AOSL PETROLEUM PTE LTD
(Incorporated in Singapore)

REPORT AND ACCOUNTS

31st MARCH, 2020

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AOSL PETROLEUM PTE LTD
(Incorporated in Singapore)

Statement by Directors

The Directors have pleasure in presenting their report to the members together with the audited financial statements of AOSL Petroleum Pte Ltd ("the Company") for the financial year ended 31 March 2020.

1. OPINION OF THE DIRECTORS

In the opinion of the Board of Directors of the Company,

(i) the financial statements which comprise the balance sheet as at 31st March 2020, statement of comprehensive income, statement of changes in equity and cash flow statement of the Company for the financial year then ended, and summary of significant accounting policies and other explanatory notes are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31st March 2020 and of the results, changes in equity and cash flows of the Company for the year ended on that date; and

(ii) 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.

2. DIRECTORS

The Directors of the Company in office at the date of this report are:

Manoj Rai (Appointed on 27/05/2020)
Rohit Agarwal (Appointed on 23/07/2019 & Resigned on 27/05/2020)
Atul Bhoil (Resigned on 23/07/2019)
Teo Nancy

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during that year did there subsist any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

4. DIRECTORS INTERESTS IN SHARES AND DEBENTURES

According to the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), the directors of the Company who held office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations.

5. SHARE OPTIONS

There were no share options granted during the financial year to subscribe for unissued shares of the Company.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

6. AUDITORS

M/s. S. Renganathan & Co., has expressed its willingness to accept re-appointment as auditor.

The Board of Directors

Manoj Rai

Teo Nancy

Singapore

Date : 5th June, 2020

S. RENGANATHAN & CO

Chartered Accountants, Singapore
Regn. No. S64PF0237B

101 Cecil Street,
#23-12 Tong Eng Building
Singapore 069533

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AOSL PETROLEUM PTE LTD

Opinion

We have audited the financial statements of **AOSL PETROLEUM PTE LTD** (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2020, the statement of profit or loss and other 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, except for the above matter, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2020 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Emphasis of Matter

In our opinion, we draw attention to Note 15 to the financial statements. The Company's total liabilities exceeded its total assets by US$ 1,842,638 (2019: US$ 2,085,963). The appropriateness of the going concern assumption on which the financial statements of the Company are prepared is dependent on the continued financial support from its ultimate holding company. The ultimate holding company have agreed to continue providing financial support to the company and not recall the amount until such time when the company is financially solvent and also confirmed that if and when required additional funds will be made available to the company in order for it to meet any liabilities which may fall due.

In forming our opinion, we have considered the adequacy of the disclosures of the above matter in the financial statements.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the 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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AOSL PETROLEUM PTE LTD

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, 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 FRSs, 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.

Auditor's Responsibilities for the Audit of the Financial Statements.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs 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 SSAs, we exercise professional judgment and maintain professional skepticism 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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AOSL PETROLEUM PTE LTD

- 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 auditor's 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 auditor's 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.

S. Renganathan & Co.
Public Accountants &
Chartered Accountants, Singapore

Singapore

Date: 5th June, 2020

AOSL PETROLEUM PTE LTD
(Incorporated in Singapore)

BALANCE SHEET AS AT 31st MARCH 2020

AOSL PETROLEUM PTE LTD
(Incorporated in Singapore)

BALANCE SHEET AS AT 31st MARCH 2020

	Notes	2020 US$	2019 US$
ASSETS			
Current Assets			
Cash and Cash Equivalent	6	198,568	618
Trade Receivables	7	736,233	-
Other Receivables	8	3,330	3,330
Total Assets		**938,131**	3,948
LIABILITIES			
Current Liabilities			
Trade Payables	9	1,322,138	381,278
Other Payables	10	1,458,630	1,708,633
Total Liabilities		2,780,768	2,089,911
NET (LIABILITIES)		**(1,842,637)**	**(2,085,963)**
EQUITY			
Share Capital	11	735	735
Accumulated (Losses)		(1,843,372)	(2,086,698)
Total Shareholders Equity		**(1,842,637)**	**(2,085,963)**

