

**AOSL PETROLEUM PTE LTD**  
**(Incorporated in Singapore)**

**REPORT AND ACCOUNTS**

**31st MARCH, 2019**

**C O N T E N T S**

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**P A G E N O S.**

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# **AOSL PETROLEUM PTE LTD**

**(Incorporated in Singapore)**

## **Statement by Directors**

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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 2019.

### **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 31<sup>st</sup> March 2019, 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 31<sup>st</sup> March 2019 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:

Atul Bhoil  
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.

**AOSL PETROLEUM PTE LTD**  
(Incorporated in Singapore)

**Statement by Directors Continued/...**  
*For the financial year ended 31 March 2019*

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**6. AUDITORS**

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

On behalf of the Board of Directors

\_\_\_\_\_  
Atul Bhoil



\_\_\_\_\_  
Teo Nancy



Singapore

Date : **21 MAY 2019**

# 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 2019, 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 2019 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\$ 2,085,963 (2018: US\$ 1,654,672). 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.

# S. RENGANATHAN & CO

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Regn. No. S64PF0237B

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

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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 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.

# S. RENGANATHAN & CO

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

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- 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: **21 MAY 2019**

**AOSL PETROLEUM PTE LTD**  
**(Incorporated in Singapore)**

**BALANCE SHEET AS AT 31st MARCH 2019**

|                                  | Notes | 2019<br>US\$       | 2018<br>US\$       |
|----------------------------------|-------|--------------------|--------------------|
| <b>ASSETS</b>                    |       |                    |                    |
| <b>Current Assets</b>            |       |                    |                    |
| Cash and Cash Equivalent         | 4     | 618                | 7,394              |
| Other Receivables                | 5     | 3,330              | 254,966            |
|                                  |       | -----              | -----              |
| <b>Total Assets</b>              |       | <b>3,948</b>       | <b>262,360</b>     |
|                                  |       | -----              | -----              |
| <b>LIABILITIES</b>               |       |                    |                    |
| <b>Current Liabilities</b>       |       |                    |                    |
| Trade Payables                   | 6     | 381,278            | 208,399            |
| Other Payables                   | 7     | 1,708,633          | 1,708,633          |
|                                  |       | -----              | -----              |
| <b>Total Liabilities</b>         |       | <b>2,089,911</b>   | <b>1,917,032</b>   |
|                                  |       | -----              | -----              |
| <b>NET (LIABILITIES)</b>         |       | <b>(2,085,963)</b> | <b>(1,654,672)</b> |
|                                  |       | =====              | =====              |
| <b>EQUITY</b>                    |       |                    |                    |
| Share Capital                    | 8     | 735                | 735                |
| Accumulated (Losses)             |       | (2,086,698)        | (1,655,407)        |
|                                  |       | -----              | -----              |
| <b>Total Shareholders Equity</b> |       | <b>(2,085,963)</b> | <b>(1,654,672)</b> |
|                                  |       | =====              | =====              |

*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 31<sup>st</sup> March 2019*

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|   | Notes | 2019<br>US\$     | 2018<br>US\$     |
|---|-------|------------------|------------------|
| Revenue                                 | 2d    | -                | -                |
| Administrative Expenses                 |       | (13,325)         | (13,822)         |
| Operating Expenses                      |       | (251,937)        | (382)            |
| (Loss) from the operations              | 9     | (265,262)        | (14,204)         |
| Financial Cost                          |       | (166,039)        | (159,509)        |
| (Loss) before Tax                       |       | (431,291)        | (173,713)        |
| Taxation                                | 10    | -                | -                |
| <b>(Loss) after Tax</b>                 |       | <b>(431,291)</b> | <b>(173,713)</b> |
| Other Comprehensive Income (Net of Tax) |       | -                | -                |
| <b>Total Comprehensive (Loss)</b>       |       | <b>(431,291)</b> | <b>(173,713)</b> |

