412,162	11,802,307
Bank fixed deposits pledged to bank	(883,304)	(783,575)
	11,528,858	11,018,732

NOTE 8: CURRENT RECEIVABLES

Trade Receivables:		
- related party	-	-
- third parties	164,959	333,004
Other Receivables:		
- Amount owing by related parties (non-trade) (i)	66,000	-
	230,959	333,004

(i) This amount is unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 8: CURRENT RECEIVABLES (continued)

Trade Debtor Aging Analysis

The following provides an aging analysis of trade debtors which are past due and impairments which have been raised:

	Total	Amount Impaired	Amount Not Impaired
2015	**$**	**$**	**$**
Consolidated Entity			
Not past due	164,959	-	164,959
Past due 30 days	-	-	-
Past due 60 days	-	-	-
Past due 90 days	-	-	-
Past due 90+ days	-	-	-
	164,959	**-**	**164,959**
2014			
Consolidated Entity			
Not past due	333,004	-	333,004
Past due 30 days	-	-	-
Past due 60 days	-	-	-
Past due 90 days	-	-	-
Past due 90+ days	-	-	-
	333,004	**-**	**333,004**

NOTE 9: OTHER CURRENT ASSETS

	Consolidated	
	31.12.15 $	31.12.14 $
Supplies receivable	109,819	-
Accrued receivable	-	-
Prepayments	-	-
Deposits	78,427	49,855
Income tax recoverable	-	-
GST recoverable	(2,479)	4,758
	185,767	54,613

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 10: AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Consolidated	
	31.12.15 $	31.12.14 $
Listed debt securities	1,352,093	1,010,250
Unquoted equity investment	-	-
	1,352,093	1,010,250
Listed debt securities are principally denominated in United States dollar and comprise the following:		
Bonds with fixed interest of 5.125% and maturity date of 16 May 2024	530,461	502,508
Bonds with fixed interest of 4.250% and maturity date of 09 Jun 2024	282,010	248,892
Bonds with fixed interest of 4.700% and maturity date of 08 Sep 2021	259,550	258,850
Bonds with fixed interest of 4.400% and maturity date of 10 Jun 2025	280,072	-
	1,352,093	1,010,250

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	Office Equipment $	Furniture & Fittings $	Renovations $	EDP Equipment $	Motor Vehicles $	Total $
Consolidated						
At Cost -						
Balance at 01.01.2015	10,684	149,220	30,090	215,635	264,223	669,852
Adjustment to balance at 01.01.2015	613	8,573	1,729	12,390	15,180	38,485
Add: Additions	2,404	5,584	0	26,842	448,707	483,537
Less: Disposals	0	0	0	(69,498)	(279,403)	(348,901)
Balance at 31.12.2015	13,701	163,377	31,819	185,369	448,707	843,973
Less: Accumulated depreciation						
Balance at 01.01.2015	(10,684)	(108,293)	(30,090)	(174,871)	(264,223)	(588,161)
Adjustment to balance at 01.01.2015	(613)	(6,222)	(1,729)	(10,048)	(15,180)	(33,792)
Add: Additions	(557)	(21,959)	0	(39,386)	(62,320)	(124,222)
Less: Disposals	0	0	0	69,498	279,403	348,901
Foreign exchange movements	0	0	0	0	0	0
Balance at 31.12.2015	(11,854)	(136,474)	(31,819)	(154,807)	(62,320)	(397,274)
Net Book Value at 31.12.2015	**1,847**	**26,903**	**0**	**30,562**	**386,387**	**445,699**
At Cost -						
Balance at 01.01.2014	10,255	143,225	28,882	192,342	253,606	628,310
Adjustment to balance at 01.01.2014	429	5,995	1,208	8,052	10,617	26,301
Add: Additions	0	0	0	17,451	0	17,451
Less: Disposals	0	0	0	(2,210)	0	(2,210)
Balance at 31.12.2014	10,684	149,220	30,090	215,635	264,223	669,852
Less: Accumulated depreciation						
Balance at 01.01.2014	(10,255)	(84,270)	(28,882)	(140,512)	(253,606)	(517,525)
Adjustment to balance at 01.01.2014	(429)	(3,528)	(1,208)	(5,882)	(10,617)	(21,664)
Add: Additions	0	(19,484)	0	(29,172)	0	(48,656)
Less: Disposals	0	0	0	2,100	0	2,100
Foreign exchange movements	0	(1,011)	0	(1,405)	0	(2,416)
Balance at 31.12.2014	(10,684)	(108,293)	(30,090)	(174,871)	(264,223)	(588,161)
Net Book Value at 31.12.2014	**0**	**40,927**	**0**	**40,764**	**0**	**81,691**