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

AOSL PETROLEUM PTE LTD
(Incorporated in Singapore)

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

	Notes	2020 US$	2019 US$
Revenue	2c	2,666,233	-
Less: Cost of Service		(2,257,348)	-
Gros Profit		408,885	-
Other Income		92	-
Administrative Expenses		(12,690)	(13,325)
Operating Expenses		-	(251,937)
Profit / (Loss) from the operations	12	396,287	(265,262)
Financial Cost		(152,961)	(166,039)
Profit / (Loss) before Tax		243,326	(431,291)
Taxation	13	-	-
Profit / (Loss) after Tax		**243,326**	**(431,291)**
Other Comprehensive Income (Net of Tax)		-	-
Total Comprehensive Income / (Loss)		**243,326**	**(431,291)**

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

Statement of Changes in Equity

For the financial year ended 31 March 2020

	Share Capital US$	Accumulated (Losses) US$	Total US$
Balance at 31 March 2019	735	(1,655,407)	(1,654,672)
Total Comprehensive (Loss) for the year	-	(431,291)	(431,291)
Balance at 31 March 2019	735	(2,086,698)	(2,085,963)
Total Comprehensive Income for the year	-	243,326	243,326
Balance at 31 March 2020	**735**	**(1,843,372)**	**(1,842,637)**

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

AOSL PETROLEUM PTE LTD
(Incorporated in Singapore)

Cash Flow Statement
For the financial year ended 31 March 2020

	2020 US$	2019 US$
Cash Flow from Operating Activities		
Profit / (Loss) before taxation	243,326	(431,291)
	243,326	(431,291)
Trade Receivables	(736,233)	-
Other Receivables	-	251,636
Trade Payables	940,860	172,879
Other Payables	(250,003)	-
Cash generated from operations	(45,376)	424,515
Income Tax Refund / paid	-	-
Net cash inflow from operating activities	197,950	(6,776)
Cash Flows from Investing Activities	-	-
Net cash outflow from investing activities	-	-
Cash Flows from Financing Activities	-	-
Net cash outflow from financing activities	-	-
Net increase / (decrease) in cash and cash equivalents held	197,950	(6,776)
Cash and Cash Equivalents at the beginning of the year	618	7,394
Cash and Cash Equivalents at the end of the year	**198,568**	**618**

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

5. Corporate Information

The Company (Registration Number: 200814431W) is incorporated in Singapore with its registered and the administration office at 192 Waterloo Street, #05-01 Skyline Building, Singapore 187966.

HOLDING COMPANY

The Company is now a subsidiary of M/s. Asian Oilfield Services Ltd, incorporated in India which is the immediate holding company and M/s. Oilmax Energy Pte. Ltd, incorporated in India is the ultimate holding company.

The financial statements are presented in United States dollars which is the also the Company's functional currency.

The principal activities of the company are that of oil and gas exploration and investment holding.

There has been no significant change in the nature of this activity during the financial year.

The financial statements of the Company for the year ended 31 March, 2020 were authorized for issue by the Board of Directors on

6. Significant Accounting Policies

a. Basis of Preparation

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS") including related interpretations of FRS ("INT FRS") promulgated by the Accounting Standards Council ("ASC").

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 assumption 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 revenue and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting judgements estimates and assumptions used that are significant to the financial statements are areas involving a higher degree of judgement or complexity are disclosed in Note 4 to the financial statements.

2. Significant Accounting Policies - cont'd

b. Changes in Accounting Policies

a) Adoption of new revised FRSs and INT FRSs

In the current financial year, the Company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and are effective for financial periods beginning on or after 1 January 2019. The adoption of these new/ revised FRSs and INT FRSs does not result in substantial changes to the Company's accounting policies and has no material effect on the amounts reported for the current or prior financial years, except as discussed below:

(i) FRS 116 Leases

FRS 116 replaces FRS 17 Leases, INT FRS 104 Determining whether an Arrangement Contains a Lease, INT FRS – 15 Operating Leases – Incentives and INT FRS – 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

FRS 116 requires a lessee to recognise leases on the balance sheet but provides exemptions for leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments ("lease liability") and an asset representing the right to use the underlying asset during the lease term ("right-of-use asset"). The lessee will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under FRS 116 is substantially uncharged from FRS 17. Lessor will continue to classifty leases as either operating or finance leases using similar principles as in FRS 17. As the Company is primarily a lessor engaging in leasing of dry bulk carrier, the adoption of this standard did not have a material impact on the financial statements of the Company.

