SAMPLE PTE. LTD.

Registration Number: 2000888888A

FINANCIAL STATEMENTS

Year ended 31 March 2020

SAMPLE PTE. LTD.
(Incorporated in the Republic of Singapore)

Directors
XXXXXX XXXX
YYYY YYYY

Secretaries
YYYY YYYY
ZZZZ ZZZZ

Registered Office
ABC Street,
Singapore 049909

Auditors

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The directors present this statement to the members together with the audited financial statements of the Company for the financial year ended March 31, 2020.

1 Directors

The directors in office at the date of this statement are:-

YYYY YYYY
TTT TTTT

2 Arrangements to enable directors to acquire shares and debentures

Neither during nor at the end of the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits through the acquisition of shares in, or debentures of the Company or any other body corporate.

3 Directors' interest in shares and debentures

The directors holding office at the end of the financial year had no interests in shares, debentures, warrants or share options of the Company as recorded in the Register of Directors' Shareholding kept by the Company under Section 164 of the Singapore Companies Act.

4 Share options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares of the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

5 Auditors

The auditors, Natarajan & Swaminathan, have expressed their willingness to acceptre-appointment.

6 Directors' opinion

In the opinion of the directors,

(a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at March 31, 2020 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Financial Reporting Standards in Singapore; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors

YYYY YYYY ***TTT TTTT***

Date: October 27, 2020

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **SAMPLE PTE. LTD.** (the "Company"), which comprise the statement of financial position of the Company as at March 31, 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore (FRS) so as to give a true and fair view of the financial position of the Company as at March 31, 2020 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 2.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditors' Responsibilities for the Audit of the Financial Statements *(Cont'd)*

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

AUDITOR

Date: October 27, 2020

SAMPLE PTE. LTD.

Statement of Financial Position *As at March 31, 2020*

	Note	2020	2019
		US$	US$
Assets			
Current assets			
Inventories		-	373,108
Trade receivables	3	4,115,349	4,812,686
Other receivables	4	294,463	17,690
Advance for purchases		134,340	1,151,312
Cash and bank balances	5	983,718	601,632
Total current assets		5,527,870	6,956,428
Total assets		**5,527,870**	**6,956,428**
Equity and liabilities			
Equity			
Share capital	6	300,000	300,000
Accumulated profits		2,009,623	1,380,322
Total equity		2,309,623	1,680,322
Current liabilities			
Trade payables and accruals	7	133,115	1,233,293
Other payables	8	561,677	1,072,921
Borrowings	9	2,394,243	2,906,879
Contract liabilities	10	20,008	-
Income tax payable		109,204	63,013
Total current liabilities		3,218,247	5,276,106
Total liabilities		3,218,247	5,276,106
Total equity and liabilities		**5,527,870**	**6,956,428**

SAMPLE PTE. LTD.

Statement of Comprehensive Income *For the financial year ended March 31,2020*

	Note	2020	2019
		US$	US$
Revenue	12	21,214,676	13,919,588
Cost of sales		(20,033,643)	(13,161,656)
Gross profit		1,181,033	757,932
Other income	13	13,491	114,161
Gain/(Loss) from derivatives		8,004	(1,322)
Selling and distribution expenses		(1,200)	(15,796)
Administrative expenses		(46,711)	(53,884)
Operating expenses		(165,441)	(78,773)
Finance costs	14	(251,415)	(368,422)
Profit before income tax	15	737,761	353,896
Income tax expense	16	(108,460)	(47,300)
Profit after income tax		629,301	306,596
Other comprehensive income		-	-
Total comprehensive income for the year		**629,301**	**306,596**

SAMPLE PTE. LTD.

Statement of Changes in Equity

For the financial year ended March 31,2020

	Share capital	Accumulated profits	Total
	US$	US$	US$
Balance as at 01.04.2018	**300,000**	**1,073,726**	**1,373,726**
Total comprehensive income for the year	-	306,596	306,596
Balance as at 31.03.2019	**300,000**	**1,380,322**	**1,680,322**
Total comprehensive income for the year	-	629,301	629,301
Balance as at 31.03.2020	**300,000**	**2,009,623**	**2,309,623**

SAMPLE PTE. LTD.