Aggregate depreciation allocated during the year is recognised as an expense and disclosed in Note 2 to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 12: INTANGIBLES

	Consolidated 31.12.15 $	Consolidated 31.12.14 $
Intangibles		
Consideration paid for investment in subsidiary	9,245,220	9,245,220
Net assets acquired in *Richfield Marine Agencies (S) Pte Ltd* (incorporated in Singapore)	(3,483,749)	(3,483,749)
Goodwill	5,761,471	5,761,471

Goodwill Impairment Test

Goodwill is stated at cost less any accumulated impairment losses and is subjected to annual impairment test.

Goodwill is allocated to the Company's cash generating units "CGUs" which are based on the Group's reporting segments. The Company tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The global economic activity is not recovering equally across all markets, making recovery in the shipping industry similarly unbalanced. The demand for shipping capacity is not picking up to match the pace of capacity growth, it will simply lead to more aggressive commercial competition and the only result will be downward spiral of freight earnings, which is already at multi-year lows amid the collapse in commodity prices as well as the slowing growth in China, and lacklustre demand from the United States, Europe etc.

In accordance with Australian Accounting Standard AASB 136, "Impairment of Assets", the Company performed its goodwill impairment test by comparing the recoverable amount of each CGU with its carrying amount. The recoverable amount of a CGU was determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a five year period including a terminal value.

Assumptions Applied in Value-In-Use Conditions

(i) Revenue Growth Rates

In making the assessment for the consolidated entity's CGUs, a growth rate based on internal forecasts was applied to operating cash flows over the 5 year assessment period in the following manner:

Year	**RMA**	**Speeda**
2016:	Nil	Nil
2017:	3% p.a.	<No budgeted cash flows>
2018:	3% p.a.	<No budgeted cash flows>
2019:	3% p.a.	<No budgeted cash flows>
2020:	3% p.a.	<No budgeted cash flows>

There is no cash flow budget for Speeda from 2014 onwards as management has decided for this business unit of the group to lay dormant from Jun'13 until market conditions improve for containerized shipping.

The Directors consider the above growth rates to be ultra-conservative as there is an expectation of a rebound in the global shipping sector over the next five years. The yearly increments were based on the yearly average growth rate over 5 years (from 2016 to 2020).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 12: INTANGIBLES (continued)

Commentary regarding actual full year performance compared to internal forecast as at 31 Dec 2015

The actual full year performance for both RMA and Speeda are consistent with the internal forecast.

The actual total revenue for both RMA and Speeda is $3,603K compared to forecast of $3,482K. Of which $3,599K (forecast: $3,482K) from RMA and $4K (forecast: $0) from Speeda.

The actual total cost of services for both RMA and Speeda is $509K (forecast: $509K). Of which $509K (forecast: $509K) for RMA and $0 (forecast: $0) for Speeda.

The actual gross margin for RMA is $3,002K (85%) and for Speeda is $0 (0%) as compared to forecast of $3,482K (90.9%) and $0 (0%) respectively.

The actual overall gross margin for both RMA and Speeda is 85% as compared to forecast of 90.9%.

The actual results are consistent with the internal forecast of performance.

Hence, based on actual results for 2015, the Directors are confident the budgeted cash flow for 2016 to 2020, which were projected to grow at an annual growth rate of 3% for RMA, is reasonable and achievable.

(ii) Discount Rate

The 5 year cash flow projections were discounted at a pre-tax rate of 15% which took into consideration the following:-

- As the consolidated entity's underlying CGUs reside in Singapore, a risk free rate of 1.625% being the coupon rate of a 5 year Singapore Government Bond has been adopted;

- Risk premium rate of about 13% to reflect both the long term Australian equity market and company specific risk premiums.

(iii) Terminal Value

As noted below, a theoretical year 5 terminal value in respect of the CGUs was then determined to equate the discounted cash flow to the current carrying value of goodwill. The theoretical terminal value was then considered in term of reasonableness.

Cash Generating Units	Goodwill as at 31 December 2015 $'000s	Theoretical terminal value required to attain breakeven $'000s	Net cash inflow forecast (EBIT) at end of Year 5 $'000s
RMA	5,761	1,047	1,427
Speeda	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 12: INTANGIBLES (continued)

Under AASB 136 "Impairment of Assets", the terminal value is an estimate of net cash flows to be received for the disposal of an asset at the end of its useful life and shall be the amount that an entity expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties.