(ii) INT FRS 123, Uncertainty over Income Tax Treatments

The Interpretation clarifies how to apply the recognition and measurement requirements of FRS 123 when there is uncertainty over income tax treatments. In accordance with the interpretion, in determining taxable income (loss) for tax purposes, tax bases, unused tax losses, unused tax credits and tax rates in the event of uncertainty, the entity should assess whether it is probable that the tax authority will accept the tax treatment it has taken. If it is probable that the tax authority will accept the tax position adopted by the entity, the entity shall recognise tax implications on the financial statements in accordance with the same tax position. On the other hand, if it is not probable that the tax position taken, the entity needs to reflect the uncertainty in the books by using one of the following methods: the most likely outcome or the expected value. The interpretation clarifies that when determining whether it is probable or not probable that the tax authority will accept the tax position adopted by the entity, it should be assumed that the tax authority will review the amounts to which it has a right and that it will have full knowledge of all relevant information in this examination. In addition, in accordance with the interpretation, changes in circumstances or new information which may change this judgement should be taken into account. The implementation of the Interpretation did not have a material effect on the Financial Statements.

2. Significant Accounting Policies - cont'd

b) Standards issued but not yet effective

As at the date of the authorisation of these financial statements, the Company has not adopted the following FRSs and INT FRSs that have been issued but not yet effective:

Reference	Description	Effective for annual periods beginning on or after
FRS 1 and FRS 8	Definition of Material (Amendments)	1 January 2020
FRS 103	Definition of a Business (Amendments)	1 January 2020
FRS 117	Insurance Contracts	1 January 2021
	Amendments to Reference to the Conceptual Framework in FRS Standards	1 January 2020

The Company expect that the adoption of the above standards, interpretations and improvements, if applicable, will have no material impact on the financial statements in the period of initial application, except as described below:

i) FRS 1, Presentation of Financial Statements and FRS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material (Amendments)

The amendments refine the definition of material in FRS 1 and align the definitions used in Conceptual Framework for Financial Reporting and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

An entity applies those amendments prospectively for annual reporting periods beginning on or after 1 January 2020, with earlier application permitted. The Company does not expect any significant impact of adopting these amendments.

iii) FRS 103: Definition of a Business (Amendments)

The amendments to FRS 103 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.
An entity applies those amendments prospectively for annual reporting periods beginning on or after 1 January 2020, with earlier application permitted.

These amendments will apply on future business combinations of the Company.

2. Significant Accounting Policies - cont'd

c. Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and for the rendering of services in the ordinary course of the company's activities. Amounts disclosed as revenue are net of goods and services tax, rebates and discounts.

The company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities as described below:

a) Sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

d. Income Tax

a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. **Significant Accounting Policies - cont'd**

Income Tax – cont'd

b) **Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

c) **Sales tax**

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

e. **Foreign Currency Transactions**

a) Functional and presentation currency

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be Singapore dollars. Revenue and major operating expenses are primarily influenced by fluctuations in Singapore dollars. The financial statements are presented in Singapore dollars, which is the functional currency of the Company.

2. **Significant Accounting Policies - cont'd**

Foreign Currency Transactions – cont'd

b) Foreign currency transactions
Transactions in foreign currencies are measured in the functional currency of the company are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as 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. Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

f. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

g. Cash and bank balances

Cash and bank balances in the statement of financial position comprise cash on hand, demand deposits and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents also includes bank overdrafts and excludes any pledged deposits.

2. Significant Accounting Policies - cont'd

h. Related Parties

A related party is defined as follows:

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

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

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

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 Company (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 Company 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 a third entity and the other entity is an associate of the third entity.

(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).