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



**AOSL PETROLEUM PTE LTD****(Incorporated in Singapore)****Statement of Changes in Equity***For the financial year ended 31 March 2019*

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|   | <b>Share<br/>Capital<br/>US\$</b> | <b>Accumulated<br/>(Losses)<br/>US\$</b> | <b>Total<br/>US\$</b> |
|---|-----------------------------------|--|-----------------------|
| Balance at 31 March 2017                | 735                               | (1,481,694)                              | (1,480,959)           |
| Total Comprehensive (Loss) for the year | -                                 | (173,713)                                | (173,713)             |
| Balance at 31 March 2018                | 735                               | (1,655,407)                              | (1,654,672)           |
| Total Comprehensive (Loss) for the year | -                                 | (431,291)                                | (431,291)             |
| <b>Balance at 31 March 2019</b>         | <b>735</b>                        | <b>(2,086,698)</b>                       | <b>(2,085,963)</b>    |

*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 2019*

|   | <b>2019</b>    | <b>2018</b>  |
|---|----------------|--------------|
|   | <b>US\$</b>    | <b>US\$</b>  |
| <b>Cash Flow From Operating Activities</b>              |                |              |
| (Loss) before taxation                                  | (431,291)      | (173,713)    |
|   | -----          | -----        |
|   | (431,291)      | (173,713)    |
| Other Receivables                                       | 251,636        | -            |
| Trade Payables  | 172,879        | 109,025      |
| Other Payables  | -              | 64,364       |
|   | -----          | -----        |
| Cash generated from operations                          | 424,515        | 173,389      |
| Income Tax Refund / paid                                | -              | -            |
|   | -----          | -----        |
| <b>Net cash inflow from operating activities</b>        | <b>(6,776)</b> | <b>(324)</b> |
| <b>Cash Flows From Investing Activities</b>             | -              | -            |
|   | -----          | -----        |
| <b>Net cash outflow from investing activities</b>       | -              | -            |
|   | -----          | -----        |
| <b>Cash Flows From financing Activities</b>             | -              | -            |
|   | -----          | -----        |
| <b>Net cash outflow from financing activities</b>       | -              | -            |
|   | -----          | -----        |
| Net (decrease) in cash and cash equivalents held        | (6,776)        | (324)        |
| Cash and Cash Equivalents at the beginning of the year  | 7,394          | 7,718        |
|   | -----          | -----        |
| <b>Cash and Cash Equivalents at the end of the year</b> | <b>618</b>     | <b>7,394</b> |
|   | =====          | =====        |

**AOSL PETROLEUM PTE LTD**  
**(Incorporated in Singapore)**

**Notes to the Financial Statements**  
*For the financial year ended 31 March 2019*

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

## **1. 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, 2019 were authorized for issue by the Board of Directors on **21 MAY 2019**.

## **2. Significant Accounting Policies**

### **a. Basis of Accounting**

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 Societies Act and Singapore Financial Reporting Standards ("FRS").

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. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed.

### **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 effective for annual periods beginning on or after 1 May 2018. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Company's accounting policies and has no material effect on the financial statements.

**AOSL PETROLEUM PTE LTD**  
**(Incorporated in Singapore)**

**Notes to the Financial Statements**  
*For the financial year ended 31 March 2019*

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

b) Standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are issued but effective for annual periods beginning after 1 January 2018, and have not been applied in preparing these financial statements. The Company does not plan to early adopt these standards:

The following standards that have been issued but not yet effective are as follows:

|                           | <b>Description</b>   | <b>Effective for<br/>annual periods<br/>beginning on<br/>or after</b> |
|---------------------------|--|---|
| FRS 109                   | Financial Instruments  | 1 Jan 2019  |
| FRS 115                   | Revenue from Contracts with Customers                              | 1 Jan 2019  |
| Amendments to<br>FRS 115: | Clarifications to FRS 115 Revenue from<br>Contracts with Customers | 1 Jan 2019  |
| FRS 116                   | Leases   | 1 Jan 2019  |
| INT FRS 123:              | Uncertainty over Income Tax Treatments                             | 1 Jan 2019  |

Consequential amendments were also made to various standards as a result of these new/revised standards.