Statement of Cash Flow *For the financial year ended March 31, 2020*

	2020	2019
	US$	US$
Cash flows from operating activities		
Profit before income tax	737,761	353,896
Adjustments for:-		
Allowance for doubtful debts - trade (outside party)	66,198	-
Interest income	-	(7,512)
Interest expense	251,415	368,422
Operating profit before working capital changes	1,055,374	714,806
Inventories	373,108	1,407,822
Trade receivables	631,139	271,347
Other receivables and advance for purchases	740,199	(1,064,906)
Trade payables and accruals	(1,100,178)	(1,122,321)
Other payables	(1,000,559)	(399)
Contract liabilities	20,008	-
Cash generated from operating activities	719,091	206,349
Interest received	-	7,512
Income tax paid	(62,269)	(108,462)
Net cash from operating activities	656,822	105,399
Cash flows from financing activities		
Fixed deposit pledged	(10,707)	(7,512)
Other payables - holding company, related party anddirector	489,315	(1,148)
Trust receipts	(105,315)	640,903
Interest paid	(251,415)	(402,685)
Net cash from financing activities	121,878	229,558
Net increase in cash and cash equivalents	778,700	334,957
Cash and cash equivalents brought forward (overdrawn)	(148,494)	(483,451)
Cash and cash equivalents carried forward (overdrawn)	**630,206**	**(148,494)**
Cash and cash equivalents comprise:-		
Cash at banks	630,206	258,827

Bank overdraft	-	(407,321)
	630,206	**(148,494)**

The annexed accounting policies and explanatory notes form an integral part of the financial statements

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 Corporate information

The Company (Registration No. 2000888888A) is a private limited Company incorporated and domiciled in Singapore.

The registered and administrative office of the Company is located at ABC Street, #30-01 Singapore 049909.

The principal activities of the Company are trading of ferro alloys, minor metals, noble alloys, base metals and ferrous and non-ferrous scrap.

There have been no significant changes in the nature of these activities during the financial year.

Holding company

The Company is a wholly owned subsidiary of **'Madhuban Trade-Steels Private Limited'**, a company incorporated in the Republic of India, which is also the ultimate holding company.

2 Significant accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Singapore Companies Act, Chapter 50. The financial statements are expressed in United States Dollar (US$) and are prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. These estimates and assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances (refer Note **2(b)** to the financial statements).

The Company adopted the new or revised FRS that is mandatory for application on that date. This includes the following FRS, which are relevant to the Company as a single entity:

FRS 28	(Amendment	:	Long-term Interests in Associates and Joint Ventures
FRS 109	(Amendment:s)		Prepayment Features with Negative Compensation
FRS 116		:	Leases

2 Significant accounting policies *(Cont'd)*

a) **Basis of preparation** *(Cont'd)*

The adoption of these does not result in any significant changes to the Company's accounting policies or have any significant impact on the financial statements.

b) Critical judgements in applying the entity's accounting policies

In the process of applying the entity's accounting policies, management is of opinion that there are no critical judgements (other than those involving estimates) that have significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Inventory valuation method

Inventory is valued at the lower of the cost and net realisable value. Cost is determined on a first in first out basis. Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the cost of realisation. The Company reviews its inventory levels in order to identify slow-moving and obsolete merchandise. When the Company identifies items of inventory which have a market price that is lower than its carrying amount, the Company then estimates the amount of inventory loss as allowance on inventory.

Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate Expected Credit Losses (ECLs) for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

c) Foreign currency transactions

(i) Functional currency

The functional and measurement currency of the Company is United States Dollar, being the currency of the primary economic environment in which it operates.

2 Significant accounting policies *(Cont'd)*

c) **Foreign currency transactions** *(Cont'd)*

(ii) Transactions and balances

Foreign currency transactions are translated into the respective functional currencies using the exchange rates prevailing at the dates of transactions. Foreign currency monetary assets and liabilities are translated into the respective functional currencies at the exchange rates prevailing at the statements of financial position date.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of foreign currency denominated assets and liabilities are recognised in the profit or loss.