Key management personnel is defined as follows:

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company.

i. Events after the end of the Reporting Period

Events after the end of the reporting period that provide additional information about the Company's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the end of the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

3. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or where appropriate, a shorter year.

1. Financial Assets

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the financial instruments.

a) Classification of financial assets

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

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 financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the amount of 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 party if the trade receivables do not contain a significant financing component at initial recognition.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI) on the principal amount outstanding. This 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.

3. **Financial Instruments - cont'd**

Financial Assets – cont'd

Purchase or sales of financial assets that required delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Company commit to purchase or sell the asset.

For purpose 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 (debt instruments).
- Financial assets designated 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.

b) Financial assets at amortised cost

The company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- The asset is held within a business model with the objective of collecting the contractual cash flows; and
- The contractual terms give rise on specified dates to cash flows that solely payments of principal and interest on the principal outstanding.

Financial assets at amortised cost include trade and other receivables, and other financial assets that held with the objective of collecting contractual cash flows. After initial measurement at fair value, the financial assets are measured at amortised cost using the effective interest rate (EIR) method, less impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in other income.

3. **Financial Instruments - cont'd**

Financial Assets – cont'd

The company has balances of other receivables and cash and bank balances that are held within a business model, whose objective is collecting contractual cash flows.

i) Trade and other receivables
Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as trade and other receivables. Trade and other receivables are measured at initial recognition at the fair value, and are subsequently measured at amortised cost using the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

ii) Cash and bank balances
Cash and bank balances comprise deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

c) Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss.

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in the profit and loss account.

Derivative Financial Instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The changes in fair value of any derivative instrument that do not qualify for hedge accounting are recognised directly in the profit and loss statement.

Other than financial assets at amortised cost and financial assets at fair value through profit or loss, the company does not designate any financial assets under any other category under FRS 109.

3. **Financial Instruments - cont'd**

Financial Assets – cont'd

d) 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 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 considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Company may also consider 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.

3. **Financial Instruments - cont'd**

Financial Assets – cont'd

e) Derecognition of financial assets

A financial asset is primary derecognised when:

i) the rights to receive cash flows from the asset have expired or,

ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under 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.

Where 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.

Continuing involvement that takes form of guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2. Financial liabilities and equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and equity instrument.

a) Financial liabilities

Financial liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provision for the financial instrument. The measurement of financial liabilities depends on their classification as either financial liabilities "at fair value through profit or loss" or "other financial liabilities at amortised costs".

3. **Financial Instruments - cont'd**

Financial liabilities and equity – cont'd

i) Financial liabilities at amortised cost

Financial liabilities are initially recognised at value plus directly attributable costs and subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Financial liabilities at amortised cost are classified within "trade and other payables" and "borrowing" on the statement of financial position.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the loans using the effective interest method.

Borrowings which are due to be settled within twelve months after the end of the reporting period are included in current borrowings in the statement of financial position. Other loans due to be settled more than twelve months after the end of the reporting period are included in non-current liabilities in the statement of financial position.

ii) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

3. **Financial Instruments - cont'd**

Financial liabilities and equity – cont'd

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in the profit and loss account.

Derivative Financial Instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The changes in fair value of any derivative instrument that do not qualify for hedge accounting are recognised directly in the profit and loss statement.

The Company uses derivative financial instruments to hedge against risks associated with interest rate fluctuations. It is the Company's policy not to use derivative financial instruments for speculative purposes.

b) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Where 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, and the difference in the carrying amounts is recognised in the profit and loss.

c) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends to the Company's shareholders are recognised when the dividends are approved for payments.

d) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an obligation to settle on a net basis, or realise the asset and settle the liability simultaneously.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

a) Critical judgement in applying the company's accounting policies

In the application of the company's accounting policies, which are described to the financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

i) Income taxes

Significant judgement is required in determining the deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. The carrying amount of the company's income tax payable as at 31 March 2020 was US$ **Nil** (2019: US$ Nil).