In order to attain a breakeven position for its goodwill balance, the theoretical terminal value required is approximately at $1.047 million. This represents an earnings multiple of around 0.73 times the net cash inflow (EBIT) forecast of RMA for the end of Year 5 of $1.427 million.

Even under such conservative estimates, there is no shortfall/impairment of goodwill; the breakeven position is immediately achievable upon the disposal of the business. It would be useful to note that the Directors believe that similar businesses would typically be valued at an earnings multiple of somewhere between 3 to 5 times.

Impairment Conclusion

Based on the above value-in-use calculations and after factoring in a theoretical terminal value, no impairment has been recognised.

Sensitivity To Changes In Assumptions

Richfield Marine Agencies (RMA) Cash Generating Unit

(i) Revenue Growth Assumption Revised Downwards

If the revenues used in the value-in-use calculation for this CGU had decreased by 10% in Year 1 and then remained constant with no further growth applied for Year 2 to 5, the RMA's 5 year forecast net present value would reduce to $2.863 million. To attain breakeven position, the theoretical terminal value at the end of Year 5 would have to be $2.898 million. Based on the revised net cash inflow for Year 5 of $0.720 million, this would imply an earnings multiple of 4.02 times.

No impairment of goodwill arises as the earnings multiple remains under 5 times.

Cash Generating Units	Revised Revenue Growth Rate	Goodwill as at 31 Dec 2015	Revised Net Present Value	Revised Theoretical Terminal Value required to attain breakeven	Revised net cash inflow forecast (EBIT) for Year 5	Revised earnings Multiple
	%	$'000s	$'000s	$'000s	$'000s	
RMA	Yr 1: -10% Yr 2-5: nil	5,761	2,863	2,898	720	4.02

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 12: INTANGIBLES (continued)

(ii) Discount Rate Assumption Revised Upwards

It the estimated pre-tax discount rate for this CGU had been 1% higher than management's estimates (i.e. 16% instead of 15%), the RMA's 5 year forecast net present value would reduce to $4.638 million. To attain breakeven position, the theoretical terminal value at the end of Year 5 would have to be $1.123 million. Based on the revised net cash inflow for Year 5 of $1.427 million, this would imply an earnings multiple of 0.79 times.

No impairment of goodwill arises as the earnings multiple remains under 5 times.

Cash Generating Units	**Revised Discount Rate** **%**	**Goodwill as at 31 Dec 2015** **$'000s**	**Revised Net Present Value** **$'000s**	**Revised Theoretical Terminal Value required to attain breakeven** **$'000s**	**Revised net cash inflow forecast (EBIT) for Year 5** **$'000s**	**Revised earnings Multiple**
RMA	16	5,761	4,638	1,123	1,427	0.79

NOTE 13: CURRENT PAYABLES

	Consolidated	
	31.12.15 **$**	**31.12.14** **$**
Trade Payables:		
- third parties	158,135	1,792,862
Other Payables:		
Amount owing to related parties (non-trade) (i)	-	-
Amount owing to subsidiary (non-trade) (ii)	-	-
Amount owing to directors (iii)	153,696	-
Other accruals for operating expenses	588,608	136,333
	900,439	1,929,195

(i) This amount is unsecured, interest free and repayable on demand.
(ii) This amount is interest free and has no fixed term of repayment.
(iii) This amount is unsecured, interest free and repayable on demand.

NOTE 14: INTEREST-BEARING LIABILITIES

As at 31 December 2015, the Consolidated Entity had no interest bearing liabilities (2014: NIL).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 15: COMMITMENTS

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follow:

	Consolidated	
	31.12.15 $	31.12.14 $
Fixed assets	-	-

(b) Operating lease commitments

The Group leases office premises from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future minimum lease payables under non-cancelable operating leases contracted for at the end of the reporting period but not recognised as liabilities are as follows:

	Consolidated	
	31.12.15 $	31.12.14 $
Not later than 1 year	206,202	194,999
Later than 1 year but not later than 5 years	-	194,999
Later than 5 years	-	-
	206,202	389,998

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 16: CONTRIBUTED EQUITY

	Consolidated			
	31.12.15		31.12.14	
	No.	$	No.	$
Fully Paid Ordinary Share Capital:				
Balance at beginning of year	62,896,810	10,693,287	62,896,810	10,693,287
Add: Issued during the year	-	-	-	-
Add: Conversion of options to shares	-	-	-	-
Total shares on issue at end of year	62,896,810	10,693,287	62,896,810	10,693,287
Less: Share issue expenses	-	-	-	-
Balance at end of year	62,896,810	10,693,287	62,896,810	10,693,287

Fully Paid Ordinary Share Capital

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

During the year ended 31 December 2015, the Company did not issue any shares or options.