Currency translation differences on non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items are measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

d) Impairment of non-financial assets

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

Recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

2 Significant accounting policies *(Cont'd)*

e) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first in first out basis. Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the cost of realisation. Provision is made where necessary for obsolete, damaged, slow moving and defective inventories.

f) Financial instruments

Financial instruments comprise financial assets and financial liabilities. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Other receivables do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined per the Company's revenue recognition policy.

Financial assets that are classified and measured at amortised cost or fair value through OCI, are financial assets that give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. The assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified in four categories:-

- Financial assets at amortised cost

- Financial assets at fair value through OCI with recycling of cumulative gains and losses

2 Significant accounting policies *(Cont'd)*

f) **Financial instruments** *(Cont'd)*

(i) **Financial assets** *(Cont'd)*

Subsequent measurement *(Cont'd)*

For the purposes of subsequent measurement, financial assets are classified in four categories:-

- Financial assets elected at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

- Financial assets at fair value through profit or loss

The Company's relevant financial assets category are financial assets at amortised cost.

<u>Financial assets at amortised cost</u>

The Company measures financial assets at amortised cost if both of the following conditions are met:-

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. For short-term receivables the nominal cost approximates the fair value.

The Company's financial assets at amortised cost includes trade and other receivables and cash and bank balances.

Derecognition

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has entered into a “pass-through” arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

2 Significant accounting policies *(Cont'd)*

f) Financial instruments *(Cont'd)*

(i) Financial assets *(Cont'd)*

Derecognition *Cont'd)*

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade and other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors’ ability to pay.

The Company makes judgmental assessment for financial asset in default when contractual payments are past due. The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. For short term payables the nominal costs approximate the fair value.

2 Significant accounting policies *(Cont'd)*

f) **Financial instruments** *(Cont'd)*

(ii) **Financial liabilities** *(Cont'd)*

Initial recognition and measurement *(Cont'd)*

The Company's financial liabilities include trade payables and accruals, other payables and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification.

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires when an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

(iii) Derivative financial instruments

Derivatives are initially recognised at their fair values at the date the derivative contract is entered into and are subsequently re-measured to their fair values at each statements of financial position date. The resulting gain or loss is recognised in the profit or loss immediately unless the derivative is designed and effective as a hedging instrument, in which case the timing of the recognition in the profit or loss depends on the nature of the hedge relationship.

g) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of pledged fixed deposits, cash at banks less bank overdraft.

h) Related party

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; o

(iii) is a member of the key management personnel of the Company or its holding Company.

2 Significant accounting policies *(Cont'd)*

h) **Related party** *(Cont'd)*

(b) An entity is related to the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of the third entity and the other entity is an associate of the third party;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or its holding company.

i) Contract liabilities

A contract liabilities are the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

j) Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers, if any.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

The Company sells ferro alloys, minor metals, noble alloys, base metals and ferrous and non-ferrous scrap. Revenue is recognised when goods are delivered to the customer and all criteria for acceptance have been satisfied. No volume discount is given by the Company.

2 Significant accounting policies *(Cont'd)*

j) **Revenue recognition** *(Cont'd)*

The amount of revenue recognised is based on the transaction price, which comprises the contractual price and discounted for expected returns. Based on Company's experience variable consideration (right to returns) is typically constrained and is concluded in the transaction only to the extent that is highly probable that is significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

k) Other income

Other income is recognised on the following basis:

Government grant

Government grant is recognised upon receipt basis.

Interest income

Interest income is recognised on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

l) Employee benefits

Retirement benefit costs

As required by law, the Company makes contributions to the Central Provident Fund (CPF), a defined contribution plan regulated and managed by the Government of Singapore. CPF contributions are recognised as expense in the same year to which the contribution relates.

Employee entitlements to annual leave are recognised when they accrue to the employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by the employees up to the statement of financial position date.