ii) Determination of functional currency

In determining the functional currency of the company, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currency of the company is determined based on management's assessment of the economic environment in which the company operate and process of determining sales prices. The company measures foreign currency transactions in the functional currency of the company.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty - cont'd

b) Key sources of estimation uncertainty

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

i) Allowances for doubtful accounts

An allowance is made for doubtful accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. Management specifically analyses accounts receivables and analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in our customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful accounts. At the end of the reporting period, the receivables are measured at fair value and their fair values might change materially within the next financial year but these changes would not arise from assumptions or other sources of estimates uncertainty at the end of the reporting period. The carrying amount of trade and other receivables as at 31 March 2020 was US$ 739,563 (2019: US$ 3,330).

ii) Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate 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. The information about the ECLs on the Company's trade receivables is disclosed.

The carrying amount of the Company's trade receivables as at 31 March 2020 was US$ 736,233 (2019: US$ Nil).

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty - cont'd

b) Key sources of estimation uncertainty – cont'd

iii) Provisions

Provisions are recognized in accordance with the accounting policy, to determine whether it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made, the company takes into consideration factors such as the existence of legal/contractual agreements, past historical experience, external advisors' assessments and other available information.

vi) Contingent liabilities

Determination of the treatment of contingent liabilities in the financial statements is based on management's view of the expected outcome of the applicable contingency. To determine whether there is objective evidence of contingent liability, the management considers factors such as probability of occurrence or non-occurrence of uncertain future events and also consults a legal counsel of matters related to litigations.

5. Financial Instruments, Financial Risks Management and Capital Management

5.1. Financial Risks Management Policies and Objectives

The company's overall risk management policy seeks to minimise potential adverse effects on the financial performance of the company. The company, however, does not have any written risk management policies and guidelines. The board of directors is responsible for setting the objective and underlying principles of financial risk management for the company. The directors' meet periodically to analyse, formulate and monitor the following risk management of the company and of the company and believe that the financial risks associated with these financial instruments are minimal.

The company adopts a systematic approach towards risk assessment and management. Risk management is carried out in three phases, i.e. identification and assessment of risks, formulation and implementation of risk treatment, and monitoring and reporting of risk profile.

5. Financial Instruments, Financial Risks Management and Capital Management - cont'd

5.1. Financial Risks Management Policies and Objectives – cont'd

a) Categories of financial assets and liabilities

The carrying amount of financial assets and financial liabilities included in the statement of financial position, the categories and the headings in which they are included are as follows:

	2020 US$	2019 US$
Financial assets		
Loans and receivables:		
- trade and other receivables	**739,563**	3,330
- cash and bank balances	**198,568**	618
	938,131	3,948
Financial liabilities		
At amortised costs:		
- trade and other payables	**(2,780,768)**	(2,089,911)
	(1,842,637)	(2,085,963)

Further quantitative disclosures are included throughout these financial statements.

b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations to repay amounts owing to company resulting in a loss to the company. The company's primary exposure to credit risk arises through its trade and other receivables and other financial assets including cash and bank balances. The company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a mean of mitigating the risk of financial loss from defaults. For other financial assets, the company minimise credit risk by placing the cash deposits with reputable banks and financial institutions with high credit rating assigned by international credit rating agencies.

Credit risk management

The company considers the probability of default upon initial recognition of asset and at each reporting date, assesses whether there has been a significant increase in credit risk since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

5. Financial Instruments, Financial Risks Management and Capital Management – cont'd

5.1. Financial Risks Management Policies and Objectives – cont'd

b) Credit risk – cont'd

Credit risk management – cont'd

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and includes forward-looking information such as the following:

- credit rating information supplied by publicly available financial information;
- existing or forecast adverse changes in business; financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and
- significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtor and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if the counterparty is more than 30 days past due in making contractual payment.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Low credit risk

The company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date.

A financial asset is considered to have low credit risk if:

- the financial instrument has a low risk of default;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

5. **Financial Instruments, Financial Risks Management and Capital Management – cont'd**

5.1. **Financial Risks Management Policies and Objectives – cont'd**

b) Credit risk – cont'd

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the company on terms that the company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Default event

The company considers a financial asset in default when the counterparty fails to make contractual payments, within 180 days when they fall due, unless the company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

In certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the counterparty is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held).