Share Options

During the year, no options were issued or converted to shares (2014: NIL).

Capital Management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The Group monitors the adequacy of capital by analysing short to medium term cash flow forecasts for each of its operating segments.

Appropriate capital levels are maintained to ensure that all approved expenditures are adequately funded. This funding is derived from an appropriate combination of existing working capital and equity. As noted below, the Group's gearing ratio is nil as it has no debt.

The gearing ratio is calculated as net debt divided by total capital. Net debt is defined as interest bearing liabilities less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

	2015	2014
Gearing ratio	nil	nil

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 17: FINANCIAL RISK MANAGEMENT

Overview

The Company and its subsidiaries ("Company") have exposure to the following risks from their use of financial instruments:

a) market risk
b) liquidity risk
c) credit risk
d) fair value

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board is also responsible for developing and monitoring risk management policies.

The Company's principal financial instruments comprise cash, short-term deposits, loans to and from subsidiaries and listed debt investment securities. The main purpose of these non-derivative financial instruments is to provide working capital for the Company's operations.

The Company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations and through the negotiation of trading terms with customers and suppliers.

It is, and has been throughout the period under review, the Company's policy that no speculative trading in derivative instruments shall be undertaken.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 17: FINANCIAL RISK MANAGEMENT (continued)

The main risks arising from the Company's financial instruments are market risk (which includes interest rate risk and foreign currency risk), liquidity risk and credit risk. The Board reviews and agrees on policies for managing each of these risks and they are summarized below:

a) Market Risk

Interest Rate Risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

31.12.15	**Average Interest Rate %**	**Variable Interest Rate $**	**Non-Interest Bearing $**	**Total $**
Financial Assets				
Cash and cash equivalents	0.02%	11,222,455	9,810	11,232,265
Deposits	0.82%	1,179,897	-	1,179,897
Receivables	-	-	230,959	230,959
Available for sale financial assets	3.20%	1,352,093	-	1,352,093
		13,754,445	240,769	13,929,214
Financial Liabilities				
Accounts Payable	-	-	900,439	900,439
Interest Bearing Liabilities	-	-	-	-
Other Financial Liabilities	-	-	-	-
		-	900,439	900,439
31.12.14				
Financial Assets				
Cash and cash equivalents	2.35%	10,360,387	9,504	10,369,891
Deposits	1.11%	1,432,416	-	1,432,416
Receivables	-	-	333,004	333,004
Available for sale financial assets	3.31%	1,010,250	-	1,010,250
		12,803,053	342,508	13,145,561
Financial Liabilities				
Accounts Payable	-	-	1,929,195	1,929,195
Interest Bearing Liabilities	-	-	-	-
Other Financial Liabilities	-	-	-	-
		-	1,929,195	1,929,195

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 17: FINANCIAL RISK MANAGEMENT (continued)

Interest Rate Risk – Sensitivity Analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. The 0.5% sensitivity is based on reasonably possible changes, over a financial year, using an observed range of historical Australian short term deposit rate movements over three years.

In the year to 31 December 2015, if interest rates had moved, as illustrated in the table below, with all other variables held constant, the post tax result relating to financial assets and liabilities of the Company would have been affected as follows:

	Consolidated	
	2015	2014
	$	$
Judgments of reasonably possible movements:		
Post tax profit - higher/(lower)		
+0.5% per annum	66,955	54,073
-0.5% per annum	(66,955)	(54,073)
Equity - higher/(lower)		
+0.5% per annum	66,955	54,073
-0.5% per annum	(66,955)	(54,073)

There would have been no impact on equity (reserves) from movements in interest rates relating to financial assets and liabilities of the Company.

The Board of Directors' objective is to earn the highest rate of interest on deposits with minimum risk. The policy therefore is to place deposits with recognised banks which offer the highest variable rates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 17: FINANCIAL RISK MANAGEMENT (continued)

Foreign Currency Risk

As a consequence of the Company's subsidiaries in Singapore and the currency of the net investment in the subsidiaries being denominated in Singapore dollars (SGD), the Company's Statement of Financial Position can be affected significantly by movements in the SGD/AUD exchange rates. The Company does not hedge this exposure. The Company may hedge against future foreign currency risk when considered appropriate.

