



Tata Chemicals International Pte. Ltd.
Registration Number: 200719636Z

Annual Report
Year ended 31 March 2020

Directors' statement

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 March 2020.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS44 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2020 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

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

Kottamasu Venkateswara Rao
Ramakrishnan Mukundan
John Mulhall
Kanwar Bir Singh Anand (Appointed on 2 December 2019)

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year/ date of appointment	Holdings at end of the year
Ultimate holding company <i>Tata Chemicals Limited</i> Shares of Rs. 10/- each		
Ramakrishnan Mukundan	500	500

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment, if later, or at the end of the financial year.

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

Share options

During the financial year, there were:

- (i) no options granted by the Company to any person to take up unissued ordinary shares of the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

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

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



Kottamasu Venkateswara Rao

Director



John Mulhall

Director

29 April 2020



KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

Independent auditors' report

Member of the Company
Tata Chemicals International Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Tata Chemicals International Pte. Ltd. ('the Company'), which comprise the statement of financial position as at 31 March 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS44.

In our opinion, 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.

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 '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *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. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained the directors' statement prior to the date of this auditors' report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 judgement and maintain professional scepticism throughout the audit. We also:

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



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls 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.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

29 April 2020

Statement of financial position
As at 31 March 2020

	Note	2020 US\$	2019 US\$
Non-current assets			
Property and equipment	4	153,889	3,875
Investment in joint venture	5	–	–
Investment in subsidiaries	6	701,336,880	701,336,880
		<u>701,490,769</u>	<u>701,340,755</u>
Current assets			
Trade and other receivables	7	54,864,866	39,800,860
Derivative financial instruments	8	1,233,399	–
Cash at bank	9	36,869,072	2,791,308
		<u>92,967,337</u>	<u>42,592,168</u>
Total assets		<u>794,458,106</u>	<u>743,932,923</u>
Equity			
Share capital	10	596,737,700	596,737,700
Accumulated losses		(73,162,136)	(87,070,524)
Hedging reserve		(9,832,673)	–
Foreign currency translation reserve	11	(423,163)	(423,163)
		<u>513,319,728</u>	<u>509,244,013</u>
Non-current liabilities			
Loans and borrowings	12	197,932,801	197,036,870
Current liabilities			
Loans and borrowings	12	50,053,241	17,000,000
Accruals		1,068,544	396,280
Derivative financial instruments	8	12,614,561	3,807,893
Trade and other payables	13	19,279,231	16,447,867
Income tax payable		190,000	–
		<u>83,205,577</u>	<u>37,652,040</u>
Total liabilities		<u>281,138,378</u>	<u>234,688,910</u>
Total equity and liabilities		<u>794,458,106</u>	<u>743,932,923</u>

The accompanying notes form an integral part of these financial statements.

Statement of comprehensive income
Year ended 31 March 2020

	Note	2020 US\$	2019 US\$
Revenue	14	165,737,315	118,071,046
Cost of sales		<u>(161,087,062)</u>	<u>(115,323,446)</u>
Gross profit		4,650,253	2,747,600
Other operating income	15	21,995,565	18,454,597
Administrative expenses	16	(309,813)	(5,148,863)
Other operating expenses	17	(2,261,293)	(5,766,925)
Finance costs	18	<u>(10,021,157)</u>	<u>(9,042,173)</u>
Profit before tax		14,053,555	1,244,236
Tax expense	19	<u>(145,167)</u>	<u>(1,045)</u>
Profit after tax		13,908,388	1,243,191
Items that are or may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges	20	(9,832,673)	–
Total comprehensive income for the year		<u><u>4,075,715</u></u>	<u><u>1,243,191</u></u>

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity
Year ended 31 March 2020

	Share capital US\$	Preference shares US\$	Foreign currency translation reserve US\$	Hedging reserve US\$	Accumulated losses US\$	Total US\$
At 1 April 2018	481,637,700	115,100,000	(423,163)	—	(88,313,715)	508,000,822
Total comprehensive income for the year						
Profit for the year	—	—	—	—	1,243,191	1,243,191
Total comprehensive income for the year	—	—	—	—	1,243,191	1,243,191
At 31 March 2019	481,637,700	115,100,000	(423,163)	—	(87,070,524)	509,244,013
At 1 April 2019	481,637,700	115,100,000	(423,163)	—	(87,070,524)	509,244,013
Total comprehensive income for the year						
Profit for the year	—	—	—	—	13,908,388	13,908,388
Effective portion of changes in fair value of cash flow hedges	—	—	—	(9,832,673)	—	(9,832,673)
Total comprehensive income for the year	—	—	—	(9,832,673)	13,908,388	4,075,715
At 31 March 2020	481,637,700	115,100,000	(423,163)	(9,832,673)	(73,162,136)	513,319,728

The accompanying notes form an integral part of these financial statements.