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

i) FRS 109: Financial Instruments

FRS 109 introduces new requirement for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Company to make changes to its current systems and processes.

FRS 109 is effective for annual periods beginning on or after 1 January 2019 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Company will be assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

**AOSL PETROLEUM PTE LTD**  
**(Incorporated in Singapore)**

**Notes to the Financial Statements**  
*For the financial year ended 31 March 2019*

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

b) Standards issued but not yet effective – cont'd

ii) FRS 115: Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Company include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

In June 2018, amendments to FRS 115 were issued to provide clarifications on (i) identifying performance obligations (ii) principal versus agent considerations and (iii) licensing application guidance. The amendments also included two additional transition reliefs on contract modifications and completed contracts.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2019 with early adoption permitted. The Company will be assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

iii) FRS 116: Leases

FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor. When effective, FRS 116 replaces existing lease accounting guidance, including 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.

**AOSL PETROLEUM PTE LTD**  
**(Incorporated in Singapore)**

**Notes to the Financial Statements**  
*For the financial year ended 31 March 2019*

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

b) Standards issued but not yet effective – cont'd

iv) INT FRS 122: Foreign Currency Transactions and Advance Consideration

This Interpretation provides requirements about which exchange rate to use in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance.

The Interpretations are effective from 1 January 2019.

On initial application, entities would have the option of applying the Interpretation either retrospectively or prospectively in accordance with FRS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The Company is currently assessing the impact.

**c. Financial Instruments**

Financial assets and financial liabilities are recognised on the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

c.1. Financial Assets

Financial assets within the scope of FRS 39 are recognised on the statement of financial position when, and only when the company becomes a party to the contractual provision of the financial instruments. The company classifies its financial assets as loans and receivable. The classification of financial assets depends on the purpose of which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. There are no financial assets under the categories of at fair, value through profit and loss statement, available-for-sale and held-to-maturity.

a) 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 period. 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 period. Income is recognised on an effective interest rate basis for debt instruments other than those financial instruments "at fair value through profit or loss".

**AOSL PETROLEUM PTE LTD**  
**(Incorporated in Singapore)**

**Notes to the Financial Statements**  
*For the financial year ended 31 March 2019*

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

c.1. Financial Assets – cont'd

b) Loans and receivables

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 cash on hand and bank balances that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

c) Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade and other receivable are uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit and loss statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss statement to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

**AOSL PETROLEUM PTE LTD**  
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**Notes to the Financial Statements**  
*For the financial year ended 31 March 2019*

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

c.1. Financial Assets – cont'd

d) Derecognition of financial assets

A financial asset is derecognised when:

- i) the company transfer the contractual rights to receive the cash flows of the financial asset; or
- ii) the company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in a 'pass-through' arrangement; or
- iii) the company has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or 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 and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the company's continuing involvement in the asset. Continuing involvement that takes the form for a 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.

Where continuing involvement takes the form of a written and/or purchased option on the transferred asset, the extent of the company's continuing involvement is the amount of the transferred asset that the company may repurchase, except that in the case of a written put option on an asset measured at fair value, the extent of the company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

c.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 definition of a financial liability and equity instrument. Financial liabilities within the scope of FRS 39 are recognised on the statement of financial position when, and only when, the company becomes party to contractual provisions of the financial instruments. 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".



**AOSL PETROLEUM PTE LTD**  
**(Incorporated in Singapore)**

**Notes to the Financial Statements**  
*For the financial year ended 31 March 2019*

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

c.1. Financial Liabilities and Equity – cont'd

a) Effective interest rate method

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

b) Financial liabilities at amortised costs

i) Trade and other payables

Trade payable are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

c) 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 respectively carrying amounts is recognised in the profit and loss statement.

d) 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.

e) Offsetting of 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.