Write off policy

The company categorises a receivable for potential write-off when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery or when a debtor fails to make contractual payments more than 365 days past due. Where receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The company's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognising expected credit loss provision (ECL)
Grade I (Performing)	Counterparty has a low risk of default and does not have any past due amounts.	12-month ECL
Grade II (Under performing)	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL- not credit impaired

5. **Financial Instruments, Financial Risks Management and Capital Management – cont'd**

5.1. **Financial Risks Management Policies and Objectives – cont'd**

b) Credit risk – cont'd

Write off policy – cont'd

The company's current credit risk grading framework comprises the following categories: (cont'd)

Category	Definition of category	Basis for recognising expected credit loss provision (ECL)
Gross III (Default)	Amount is > 180 days past due to there is evidence indicating the asset is credit-impaired (in default)	Lifetime ECL – credit impaired
Write-off	Amount is > 365 days past due or there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

There are no significant changes to estimation techniques or assumptions made during the reporting period.

Expected Credit Loss Assessment

The following are qualitative information about amounts arising from expected credit losses for financial assets.

(i) Trade receivables

The company has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The company determined the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. The contract assets relate to unbilled revenue and have substantially the same risk characteristics as the trade receivables for the same type of contracts. Accordingly, the credit risk profile of trade receivables and contract assets is presented based on their past due status in term of provision matrix.

(ii) Other receivables

Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default (including but not limited to management accounts and cash flows), management consider the company's credit risk exposure as low. Therefore, impairment on these balances have been measured on the 12-month ECL basis; and the amount of the allowance is insignificant.

5. Financial Instruments, Financial Risks Management and Capital Management – cont'd

5.1. Financial Risks Management Policies and Objectives – cont'd

b) Credit risk – cont'd

Expected Credit Loss Assessment– cont'd

(iii) Cash and bank balances

Loss allowance on bank balances are measured on the 12-month ECL and reflects the short maturities of the exposures. The company considers that its bank balances have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on bank balances is insignificant

Concentration of credit risk

The company has no significant concentration of credit at the end of the reporting period.

Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the company.

Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

c) Interest rate risk

Interest rate risk arises from the potential change in interest rate that may have an adverse effect on the company results in the current reporting year and in the future years.

The company is exposed to interest rate risk through the impact of rate changes on interest bearing bank finance leases. Risk variables are based on volatility interest rates. The company's policy is to obtain most favourable interest rate available in the market. The company ensures that it obtains borrowings at competitive interest rates under the most favourable terms and conditions. The interest rates and terms of repayment of finance leases of the company are disclosed in Note 15 to the financial statements. The management believes the interest rate risk is manageable. Hence, the company does not use any derivative financial instruments to mitigate this risk.

Interest rate sensitivity

The sensitivity analysis has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

5. **Financial Instruments, Financial Risks Management and Capital Management – cont'd**

5.1. **Financial Risks Management Policies and Objectives – cont'd**

c) Interest rate risk – cont'd

Interest rate sensitivity – cont'd

The company's profit or loss and equity are not affected by the changes in interest rates as the interest-bearing instruments either carry fixed interest or are measured at amortised cost or carry variable interest but are held for short-term. Accordingly, management is of the view that the impact of any interest rate fluctuation will not be material.

The company's exposure to interest rate risk on financial assets and financial liabilities are immaterial.

	2020 US$	2019 US$
Business Loan	1,458,630	1,708,633
	1,458,630	1,708,633

Sensitivity analysis for interest rate risk

A 1% increase of the interest rate as at the balance sheet date would have decrease the profit before tax by the amounts shown below. The analysis assumes that all other variables, remain constant.

	2020 US$	2019 US$
Profit before taxation	14,586	17,086

A 1% decrease of the interest rate as at the balance sheet date would have had the equal opposite effect to the amounts shown above, on the basis that all over other variables remain constant.

d) Foreign currency exchange rate risk

Foreign currency exchange rate risk arises from the change in foreign currency exchange rates that may have an adverse effect on the company in the current reporting period and in the future years.