The Company receives and makes payment for shipping related services in USD. Conversion at spot rates to SGD is used on receipt and payment of funds. The Company manages USD accounts and therefore there is a natural hedge for all imported and exported USD transactions.

	Consolidated	
	2015	2014
	$	$
Financial Assets		
Cash and cash equivalents		
Singapore Dollar	92,142	198,808
United States Dollar	10,233,950	10,251,012
Chinese Yuan Renminbi	-	-
	10,326,092	10,449,820
Trade and other receivables		
Singapore Dollar	54,022	52,532
United States Dollar	274,777	333,004
	328,799	385,536
Other financial assets		
Singapore Dollar	-	-
Chinese Yuan Renminbi	-	-
	-	-
Available-for-sale assets		
United States Dollar	1,091,570	757,061
	1,091,570	757,061
Total financial assets exposure	**11,746,461**	**11,592,417**
Financial Liabilities		
Payable		
Singapore Dollar	314,680	909,296
United States Dollar	538,769	838,385
Total financial liabilities exposure	**853,449**	**1,747,681**
Net exposure	**10,893,012**	**9,844,736**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 17: FINANCIAL RISK MANAGEMENT (continued)

Foreign Currency Risk (continued)

The following sensitivity analysis is based on the foreign currency risk exposure in existence at the balance sheet date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in foreign exchange movements during the year.

In the year to 31 December 2015, if the Australian Dollar had moved, as illustrated in the table below, with all other variables held constant, the results after tax relating to financial assets would have been affected as shown below.

	Consolidated	
	2015	2014
	$	$
Probability of possible movements after tax:		
Change in profit		
+10% per annum	(1,159,327)	(991,226)
-10% per annum	649,875	644,494
Change in equity		
+10% per annum	(1,159,327)	(991,226)
-10% per annum	649,875	644,494

b) Liquidity Risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of its cash and funding alternatives.

The Company manages liquidity risk by maintaining adequate banking and borrowing facilities through the monitoring of future rolling cash flow forecasts of its operations, which reflect management's expectations of the settlement of financial assets and liabilities.

The following table discloses maturity analysis of financial assets and liabilities based on management expectations:

	<=6 months	**6-12 months**	**1-5 years**	**Total**
Consolidated	**$**	**$**	**$**	**$**
Financial Assets				
Cash and cash equivalents	11,528,858	883,304	-	12,412,162
Trade and other receivables	230,959	-	-	230,959
Other financial assets	-	-	-	-
Available-for-sale assets	1,352,093	-	-	1,352,093
	13,111,910	883,304	-	13,995,214
Financial Liabilities				
Payables	900,439	-	-	900,439
Net exposure	**12,211,471**	**883,304**	**-**	**13,094,775**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 17: FINANCIAL RISK MANAGEMENT (continued)

c) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

Credit risk arises from the financial assets of the Company, which comprise cash and cash equivalents, trade and other receivables and other financial assets. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained. Exposure at balance date is addressed in each applicable note.

The Company does not hold any credit derivatives to offset its credit exposure.

The Company trades only with creditworthy third parties and has adopted a policy of dealing with creditworthy counterparts. Comprehensive credit checks are part of evaluating third parties.

Receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Company's maximum exposure to credit risk.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 17: FINANCIAL RISK MANAGEMENT (continued)

d) Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1	Level 2	Level 3	Total
Consolidated – Year 2015	$	$	$	$
Assets				
Financial assets, available-for-sale				
--- Debt securities	1,352,093	-	-	-
Total assets	1,352,093	-	-	-
Consolidated – Year 2014				
Assets				
Financial assets, available-for-sale				
--- Debt securities	1,010,250	-	-	-
Total assets	1,010,250	-	-	-

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets have been based on the closing quoted bid prices at the end of the reporting period, excluding transaction costs.

There were no assets or liabilities measured at fair value in Level 3 fair value measurements in the period. There were no transfers between Level 1 and Level 2 during the financial year ended 31 December 2015.

NOTE 18: CONTROLLED ENTITIES

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest %
Parent Entity			
Richfield International Limited	Investment	Australia	
Controlled Entities			
Richfield Marine Agencies (S) Pte Ltd [1]	Shipping services	Singapore	100
Speeda Shipping Company (S) Pte Ltd [1]	Container traffic operator	Singapore	100

Richfield Marine Agencies (S) Pte Ltd is a wholly owned subsidiary of *Richfield International Ltd*. Speeda Shipping Company (S) Pte Ltd is a wholly owned subsidiary of *Richfield Marine Agencies (S) Pte Ltd*.