A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Key management personnel

Directors and certain managers that have the authority and responsibility for planning, directing and controlling the activities of the Company are considered key management personnel.

m) Operating lease

<u>These accounting policies are applied on and after the initial application date of FRS 116, 1 April 2019:</u>

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2 ignificant accounting policies *(Cont'd)*

m) **Operating lease** *(Cont'd)*

<u>These accounting policies are applied before the initial application date of FRS 116, 1 April 2019:</u>

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term.

n) Finance costs

Interest expense and similar charges are expensed in the profit or loss in the year in which they are incurred.

o) Income tax

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Company’s liability for current tax is calculated using statutory tax rate at the statement of financial position date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset, realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt, within equity.

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on net basis.

3 Trade receivables

	2020	2019
	US$	US$
Outside parties	3,883,130	4,195,472
Less: Allowance for doubtful debts		
- At beginning of year	-	-
- Charge for the year	(66,198)	-
- At beginning of year	(66,198)	-
	3,816,932	4,195,472
Related parties	298,417	617,214
	4,115,349	**4,812,686**

The average credit period is 30 days to 90 days (2018:45 days). No interest is charged on the trade receivables except the amount due from the related party which bears interest of 8% per annum.

The table below is an analysis of trade receivables aging as at March 31:

	2020	2019
	US$	US$
Not past due	1,185,325	1,786,886
Past due 1 to 30 days	-	1,688,628
Past due 31 to 90 days	2,490,600	785,017
Past due more than 90 days	439,424	552,155
	4,115,349	**4,812,686**

The Company has not made any allowance on all these receivables as the directors are of the view that all the receivables are recoverable. Allowance for doubtful debts made for receivables that are past due and doubtful of recovery. Management has not made any allowance on all other receivables as they view them all recoverable.

4 Other receivables

	2020	2019
	US$	US$

Sundry receivables	1,475	2,069
Margin deposit for derivatives	57,803	-
Deposits	219,935	371
Withholding tax	15,250	15,250
	294,463	**17,690**

The other receivables that are not denominated in United States Dollar are as follows:

	2020	2019
	US$	US$
Indian Rupee	1,123	371
Singapore Dollar	-	308

5 Cash and bank balances

	2020	2019
	US$	US$
Fixed deposit	353,512	342,805
Cash at bank	630,206	258,827
	983,718	**601,632**

Fixed deposit have an original tenure and maturity of 1 year (2019: 5 months to 7 months) as at year end. It bears interest rate of 2.9% (2019: 2.5% to 2.8%) per annum.

The fixed deposit are pledged for credit facilities (refer **Note 9** to the financial statements).

The cash and bank balances that are not denominated in United States Dollar are as follows:

	2020	2019
	US$	US$
Singapore Dollar	19,208	4,444

6 Share capital

	2020	2020	2019	2019
	No. of shares issued	US$	No. of shares issued	US$
Ordinary shares issued and fully paid				
Balance at beginning and end of year	**404,241**	**300,000**	**404,241**	**300,000**

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction and have no par value.

7 Trade payables and accruals

	2020	2019
	US$	US$
Trade payables	116,518	1,193,107
Accrued expenses	16,597	40,186
	133,115	**1,233,293**

The average credit period on goods purchased is 30 days. No interest is charged on the trade payables.

The trade payables and accruals that are not denominated in United States Dollar are as follows:-

	2020	2019
	US$	US$
Singapore Dollar	9,632	23,686

8 Other payables

	2020	2019
	US$	US$
Sundry payables	-	596
Holding company	45,000	45,000
Unsecured loan	-	1,000,000
Related party loan	500,000	-
Director	-	10,685
Withholding tax	16,677	16,640
	561,677	**1,072,921**

In 2019, the unsecured loan was obtained for working capital purpose which bore an interest of 7% per annum. The loan was unsecured and repayable on demand and was fully repaid during the financial year.

The amount due to holding company, loan from related party and director are unsecured, interest free and repayable on demand.