**d. 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.

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**Notes to the Financial Statements**  
*For the financial year ended 31 March 2019*

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

**e. Income Taxes**

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

a) Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of comprehensive income 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 tax rates that have been enacted.

b) Deferred tax

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

Deferred tax liabilities are recognised for all temporary differences except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at that time of the transaction, affects neither accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arise from the initial recognition of an asset or liability in a transaction and at the time of transaction affects neither the accounting profit nor taxable profit or loss.

The carrying amount of a deferred tax asset is reviewed at end of each reporting period 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 deferred tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each end of the reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year 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 the reporting period.

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

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**Notes to the Financial Statements**  
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**2. Significant Accounting Policies - cont'd**

**f. 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 United States dollars. Revenue and major operating expenses are primarily influenced by fluctuations in United States dollars. The financial statements are presented in United States dollars, which is the functional currency of the company.

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.

**g. Provisions**

Provisions are recognised when the Temple has a present obligation (legal or constructive) as a result of a past event, it is probable that the Temple 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.

**h. Borrowing Costs**

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalised if they are directly attributable to the acquisition, of a qualifying asset. Capitalisation of borrowing cost commences, when the activities to prepare the asset for its intended use and expenditure and borrowing costs are being incurred. Borrowings costs are capitalised until the assets are ready for their intended use.

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**Notes to the Financial Statements**  
*For the financial year ended 31 March 2019*

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

**i. 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.

**j. Events after the end of the Reporting Period**

Events after the end of the reporting period that provide additional information about the Temple'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.

**Notes to the Financial Statements**  
*For the financial year ended 31 March 2019*

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**3. 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 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 2019 was Nil (2018: 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.

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:

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**Notes to the Financial Statements**  
*For the financial year ended 31 March 2019*

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

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 2019 was US\$ 3,330 (2018: US\$ 254,966).

ii) 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.

**4. Cash and Cash Equivalent**

|              | <b>2019</b> | <b>2018</b> |
|--------------|-------------|-------------|
|              | <b>US\$</b> | <b>US\$</b> |
| Cash at Bank | 618         | 7,394       |
|              | =====       | =====       |

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

**5. Other Receivables**

|                                     | <b>2019</b> | <b>2018</b> |
|-------------------------------------|-------------|-------------|
|                                     | <b>US\$</b> | <b>US\$</b> |
| Deposit                             | 3,330       | 3,330       |
| Amount due from Non-Related parties | -           | 251,636     |
|                                     | -----       | -----       |
|                                     | 3,330       | 254,966     |
|                                     | =====       | =====       |

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

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**Notes to the Financial Statements Continued/.....**  
*For the financial year ended 31 March 2019*

**6. Trade Payables**

|                  | <b>2019</b>  | <b>2018</b>  |
|------------------|--------------|--------------|
|                  | <b>US\$</b>  | <b>US\$</b>  |
| Accrued expenses | 381,278      | 208,399      |
|                  | <u>=====</u> | <u>=====</u> |

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

**7. Other Payables**

|                               | <b>2019</b>  | <b>2018</b>  |
|-------------------------------|--------------|--------------|
|                               | <b>US\$</b>  | <b>US\$</b>  |
| Amount due to holding Company | 482,249      | 482,249      |
| Amount due to related parties | 1,226,384    | 1,226,384    |
|                               | <u>-----</u> | <u>-----</u> |
|                               | 1,708,633    | 1,708,633    |
|                               | <u>=====</u> | <u>=====</u> |

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.