1. These controlled entities are audited by Robert Yam & Co, Singapore.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 19: NOTES TO CASH FLOW STATEMENT

		Consolidated	
		31.12.15 $	31.12.14 $
a)	Reconciliation of Cash		
	For the purposes of the consolidated cash flow statement, the consolidated cash and cash equivalents comprise the following:		
	Cash and bank balances	12,412,162	11,802,307
	Bank fixed deposits pledged to bank	(883,304)	(783,575)
		11,528,858	11,018,732
b)	Reconciliation of Operating Profit/ (Loss) After Income Tax to Net Cash Flows From Operating Activities		
	Operating profit/(loss) after income tax	1,857,936	1,462,216
	Non Cash Activities:		
	Exchange Rate Adjustments	421,020	221,608
	Depreciation and amortization of non-current assets	124,222	48,656
	Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:		
	(Increase)/decrease in assets:		
	Current receivables	102,045	367,074
	Other current assets	(131,154)	27,868
	Current trade payables	(1,028,756)	(908,578)
	Income tax payable	(19,544)	11,384
	Deferred Taxes Payable	(3,804)	(3,859)
	Net cash from operating activities	1,321,965	1,226,369

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 20: EARNINGS PER SHARE

	Consolidated Cents per share	
	31.12.15 $	31.12.14 $
Reconciliation of earnings used in the calculation of earnings per share		
Profit/(loss) for the year	1,857,936	1,462,216
Earnings/(loss) used in the calculation of basic earnings per share	1,857.936	1,462,216
Reconciliation of weighted average numbers of ordinary shares used in the calculation of earnings per share		
	31.12.15 Number	31.12.14 Number
Weighted average number of ordinary shares	62,896,810	62,896,810
Weighted average number of options outstanding	-	-
Weighted average number of shares used in the calculation of dilutive earnings per share	62,896,810	62,896,810

Classification of securities

The following items have been classified as securities. Potential ordinary shares are included in determination of dilutive EPS: options outstanding, conversion, call, subscription or issues after 31 December 2010.

NOTE 21: RELATED PARTY DISCLOSURES

(a) Equity interests in related parties

Equity interests in Controlled Entities

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 18 to the financial statements.

(b) Directors' Remuneration

Details of directors' remuneration and retirement benefits are disclosed in Note 22.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 21: RELATED PARTY DISCLOSURES (continued)

(c) Directors' Equity Holdings

	Company	
	31.12.15 $	31.12.14 $
Ordinary Shares		
Issued to directors and their director-related entities by Richfield International Ltd:		
During the financial year	-	-
Subsequent to year end	-	-
Held as at the date of this report by directors and their director-related entities in:		
Richfield International Ltd	36,894,765	24,304,400
Options		
Issued to directors and their director-related entities by Richfield International Ltd:		
During the financial year	-	-
Subsequent to year end	-	-
Held as at the date of this report by directors and their director-related entities in:		
Richfield International Ltd	-	-

(d) Transactions Within the Wholly-Owned Group

All transactions that occurred during the financial period between entities in the wholly-owned group were eliminated on consolidation.

(e) Transactions With Other Related Parties

As detailed in Note 13, there are $153,696 payable to the Directors. As detailed in Note 8, there is a Sundry receivable from a director for $66,000 receivable. These amounts are unsecured, interest-free and repayable on demand.

(f) Controlling Entities

The parent entity in the economic entity is Richfield International Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 22: DIRECTORS' AND EXECUTIVES' REMUNERATION

The Directors of Richfield International Ltd during the year:

- Steven Pynt (Non-Executive Chairman)
- Chak Chew Tan (Managing Director)
- Jennifer Lim (Executive Director)
- Andrew Phillips (Non-Executive Director)
- Jwee Phuan Ng (Non-Executive Director)

The following table discloses the remuneration of each director and other key management personnel of the company for the year ended 31 December 2015:

	Short-term Benefits			Post-employment Benefits	Long-term Benefits	Total
	Salaries/Fees	**Profit Share and Bonuses**	**Benefits**	**Superannuation/CPF**	**LSL**	
Name	**$**		**$**	**$**	**$**	**$**
Executive						
C.C. Tan	319,818	47,462	-	14,926	-	382,206
Jennifer Lim	197,635	27,990	-	14,916	-	240,541
Non-Executive						
Steven Pynt	18,000	-	-	-	-	18,000
Andrew Phillips	7,000	-	-	-	-	7,000
Jwee Phuan Ng	7,000	-	-	-	-	7,000
Total	**549,453**	**75,452**	**-**	**29,842**	**-**	**654,747**