Statement of cash flows
Year ended 31 March 2020

	Note	2020 US\$	2019 US\$
Cash flows from operating activities			
Profit before tax		14,053,555	1,244,236
Adjustments for:			
Dividend income	15	(21,900,743)	(18,401,841)
Depreciation of property and equipment	4	56,557	5,304
(Gain)/Loss from derivative financial instruments not designed as hedges	16	(1,726,796)	3,549,471
Ineffective portion of changes in fair value in cash flow hedges		(532,607)	—
Amortisation of facility fees on bank loans	16	802,233	799,999
Impairment loss on the investment in subsidiary	17	1,800,000	5,700,000
Finance income	15	(94,822)	(52,756)
Finance costs	18	8,832,794	8,485,412
		<u>1,290,171</u>	<u>1,329,825</u>
Changes in working capital:			
Trade and other receivables		(15,064,006)	(12,576,570)
Trade and other payables		2,844,663	(4,675,238)
Accruals		672,264	12,210
Cash used in operations		<u>(10,256,908)</u>	<u>(15,909,773)</u>
Tax refunded/(paid)		44,833	(41,045)
Net cash used in operations		<u>(10,212,075)</u>	<u>(15,950,818)</u>
Cash flows from investing activities			
Additional investment in subsidiary		(1,800,000)	(5,700,000)
Acquisition of property, plant and equipment		(8,569)	—
Interest received		94,822	1,094,790
Dividend received		21,900,743	18,401,841
Net cash from investing activities		<u>20,186,996</u>	<u>13,796,631</u>
Cash flows from financing activities			
Interest paid		(8,844,718)	(8,364,262)
Proceeds from loans and borrowings		123,250,145	64,261,284
Repayment of loans and borrowings		(90,250,145)	(58,544,719)
Lease payments		(52,439)	—
Net cash generated from/(used in) financing activities		<u>24,102,843</u>	<u>(2,647,697)</u>
Net increase/(decrease) in cash and cash equivalents		34,077,764	(4,801,884)
Cash and cash equivalents at beginning of year		2,791,308	7,593,192
Cash and cash equivalents at end of year		<u>36,869,072</u>	<u>2,791,308</u>

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 29 April 2020.

1 Domicile and activities

Tata Chemicals International Pte. Ltd. (the 'Company') is incorporated in the Republic of Singapore. The address of the Company's registered office and its principal place of business is at 78 Shenton Way, #17-01/02, Singapore 079120.

The principal activity of the Company is that of general wholesaler trade and an investment holding company.

The Company is a wholly-owned subsidiary of Bio Energy Venture – 1 (Mauritius) Pvt. Ltd., incorporated in Mauritius. The Company's ultimate holding company is Tata Chemicals Limited, incorporated in India.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ('FRSs').

This is the first set of the Company's annual financial statements in which FRS116 *Leases* has been applied. The related changes to significant accounting policies are described in note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The Company believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the financial statements.

Impairment loss on trade receivables

The Company evaluates whether there is any objective evidence that trade receivables are impaired, and determine the amount of impairment loss as a result of the inability of the debtors to make required payments. The Company bases the estimates on the ageing of the trade receivables balance, credit-worthiness of the debtors, current economic conditions and historical write-off experience. If the financial conditions of the debtors were to deteriorate or if the economic conditions worsened, additional allowances may be required in future.

Impairment loss on subsidiaries and joint venture

Management reviews the carrying amounts of the investments in subsidiaries and joint venture at each reporting period to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated.

Estimates of recoverable amounts were based on the higher of calculated value-in-use and fair value less cost to sell. In assessing value-in-use, management needs to estimate the future cash flows expected from the cash-generating units ('CGU') and an appropriate discount rate for each CGU to calculate the present value of future cash flows.