The foreign exchange risk of the company which generate revenue and incur costs denominated in Singapore Dollars. The company's major foreign exchange risk exposures result from the sales transactions, receivables, purchases transactions and payable that are denominated in foreign currencies, primarily in Singapore Dollars. This natural hedge reduces significantly the financial impact of movements in the foreign exchange rates.

5.1. **Financial Risks Management Policies and Objectives – cont'd**

d) Foreign currency exchange rate risk – cont'd

Foreign currency exchange rate sensitivity – cont'd

The entities within the company maintain their books and records in their functional currencies. The company's accounting policy is to translate the profits or losses of entities with functional currencies other than United States dollars using the yearly average exchange rates. Net assets denominated in foreign currencies and held at the yearend are translated into United States dollars; the company's reporting currency, at year end exchange rates. Fluctuations in the exchange rate between the functional currencies and United States dollars will therefore have an impact on the company. However, the exposure to foreign currency risk is monitored on an ongoing basis and the company endeavours to keep the net exposure at acceptable level. Management believes that the foreign exchange risk is manageable. Presently, no transaction in forward exchange contract is deemed necessary.

e) Liquidity risk management

Liquidity risk refer to risk that the company will not have sufficient funds to pay its debts as and when they fall due.

The company actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. The company maintains a level of cash and bank balances deemed adequate by management to meet the company's working capital requirement. In addition, the company strives to maintain available banking facilities at a reasonable level to its overall debt position.

The following table summarises the company's remaining contractual maturity for its non-derivative financial liabilities at the end of the reporting period based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the company is expected to pay.

			Contractual undiscounted cash flows			
2020	**Effective interest rate (%)**	**Carrying Amount**	**Less than one year**	**Two to five years**	**More than five years**	**Total**
		US$	**US$**	**US$**	**US$**	**US$**
Financial liabilities						
At amortised cost:						
- Trade & other payables	-	**2,780,768**	**2,780,768**	-	-	**2,780,768**

			Contractual undiscounted cash flows			
2019	**Effective interest rate (%)**	**Carrying Amount**	**Less than one year**	**Two to five years**	**More than five years**	**Total**
		US$	**US$**	**US$**	**US$**	**US$**
Financial liabilities						
At amortised cost:						
- Trade & other payables	-	2,089,911	2,089,911	-	-	2,089,911

5.1. **Financial Risks Management Policies and Objectives – cont'd**

f) Fair value of financial assets and financial liabilities

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained through discounted cash flow models as appropriate.

Management considers that the carrying amounts of cash and bank balances, trade and other receivables, trade and other payables and finance leases recorded at amortised cost in the financial statement approximate their fair values.

5.2. **Capital Risk Management Policies and Objectives**

The company manages its capital to ensure that the company is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholder value.

In order to maintain or adjust the capital structure, the company may adjust the dividend payment to equity holders, issue new shares, return capital to the equity holders, and obtain new borrowings or redemption of borrowings.

The company monitors capital using gearing ratio, which is net debt divided by total capital. Net debt is calculated as finance leases plus trade and other payables less bank balance. Total capital is calculated as equity plus net debt. The company's overall strategy remains unchanged during the year.

	2020 US$	2019 US$
Trade and other payables	**2,780,768**	2,089,911
Less: Cash and bank balances	**(198,568)**	(618)
Net debt	**2,582,200**	2,089,293
Total equity	**(1,842,638)**	(2,085,963)
Total capital	**739,563**	3,330
Gearing ratio	**-**	-

N.M. – Not meaningful to compute gearing ratio as the cash and bank balances are greater than the finance leases and trade and other payables.

The company will continue to monitor economic conditions in which its operations and will make adjustments to its capital structure where necessary.

The capital structure of the company's mainly consists of equity and net debt. The company's overall strategy remains unchanged from 30 June 2019.

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

6. Cash and Cash Equivalent

	2020 US$	2019 US$
Cash at Bank	198,568	618

The carrying values of these Cash and Cash Equivalents approximate their fair values and are denominated in United States dollars.