	Short-term Benefits			Post-employment Benefits	Long-term Benefits	Total
	Salaries/Fees	**Profit Share and Bonuses**	**Benefits**	**Superannuation/CPF**	**LSL**	
Name	**$**		**$**	**$**	**$**	**$**
Executive						
C.C. Tan	230,395	-	-	11,235	-	241,630
Jennifer Lim	105,679	-	21,005	12,223	-	138,907
Non-Executive						
Steven Pynt	18,000	-	-	-	-	18,000
Andrew Phillips	7,000	-	-	-	-	7,000
Jwee Phuan Ng	6,000	-	-	-	-	6,000
Total	**367,074**	**-**	**21,005**	**23,458**	**-**	**411,537**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 22: DIRECTORS' AND EXECUTIVES' REMUNERATION (continued)

	Consolidated 31.12.15 $	Consolidated 31.12.14 $
The aggregate of income paid or payable, or otherwise made available, in respect of the financial year, to all directors and executives of the company, directly or indirectly, by the company or by any related party	654,747	411,537
The aggregate of income paid or payable, or otherwise made available, in respect of the financial year, to all directors and executives of each entity in the economic entity, directly or indirectly, by the entities in which they are directors or by any related party	654,747	411,537

NOTE 23: AUDITORS' REMUNERATION

	Consolidated 31.12.15 $	Consolidated 31.12.14 $
Remuneration of the auditor of the parent entity for:		
(i) auditing or reviewing the financial report		
- Auditor	20,490	19,100
- Under provision for prior years	-	-
(ii) other services	-	-
	20,490	**19,100**
Remuneration of other auditors of subsidiaries for:		
(i) auditing or reviewing the financial report of subsidiaries	13,143	9,339
(ii) other services	-	-
	13,143	**9,339**

NOTE 24: SUBSEQUENT EVENTS

On 23 December 2015, Pershing Securities Australia Pty Limited ACN 136 184 962 on behalf of Mercantile OFM Pty Limited ACN 120 221 623 (Mercantile OFM) announced an on-market takeover bid by Mercantile OFM for up to a maximum of 50,380,345 Richfield International Shares (Takeover Offer).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 24: SUBSEQUENT EVENTS (continued)

The Takeover Offer was an unconditional cash offer.

On 6th January 2016 the Company released to the market the required Target Statement, in which the Directors unanimously recommended that Shareholder reject the Takeover Offer.

The principal reasons for the reject recommendation can be summarised as follows:

- the Takeover Offer was materially inadequate and does not reflect fair value of the Company's Shares;
- the Timing of the Takeover Offer is opportunistic and fails to reflect a number of initiatives and growth strategies underway; and
- by accepting the Takeover Offer on market, Shareholders will lose the opportunity to participate in the Company's expected future growth; and upside.

The Takeover Offer closed on the 8th February 2016 and Mercantile OFM 's holding in Richfield International Limited at the date of closure was 26.38%, which was insufficient to gain control of the Company.

Apart from the above Takeover Offer, there have not been any further matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

NOTE 25: CONTINGENT LIABILITIES

Subsidiary of Richfield International Limited has provided bank guarantees in the amount of $547,146 to its supplier. There are no other contingent liabilities as at 31 December 2015.

NOTE 26: PARENT ENTITY FINANCIAL INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards.

(a) Summary Financial Information

	Company	
STATEMENT OF FINANCIAL POSITION	**31.12.15 $**	**31.12.14 $**
Current assets	1,007,464	1,107,923
Total assets	10,252,684	10,353,143
Current liabilities	564,452	576,286
Total liabilities	564,452	576,286
Equity		
Issue capital	10,693,287	10,693,287
Accumulated losses	(1,005,055)	(916,430)
	9,688,232	9,776,857
STATEMENT OF COMPREHENSIVE INCOME		
Profit/(loss) for the year	(88,625)	(98,266)
Total comprehensive income/(loss)	(88,625)	(98,266)

NOTE 26: PARENT ENTITY FINANCIAL INFORMATION (continued)

(b) Contractual Commitments

As at 31 December 2015, the parent entity has no contractual commitments for the acquisition of property, plant or equipment.

(c) Guarantees and Contingent Liabilities

As at 31 December 2015, the parent entity has no guarantees or contingent liabilities.