2.5 Changes in accounting policies

The Company has applied the following FRSs, amendments to and interpretations of FRSs for the first time for the annual period beginning on 1 April 2019:

- FRS 116 *Leases*
- INT FRS 123 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to FRS 28)
- *Prepayment Features with Negative Compensation* (Amendments to FRS 109)
- *Previously Held Interest in a Joint Operation* (Amendments to FRS 103 and 111)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendment Amendments to FRS 12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to FRS 23)
- *Plan, Curtailment or Settlement* (Amendments to FRS 19)

Other than FRS 116, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

FRS 116 Leases

The Company applied FRS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under FRS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in FRS 116 have not generally been applied to comparative information.

Definition of a lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under INT FRS 104 *Determining whether an Arrangement contains a Lease*. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in FRS 116.

On transition to FRS 116, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied FRS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under FRS 17 and INT FRS 104 were not reassessed for whether there is a lease under FRS 116. Therefore, the definition of a lease under FRS 116 was applied only to contracts entered into or changed on or after 1 April 2019.

As a lessee

As a lessee, the Company leases its office building. The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under FRS 116, the Company recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Company has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under FRS 17

Previously, the Company classified property leases as operating leases under FRS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities' incremental borrowing rates applicable to the leases as at 1 April 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Company used a number of practical expedients when applying FRS 116 to leases previously classified as operating leases under FRS 17. In particular, the Company:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Impact on financial statements

Impact on transition

On transition to FRS 116, the Company recognised additional right-of-use assets and additional lease liabilities on 1 April 2019. The impact on transition is summarised below.

	1 April 2019
	US\$
Right-of-use assets – property, plant and equipment	38,277
Lease liabilities	<u>38,277</u>

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using the applicable incremental borrowing rates at 1 April 2019. The weighted-average rate applied is 2.2389%.

	1 April 2019
	US\$
Operating lease commitments at 31 March 2019 as disclosed under FRS 17 in the Company's financial statements	<u>38,563</u>
Discounted using the incremental borrowing rate at 1 April 2019	<u>38,277</u>
Lease liabilities recognised at 1 April 2019	<u>38,277</u>

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

These financial statements are separate financial statements. Under the exemption from consolidation provisions given in FRS 110 *Consolidated Financial Statements*, the Company needs not present consolidated financial statements on the basis that it is itself a wholly-owned subsidiary of another entity. Consolidated financial statements are prepared by the ultimate holding company, Tata Chemicals Limited, which has its registered office at Bombay House, 24 Homi Mody Street, Fort, Mumbai 400 001 (India).

Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Joint venture

A joint venture is an arrangement in which the Company has joint control, where the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Accounting for subsidiaries and joint venture

Investments in subsidiaries and joint venture are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

3.3 Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instruments.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;

- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised loans and borrowings, accruals and trade and other payables.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Company's cash management are included in cash and cash equivalents.

(vi) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its interest rate risk exposures.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Company designates certain derivatives financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Company designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised in a cost of hedging reserve within equity.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

3.4 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with FRS 12.

Preference shares

Preference shares are classified as equity if it is redeemable only at the Company's option, and any dividends are discretionary. Discretionary dividends thereon are recognised as distributions within equity upon approval by the Company's shareholders.

3.5 Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

- | | |
|--------------------------|--|
| • Computer | 3 years |
| • Office equipment | 3 years |
| • Leasehold improvements | Over the period of the lease (3 years) |

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.6 Leases

The Company has applied FRS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under FRS 17 and INT FRS 104. The details of accounting policies under FRS 17 and INT FRS 104 are disclosed separately.

Policy applicable from 1 April 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in FRS 116.

This policy is applied to contracts entered into, on or after 1 April 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Company uses the lessee's incremental borrowing rate as the discount rate.

The Company determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases - Policy applicable before 1 April 2019

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised in the Company's statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3.7 Impairment

(i) **Non-derivative financial assets**

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument

Simplified approach

The Company applies the simplified approach to provide for ECLs for all trade receivables without letters of credit. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Company applies the general approach to provide for ECLs on trade receivables secured by letters of credit and all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

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.

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 Company considers a financial asset to be in default when:

- the debtor 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); or
- the financial asset remains outstanding for more than the reasonable range of past due days, taking into consideration historical payment track records, current macroeconomics situation as well as the general industry trend.