7. Trade Receivables

	2020 US$	2019 US$
Amount due from Non-Related parties	736,233	-

The carrying values of these trade receivables approximate their fair values and are denominated in United States dollars.

8. Other Receivables

	2020 US$	2019 US$
Deposit	3,330	3,330

The carrying values of these other receivables approximate their fair values and are denominated in United States dollars.

9. Trade Payables

	2020 US$	2019 US$
Accrued expenses – Outside Parties	6,000	9,840
Accrued expenses – Related parties	461,203	371,438
Trade Payables	854,935	-
	1,322,138	381,278

The carrying values of these accruals and trade payables approximate their fair values and are denominated in United States dollars.

10. Other Payables

	2020 US$	2019 US$
Amount due to holding Company	229,046	482,249
Amount due to related parties	1,229,584	1,226,384
	1,458,630	1,708,633

Amount due to holding company and related parties are interest free, unsecured and repayable on demand.

The carrying values of these other payables approximate their fair values and are denominated in United States dollars.

11. Share Capital

	No of Shares 2020	Issued Share Capital 2020 US$	No of Shares 2019	Issued Share Capital 2019 US$
Balance at 1st April	1,000	735	1,000	735
Balance at 31st March	1,000	735	1,000	735

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 restrictions.

12. Net Income from Operations

This is stated after charging/(crediting):	2020 US$	2019 US$
Bad debts	-	251,636
Bank Charges	1,399	126
Exchange loss	-	65
Interest Expenses	151,562	166,039

13. Income Tax

	2020 US$	2019 US$
Income Tax - Current Year	-	-

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

	2020 US$	2019 US$
Accounting Profit / (Loss)	243,325	(431,291)
Tax at the applicable tax rate of 17%	41,365	(73,319)
Tax effect of non-deductible expense	25,766	73,319
Deferred Tax Asset not provided	(67,131)	-
	-	-

The Company has tax loss carry forwards of US$ 170,100 (2019: US$ 557,600) and timing differences available for offsetting against future taxable income. The unrecognised deferred tax asset of the company was US$ 94,800 (2019: US$ 94,800).

The realisation of the future income tax benefits from tax loss carry forwards and timing difference is available for an unlimited future year only if the company derives future assessable income of a nature and of sufficient amount to enable the benefit of the deductions for the loss to be realised and the company continues to comply with the conditions for deductibility imposed by the law including the retention of majority shareholders as defined. To the extent that tax benefits are utilised in the future from offsetting the tax loss carry forwards in respect of timing differences, provisions for deferred tax will be required for such timing differences.

14. Related Party Transactions

The company has significant transactions with related parties on terms agreed between the parties as follows:

	2020 US$	2019 US$
Interest paid to Related Party	(151,562)	(166,039)

All business transactions between the company and other companies in which the directors have an interest were carried out at arm's length and charged on the same basis chargeable to other non-related companies.

15. Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Cash and cash equivalents, other receivables and other payables
The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

Trade receivables and trade payables
The carrying amounts of these receivables and payables approximate their fair values as they are subject to normal trade credit terms.

16. Going Concern

As at balance sheet date, the total liabilities exceeded its total assets by US$ 1,842,638 (2019: US$ 2,085,963). The financial statements have been prepared on a going concern basis based on the letter of support from the ultimate holding company that financial support will continue to be available and not recall the balance until such time when the company is financially solvent and confirm that if and when required adequate funds will be made available to the company in order for it to meet any liabilities which may fall due.

The annexed detailed profit and loss account does not form part of the audited statutory accounts and therefore it is not covered by the auditors' report.

AOSL PETROLEUM PTE LTD
(Incorporated in Singapore)

Income and Expenditure Account
For the financial year ended 31 March 2020

	US$
REVENUE	2,666,233
LESS: COST OF SERVICE	(2,257,348)
GROSS PROFIT	408,885
ADD: Other Income	92
	408,977
LESS: EXPENSES	
Audit Fees	6,000
Bank Charges	1,399
Interest Expense	151,562
Legal & Professional Fees	6,690
Total Expenses	(165,651)
PROFIT FOR THE YEAR	**243,326**