The other payables that are not denominated in United States Dollar are as follows:

	2020	2019
	US$	US$
Singapore Dollar	-	10,685

9 Borrowings

	2020	2019
	US$	US$
Secured:		
Trust receipts	2,394,243	2,499,558
Bank overdraft	-	407,321
	2,394,243	**2,906,879**

The borrowings bears an interest rate of about 6.9% (2019:6.9%) per annum.

The credit facilities are secured by the following:-

a) Pledge of fixed deposits of the Company (refer **Note 5** to the financial statements).

b) Personal guarantee by a certain director of the Company.

c) Corporate guarantee by the holding company.

10 Derivative financial instruments

	2020		2019	
	Notional contract value	**Fair value assets/(liabilities)**	**Notional contract value**	**Fair value assets/(liabilities)**
	US$	US$	US$	US$
Future contracts				
Sale	**283,152**	**275,148**	-	-

The fair value had been determined by reference to gain/(loss) on the contracts per year end statements from financial institution.

11 Contract liabilities

	2020	2019
	US$	US$
Advance for sales	**20,008**	**-**

12 Revenue

	2020	2019
	US$	US$
Sale of goods	**21,214,676**	**13,919,588**
Timing of transfer of goods		
At a point in time	**21,214,676**	**13,919,588**

The Company has not made any provision for right of return as it is not estimated to be significant.

13 Other income

	2020	2019
	US$	US$

Foreign exchange gain	-	2,365
Government grant - temporary employment credit	-	26
Interest income from		
- Bank	12,808	7,512
- Related party for late payment	-	101,664
Miscellaneous income	60	2,594
Trade payables written back - trade (outside parties)	623	-
	13,491	**114,161**

14 Finance costs

	2020	2019
	US$	US$
Interest on trust receipts and bank overdraft	114,296	204,361
Interest on unsecured loan	64,224	70,000
Corporate guarantee commission	45,000	45,000
Withholding tax expense on interest	27,895	49,061
	251,415	**368,422**

15 Profit before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the income statement, this item includes the following charges/(credits):-

	2020	2019
	US$	US$
Cost of purchases included in cost of sales	20,010,854	13,144,400
Salaries and allowances	2,352	9,402
CPF contributions (defined)	400	1,598
Director's remuneration	43,850	42,738
Allowance for doubtful debts - trade (outside party)	66,198	-
Bad debts written off - trade (outside party)	13,302	-
Foreign exchange loss/(gain)	1,111	(2,365)
Office rent	498	3,419
Other receivables written off - non trade (outside party)	-	7,134

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	2020	2019
	US$	US$
Director's remuneration	43,850	42,738

16 Income tax expense

	2020	2019
	US$	US$
Current year	112,800	47,300
Prior year over provision	(4,340)	-
	108,460	**47,300**

16 Income tax expense *(Cont'd)*

The income tax expense varied from the amount of income expense determined by applying the Singapore income tax rate of 17% to profit before income tax as a result of the following differences:

	2020	2019
	US$	US$
Profit before income tax	**737,761**	**353,896**
Tax expense at tax rate of 17%	125,419	60,163
Statutory stepped income exemption	(12,679)	(12,830)
Prior year over provision	(4,340)	-
Other items	60	(33)
Income tax expense for the financial year	**108,460**	**47,300**

Deferred tax is not provided for in the financial statements, as there are no significant timing differences.

17 Holding company and related party transactions

Some of the Company's transactions and arrangement are with holding company and the related party and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances with these parties are unsecured, interest free and repayable on demand unless otherwise stated.