**8. Share Capital**

|   | <u>No of Shares</u> | <u>Issued Share</u><br><u>Capital</u> | <u>No of Shares</u> | <u>Issued Share</u><br><u>Capital</u> |
|---|---------------------|---------------------------------------|---------------------|---------------------------------------|
|   | <b>2019</b>         | <b>2019</b>                           | <b>2018</b>         | <b>2018</b>                           |
|   |                     | <b>US\$</b>                           |                     | <b>US\$</b>                           |
| Balance at 1 <sup>st</sup> April        | 1,000               | 735                                   | 1,000               | 735                                   |
|   | <u>-----</u>        | <u>-----</u>                          | <u>-----</u>        | <u>-----</u>                          |
| <b>Balance at 31<sup>st</sup> March</b> | <b>1,000</b>        | <b>735</b>                            | <b>1,000</b>        | <b>735</b>                            |
|   | <u>=====</u>        | <u>=====</u>                          | <u>=====</u>        | <u>=====</u>                          |

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.

**9. Net Income from Operations**

|  | <b>2019</b>  | <b>2018</b>  |
|--|--------------|--------------|
|  | <b>US\$</b>  | <b>US\$</b>  |
| This is stated after charging/(crediting): |              |              |
| Bad debts                                  | 251,636      | -            |
| Bank Charges                               | 126          | 302          |
| Exchange loss                              | 65           | -            |
| Interest Expenses                          | 166,039      | 159,509      |
|  | <u>=====</u> | <u>=====</u> |

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**Notes to the Financial Statements**  
*For the financial year ended 31 March 2019*

**10. Income Tax**

|                           | <b>2019</b>  | <b>2018</b>  |
|---------------------------|--------------|--------------|
|                           | <b>US\$</b>  | <b>US\$</b>  |
| Income Tax - Current Year | -            | -            |
|                           | <u>=====</u> | <u>=====</u> |

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:

|                                       | <b>2019</b>  | <b>2018</b>  |
|---------------------------------------|--------------|--------------|
|                                       | <b>US\$</b>  | <b>US\$</b>  |
| Accounting (Loss)                     | (431,291)    | (173,713)    |
|                                       | <u>=====</u> | <u>=====</u> |
| Tax at the applicable tax rate of 17% | (73,319)     | (29,531)     |
| Tax effect of non-deductible expense  | 73,319       | 29,531       |
|                                       | -----        | -----        |
|                                       | -            | -            |
|                                       | <u>=====</u> | <u>=====</u> |

The Company has tax loss carry forwards of US\$ 557,600 (2018: US\$ 557,600) and timing differences available for offsetting against future taxable income.

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.

**11. Related Party Transactions**

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

|                                | <b>2019</b>  | <b>2018</b>  |
|--------------------------------|--------------|--------------|
|                                | <b>US\$</b>  | <b>US\$</b>  |
| Interest paid to Related Party | (166,039)    | (159,509)    |
|                                | <u>=====</u> | <u>=====</u> |

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.

**12. Financial Risk Management Policies**

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

The Board of Directors reviews and agrees 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.



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**Notes to the Financial Statements Continued/.....**  
*For the financial year ended 31 March 2019*

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**Financial Risk Management Policies (...cont'd)**

The following sections provide details regarding the Company's exposure to the above-mentioned 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.

**Credit Risk**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

The Company has no significant concentration of credit risk. The Company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Company. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed.

**Market risk**

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

**(i) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from their loan to holding company and cash and cash<sup>24</sup>equivalents.

**AOSL PETROLEUM PTE LTD**  
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**Notes to the Financial Statements Continued/.....**  
*For the financial year ended 31 March 2019*

**Financial Risk Management Policies (...cont'd)**

The Company does not expect any significant effect on the Company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

**(ii) Foreign currency risk**

The Company's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Company does not have any formal policy for hedging against currency risk. The Company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

The Company has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Company, primarily United States Dollar (USD).

**Liquidity Risk**

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term 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. It is managed by matching the payment and receipt cycles. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Company's operations are financed mainly through equity. The directors are satisfied that funds are available to finance the operations of the Company.