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

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. 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:

- breach of contract such as a default or past due outstanding for more than the reasonable range of past due days, taking into consideration historical payment track records, current macroeconomics situation as well as the general industry trend;
- significant financial difficulty of the debtor;
- 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 debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ('CGU') exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The Company's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are first to reduce the carrying amounts of the assets in the unit (group of units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.8 Employee benefits

(i) **Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as staff costs in profit or loss in the periods during which services are rendered by employees.

(ii) **Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.9 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.10 Revenue

(i) **Goods and services sold**

Revenue from sale of goods and services in the ordinary course of business is recognised when the Company satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

The transaction price is the amount of consideration in the contract to which the Company expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Company does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

(ii) **Dividend income**

Dividend income is recognised in the profit or loss when the shareholders' right to receive payment is established.

3.11 Finance income and finance costs

Finance income comprises interest income on funds invested that are recognised in the profit or loss. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expenses and similar charges that are recognised in the profit or loss. All borrowing costs are recognised in the profit or loss using the effective interest method.

3.12 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income ('OCI').

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3.13 Operating profit (Results from operating activities)

Operating profit is the result generated from the continuing principal revenue-producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes net finance costs and income taxes.

3.14 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 April 2019 and earlier application is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The Company is still in the process of assessing the impact of the following new FRSs, interpretations and amendments to FRSs on the financial statements. The Company does not expect significant impact on the financial statements upon the adoption of these new FRSs.

- *Amendments to References to Conceptual Framework in FRS Standards*
- *Definition of a Business* (Amendments to FRS 103)
- *Definition of Material* (Amendments to FRS 1 and FRS 8)
- *FRS 117 Insurance Contracts*

4 Property, plant and equipment

	Leasehold improvements US\$	Computer US\$	Right-of-use asset US\$	Office equipment US\$	Total US\$
Cost					
At 1 April 2018	25,516	9,071	–	27,779	62,366
Disposal	–	(1,094)	–	–	(1,094)
At 31 March 2019	25,516	7,977	–	27,779	61,272
At 1 April 2019	25,516	7,977	–	27,779	61,272
Recognition of right- of-use asset on initial application of FRS116	–	–	38,277	–	38,277
Adjusted balance 1 April 2019	25,516	7,977	38,277	27,779	99,549
Additions	–	8,569	159,725	–	168,294
Disposal	–	(1,868)	–	–	(1,868)
At 31 March 2020	25,516	14,678	198,002	27,779	265,975
Accumulated depreciation					
At 1 April 2018	17,688	7,720	–	27,779	53,187
Depreciation during the year	4,473	831	–	–	5,304
Disposal	–	(1,094)	–	–	(1,094)
At 31 March 2019	22,161	7,457	–	27,779	57,397
At 1 April 2019	22,161	7,457	–	27,779	57,397
Depreciation for the year	3,355	1,615	51,587	–	56,557
Disposal	–	(1,868)	–	–	(1,868)
At 31 March 2020	25,516	7,204	51,587	27,779	112,086
Carrying amounts					
At 1 April 2018	7,828	1,351	–	–	9,179
At 31 March 2019	3,355	520	–	–	3,875
At 31 March 2020	–	7,474	146,415	–	153,889

5 Investment in joint venture

	2020 US\$	2019 US\$
Unquoted equity shares, at cost	19,571,307	19,571,307
Impairment loss	<u>(19,571,307)</u>	<u>(19,571,307)</u>
	<u>—</u>	<u>—</u>

There are no (2019: no) change in impairment loss in respect of joint venture during the year.

Details of joint venture of the Company is as follows:

Name of joint venture (place of incorporation)	Principal activities	Percentage of interest held	
		2020	2019
JOil (S) Pte Ltd (incorporated in Singapore)	Research and development	33.78%	33.78%

Management has considered and assessed the recoverable value of its investment as of 31 March 2020 and 2019. Arising from the assessment, investment in JOil (S) Pte Ltd ("JOil") has been fully impaired. The aim of JOil was to develop and market a Jatropha based bio-fuel product. In 2015, following a review of the business and product development plans, project delays and other external factors, including the significant reduction in the price of oil, and the financial performance of the joint venture, the Company has determined that, at present, the investment will not achieve its initial aims and recoverable amount and this continues to be the situation for 2016 to 2019. As such, since prior years, the Company had fully impaired the value of its investment which had been loss making.