During the financial year, the Company entered into the following trading transactions:

	2020	2019
	US$	US$
Holding company:		
Corporate guarantee commission	45,000	45,000
Related party:		
Sale of goods	2,215,049	1,669,699
Freight and handling charges	8,186	-
Interest income for late payment	-	101,664

18 Financial instruments, financial and capital risk management

(a) Categories of financial instruments

The following table sets out the financial instruments as at the statement of financial position date:

	2020	2019
	US$	US$
Financial assets		
Amortised cost:		
- Trade receivables	4,115,349	4,812,686
- Other receivables	279,213	2,440
- Cash at banks	983,718	601,632
Total financial assets	**5,378,280**	**5,416,758**

18 Financial instruments, financial and capital risk management *(Cont'd)*

(a) **Categories of financial instruments** *(Cont'd)*

	2020	2019
	US$	US$
Financial liabilities		
Amortised cost:		
- Trade payables and accruals	133,115	1,233,293
- Other payables	545,000	1,056,281
- Borrowings	2,394,243	2,906,879
Total financial liabilities	**3,072,358**	**5,196,453**

(b) Fair value measurements

Fair value hierarchy

The assets and liabilities measured at fair value are classified by the following level of fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

There are no financial assets measured at fair value.

Assets and liabilities not measured at fair value

(i) Trade receivables and trade payables

The carrying amounts of these receivables and payables (including trade balances due from related party) approximate their fair values as they are subject to normal trade credit terms.

(ii) Other receivables, cash at bank and other payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

(iii) Borrowings

Bank borrowings approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

(c) Financial risk management

The Company's activities expose it to a variety of financial risks from its operations. The key financial risks include liquidity risk, credit risk and market risk (including interest rate risk, foreign currency risk and price risk).

The directors review and agree policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

18 Financial instruments, financial and capital risk management *(Cont'd)*

(c) Financial risk management *(Cont'd)*

The following sections provide details regarding the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company has no significant liquidity risk as it maintains a level of cash and bank balances that is sufficient for working capital purpose.

The table below summarises the maturity profile of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

		Cash flows		
	Carrying amount	**Contractual cash flow**	**Less than 1 year**	**Within 2 to 5 years**
	US$	US$	US$	US$
2020				
Financial assets				
Trade receivables	4,115,349	4,115,349	4,115,349	-
Other receivables	279,213	279,213	279,213	-
Cash and bank balances	983,718	983,718	983,718	-
Total undiscounted financial assets	5,378,280	5,378,280	5,378,280	-
Financial liabilities				
Trade payables and accruals	(133,115)	(133,115)	(133,115)	-
Other payables	(545,000)	(545,000)	(545,000)	-
Borrowings	(2,394,243)	(2,430,156)	(2,430,156)	-
Total undiscounted financial liabilities	(3,072,358)	(3,108,271)	(3,108,271)	-
Total net undiscounted financial assets	**2,305,922**	**2,270,009**	**2,270,009**	-

2019

Financial assets				
Trade receivables	4,812,686	4,812,686	4,812,686	-
Other receivables	2,440	2,440	2,440	-
Cash and bank balances	601,632	601,632	601,632	-
Total undiscounted financial assets	5,416,758	5,416,758	5,416,758	-
Financial liabilities				
Trade payables and accruals	(1,233,293)	(1,233,293)	(1,233,293)	-
Other payables	(1,056,281)	(1,126,282)	(1,126,282)	-
Borrowings	(2,906,879)	(2,957,023)	(2,957,023)	-
Total undiscounted financial liabilities	(5,196,453)	(5,316,598)	(5,316,598)	-
Total net undiscounted financial assets	**220,305**	**100,160**	**100,160**	-

18 Financial instruments, financial and capital risk management *(Cont'd)*

(c) Financial risk management *(Cont'd)*

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss of the Company. The Company's exposure to credit risk arises primarily from trade and other receivables and cash at banks.

The Company has adopted a policy of only dealing with creditworthy counterparties. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Company has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 90 days past the credit due dates, default of interest due for more than 30 days or there is significant difficulty of the counterparty.

Cash at banks are placed with credit worthy financial institutions.

Trade receivables

The Company assessed the historical credit loss expense based on past due status, default in payments, trend of transactions, information of counterparties in the industry, the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using lifetime ECL. The management has estimated an allowance for credit loss of US$66,198 and the management has not made any allowance for credit loss as of April 1, 2019 as it determined the ECL is insignificant.