***Analysis of financial instruments by remaining contractual maturities:***

The table below summaries the maturity profile of the Company's financial assets and liabilities at the end of the year based on contractual undiscounted repayment obligations:

**Liquidity Risk**

|   | <u>31/03/2019</u>                  |                                     |                     | <u>31/03/2018</u>                  |                                     |                     |
|---|------------------------------------|-------------------------------------|---------------------|------------------------------------|-------------------------------------|---------------------|
|   | <u>One year<br/>or less</u><br>S\$ | <u>Two to<br/>Five years</u><br>S\$ | <u>Total</u><br>S\$ | <u>One year<br/>or less</u><br>S\$ | <u>Two to<br/>Five years</u><br>S\$ | <u>Total</u><br>S\$ |
| <b><u>Financial Assets</u></b>                            |                                    |                                     |                     |                                    |                                     |                     |
| Other Receivables   | 3,330                              | -                                   | 3,330               | 254,966                            | -                                   | 254,966             |
| Cash & Short-term   | 618                                | -                                   | 618                 | 7,394                              | -                                   | 7,444               |
|   | -----                              | -----                               | -----               | -----                              | -----                               | -----               |
| Total undiscounted<br>financial assets                    | 3,948                              | -                                   | 3,948               | 262,360                            | -                                   | 262,360             |
|   | =====                              | =====                               | =====               | =====                              | =====                               | =====               |
| <b><u>Financial Liabilities</u></b>                       |                                    |                                     |                     |                                    |                                     |                     |
| Trade & Other Payables                                    | (1,708,633)                        | -                                   | (1,708,633)         | (1,708,633)                        | -                                   | (1,708,633)         |
|   | -----                              | -----                               | -----               | -----                              | -----                               | -----               |
| Total undiscounted<br>financial liabilities               | (1,708,633)                        | -                                   | (1,708,633)         | (1,708,633)                        | -                                   | (1,708,633)         |
|   | =====                              | =====                               | =====               | =====                              | =====                               | =====               |
| <b>Total net undiscounted<br/>financial (liabilities)</b> | <b>(1,704,685)</b>                 | <b>-</b>                            | <b>(1,704,685)</b>  | <b>(1,446,273)</b>                 | <b>-</b>                            | <b>(1,446,273)</b>  |
|   | =====                              | =====                               | =====               | =====                              | =====                               | =====               |

**Estimation of fair values**

The notional amounts of financial assets and financial liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

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**Notes to the Financial Statements Continued/.....**

*For the financial year ended 31 March 2019*

**13. 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.

**14. Capital Management**

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Company comprises issued share capital and retained earnings.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the financial year ended 31 March 2019 and 31 March 2018.

The Company is not subject to any externally imposed capital requirements. The Company's overall strategy remains unchanged from 2018.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

|               | 2019         | 2018           |
|---------------|--------------|----------------|
|               | US\$         | US\$           |
| Net debt      | 2,089,293    | 1,909,638      |
| Total Equity  | (2,085,963)  | (1,654,672)    |
| Total Capital | <u>3,330</u> | <u>254,966</u> |
| Gearing Ratio | -            | -              |

**15. Going Concern**

As at balance sheet date, the total liabilities exceeded its total assets by US\$ 2,085,963 (2018: US\$ 1,654,672). 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.

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**Income and Expenditure Account**  
*For the financial year ended 31 March 2019*

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|                            | US\$             |
|----------------------------|------------------|
| <b>INCOME</b>              | -                |
| <b>LESS: EXPENSES</b>      |                  |
| Audit Fees                 | 6,000            |
| Bad Debts                  | 251,636          |
| Bank Charges               | 126              |
| Exchange Loss              | 65               |
| Interest Expense           | 166,039          |
| Printing charges           | 100              |
| Secretarial charges        | 6,585            |
| Tax Agent Fees             | 740              |
| <b>Total Expenses</b>      | <b>(431,291)</b> |
| <b>(LOSS) FOR THE YEAR</b> | <b>(431,291)</b> |