NOTE 27: RESERVES

(a) Foreign Currency Translation Reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

(b) Asset Revaluation Reserve

This reserve is used to record the increases and decreases in the fair value of available-for-sale investments.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out pages 15 to 62 are in accordance with the *Corporations Act 2001* and:

    a. comply with Accounting Standards, which, as stated in accounting policy note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

    b. give a true and fair view of the financial position as at 31 December 2015 and of the performance for the year ended on that date of the company and consolidated group;

2. the Managing Director and acting Chief Finance Officer have each declared that:

    a. the financial records of the company for the financial year have been properly maintained in accordance with s 286 of the *Corporations Act 2001*;

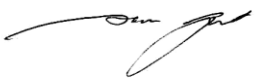
    b. the financial statements and notes for the financial year comply with Accounting Standards; and

    c. the financial statements and notes for the financial year give a true and fair view;

3. in the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Directors



Steven Pynt
Non-Executive Chairman

PERTH, WA
Dated: 18th March 2016

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RICHFIELD INTERNATIONAL LIMITED & ITS CONTROLLED ENTITIES

Report on the Financial Report

We have audited the accompanying financial report of Richfield International Limited (the company) which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report 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 report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Richfield International Limited, would be in the same terms if provided to the directors as at the date of this auditor's report.

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

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Auditor's Opinion

In our opinion:

a. the financial report of Richfield International Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report as included in the directors' report for the year ended 31 December 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion
In our opinion the remuneration report of Richfield International Limited for the year ended 31 December 2015 complies with s 300A of the *Corporations Act 2001*.

MOORE STEPHENS

Suan-Lee Tan
Partner

Moore Stephens
Chartered Accountants

Signed at Perth this 18th day of March 2016

Additional Stock Exchange Information

Additional information required by Australian Stock Exchange Limited and not shown elsewhere in this report as follows.

The information is made up to 8 March 2016.

1. Substantial Shareholder

The names of the substantial shareholders listed in the company's register are:

Shareholder	Shares	%
Chak Chew Tan	23,113,050	36.75
Ms Poh Choo Lim	12,584,362	20.00
One Managed Invt Funds Ltd	10,420,638	16.57
Mercantile OFM Pty Limited	4,397,167	6.99

2. Distribution of Shareholders

Range of Holding	Shareholders	Number of Ordinary Shares	%
1 – 1,000	687	107,693	0.171
1,001 – 5,000	120	335,733	0.534
5,001 – 10,000	143	1,302,221	2.070
10,001 – 100,000	128	3,910,800	6.218
100,001 – and over	21	57,240,363	91.007
	1,099	62,896,810	100.000

Based on the closing price of $0.225 as at 08 March 2016 published by the Australian Securities Exchange, the number of shareholders with less than a marketable parcel is 741, holding in total 195,794 shares.

3. Voting Rights - Shares

All ordinary shares issued by Richfield International Ltd carry one vote per share without restriction.

4. Restricted Securities

Shares

Number of Shares free of escrow	62,896,810
Number of Shares subject to escrow	-
	62,896,810

Additional Stock Exchange Information (continued)

5. Twenty Largest Shareholders

The names of the twenty largest shareholders of the company's ordinary shares are:

Name		Number of ordinary fully paid shares	% held of issued ordinary capital
1.	Chak Chew Tan	23,113,050	36.74
2.	Ms Poh Choo Lim <Yen Yen Tan A/C>	12,584,362	20.00
3.	One Managed Invt Funds Ltd <1 A/C>	10,420,638	16.57
4.	Mercantile OFM Pty Ltd	4,397,167	6.99
5.	Mercantile Investment Company Ltd	2,095,827	3.33
6.	Pek San Lam	758,954	1.21
7.	Poh Choo Lim	613,050	0.97
8.	Mdm Soi Koon Tan	492,833	0.78
9.	Mr Warwick Sauer	319,000	0.51
10.	Guo Jin Bai	299,287	0.48
11.	Miss Yen Yen Tan	286,500	0.46
12.	Mdm Lim Poh Choo	268,500	0.43
13.	Mr Tan Chak Chew	268,500	0.43
14.	Eastern Investment Limited	268,500	0.43
15.	Mr Hai Gang Sun	250,000	0.40
16.	Victory West Moly Limited	186,480	0.30
17.	Mr Neale Stewart Plattfuss	169,308	0.27
18.	Group #685011 <ABN AMRO Clearing Sydney Nominees>	124,004	0.20
19.	LIC Investments Pty Ltd <LIC Investments Unit A/C>	114,076	0.18
20.	Bondshaw Holdings Pty Ltd	109,661	0.17
		57,139,697	90.85