As at statement of financial position date, the Company has no significant concentration of credit risk in relation to any external parties. In 2019, the Company has a significant concentration of credit risk in relation to its external party receivables from two parties comprising 90% of the total trade receivable balances. Its trade receivable from related parties comprise of three parties (2019: one party). However, the Company does not foresee any risk of default by the parties as they are of good financial standing. Further details of credit risks on trade receivables are disclosed in **Note 3** to the financial statements.

The carrying amounts of the Company's trade receivables, other receivables, cash at banks and cash represent the Company's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

18 Financial instruments, financial and capital risk management *(Cont'd)*

(c) Financial risk management *(Cont'd)*

Interest rate risk

The Company's exposure to market risk for changes in interest rate relates to the Company's short-term debt obligations. It is the Company's policy to obtain the most favourable interest rates available whenever the Company obtains additional financing through bank borrowings.

The Company has interest bearing fixed deposits. The interest bearing fixed deposits are short term in nature and with the current interest rate level, any variation in the interest rates will not have a material impact on the net income of the Company.

Interest rate sensitivity

The sensitivity analysis below have been determined based on the exposure to interest rates for financial instruments at statement of financial position date and the stipulated change taking place at the beginning of the financial year and had been constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 50 basis points higher or lower and all other variables been constant, the Company's profit before tax for the year ended March 31, 2020 would decrease or increase by US$10,200 (2019:US$18,000).

Foreign currency risk

The Company has no significant concentration of foreign currency risk as its transactions and balances are denominated mainly in is functional currency.

As at financial year end, the carrying value of monetary assets and liabilities denominated in currencies other than in United States Dollar are disclosed in the respective notes to the financial statements.

Foreign currency sensitivity analysis

Any increase or decrease in the Singapore Dollar against the United States Dollar will have an impact on the financial statements. An increase in 10% in the Singapore Dollar rate will have no material impact on the results of the Company (2019: decrease the profit before tax by US$3,000 and a similar decrease in the Singapore Dollar rate will have a vice versa effect on the financial results of the Company).

In management's opinion the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Price risk

The Company has exposure to commodity price risk by virtue of its metal trading.

Commodity price risk

Commodities traded by the Company are subject to fluctuations due to a number of factors that result in price risk.

18 Financial instruments, financial and capital risk management *(Cont'd)*

(c) Financial risk management *(Cont'd)*

Price risk *(Cont'd)*

<u>*Commodity price risk*</u> *(Cont'd)*

The Company also enters into commodity derivatives for hedging purposes as and when determined by board of directors. As at the financial year end, there are open positions. Further details of credit risks on trade receivables are disclosed in **Note 10** to the financial statements.

(d) Capital risk management

The management considers the capital of the Company to mainly consist of shareholders equity.

The management manages the capital to ensure the Company will be able to continue as a going concern while maximising the return to shareholders through optimisation of the capital.

The management's overall strategy remains unchanged from 2019.

19 New accounting standards and FRS interpretations

At the date of authorisation of these financial statements, the following FRS and INT FRS that are relevant to the Company were issued and not effective:

				Effective from annual periods beginning on or after
FRS 1/FRS 8	(Amendments)	:	Definition of Material	January 1, 2020
FRS 103	(Amendments)	:	Definition of a Business	January 1, 2020
FRS 109/FRS 39/FRS 107	(Amendments)	:	Interest Rate Benchmark Reform	January 1, 2020

20 COVID-19 impact

The Coronavirus Disease (COVID-19) outbreak and the measures taken to contain the spread of the pandemic have created a high level of uncertainty to global economic prospects and this has impacted the Company's operations and its financial performance subsequent to the financial year end.

The Company expects revenue and profit to be affected to a certain extent due to the circuit breaker in Singapore and also lock down and travel restrictions in many countries due to COVID-19 outbreak.

As the situation continues to evolve with significant level of uncertainty, the Company is unable to reasonably estimate the full financial impact of the COVID-19 outbreak. The Company is monitoring the situation closely and to mitigate the financial impact, it is conscientiously managing its cost by adopting an operating cost reduction strategy and conserving liquidity by working with major creditors to align repayment obligations with receivable collections.

21 Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the directors on October 27, 2020.