6 Investment in subsidiaries

	2020 US\$	2019 US\$
Unquoted equity shares, at cost	806,197,013	804,397,013
Impairment loss	<u>(104,860,133)</u>	<u>(103,060,133)</u>
	<u>701,336,880</u>	<u>701,336,880</u>

The change in impairment loss in respect of investments in subsidiaries are as follows:

	2020 US\$	2019 US\$
Balance at the beginning of the year	(103,060,133)	(97,360,133)
Impairment loss for the year	<u>(1,800,000)</u>	<u>(5,700,000)</u>
Balance at the end of the year	<u>(104,860,133)</u>	<u>(103,060,133)</u>

Details of the Company's subsidiaries at 31 March 2020 are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Company	
			2020 %	2019 %
Homefield Pvt. UK Ltd	Investment holding	England	100	100
Gusiute Holdings (UK) Limited	Investment holding	England	100	100

Management had assessed and made an allowance for impairment loss of US\$1,800,000 (2019: US\$5,700,000) on its investment in Homefield Pvt. UK Ltd, which had been recognised in profit or loss for the year. The Company had fully impaired the value of its investment which continues to be loss making and in significant capital deficiency.

7 Trade and other receivables

	2020 US\$	2019 US\$
Trade receivables:		
- Third parties	42,614,772	24,709,406
- Ultimate holding company	12,246,389	15,089,279
	<u>54,861,161</u>	<u>39,798,685</u>
Other receivables:		
- Others	3,705	2,175
Total	<u>54,864,866</u>	<u>39,800,860</u>

Credit and market risks, and impairment losses

The Company's exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in note 21.

The ageing of trade receivables at the reporting date was:

	<----- 2020 ----->		<----- 2019 ----->	
	Gross receivables \$	Impairment losses \$	Gross receivables \$	Impairment losses \$
Not past due	<u>54,861,161</u>	<u>—</u>	<u>39,798,685</u>	<u>—</u>

8 Derivative financial instruments

	2020		2019	
	Assets	Liabilities	Assets	Liabilities
	US\$	US\$	US\$	US\$
Interest rate swaps	–	12,614,561	–	3,314,495
Forward exchange contracts	1,233,399	–	–	493,398
	<u>1,233,399</u>	<u>12,614,561</u>	<u>–</u>	<u>3,807,893</u>

In 2019, the Company used interest rate swaps to manage its exposure to interest rate movements on its bank loans (Note 12) by swapping the borrowings from floating rates to fixed rates. The floating rate on the interest swaps was the London interbank offered rate. The Company settled the difference between the fixed and the floating interest rate on a net basis. All the Company's derivative financial instruments were not designated as hedging instruments and the change in the fair value has been recognised in profit or loss.

On 1 April 2019, the Company designated the interest rate swaps as a cash flow hedging instruments in qualifying hedge relationships. The effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from the inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

9 Cash and cash equivalents

	2019	2018
	\$'000	\$'000
Bank balances	<u>36,869,072</u>	<u>2,791,308</u>

10 Share capital

	2020		2019	
	Number of shares	US\$	Number of shares	US\$
Ordinary shares				
<i>Issued and fully paid</i>				
At beginning of year				
and at end of year	485,307,852	481,637,700	485,307,852	481,637,700
Preference shares				
<i>Issued and fully paid</i>				
At beginning of year				
and at end of year	16,100,000	115,100,000	16,100,000	115,100,000
	<u>501,407,852</u>	<u>596,737,700</u>	<u>501,407,852</u>	<u>596,737,700</u>

The Company has one class of ordinary shares with no par value which carry no right to fixed income.

The holder of redeemable preference shares has the right to a preferential dividend which is payable as and when determined by the Company's board of directors in such amount as determined by the board. The Company may at any time redeem any or all of the non-convertible and non-cumulative redeemable preference share by giving not less than seven days prior notice in writing to the holders of non-convertible and non-cumulative redeemable preference shares.

Capital management

The Board defines "capital" as share capital and all components of equity.

The Company's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return of capital, which the Company defines as net operating income divided by total shareholders' equity. The Board also monitors the level of dividends to ordinary shareholders.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

11 Foreign currency translation reserve

The foreign currency translation reserve arises from the Company's change in functional/presentation currency to the United States Dollar in prior years.

12 Loans and borrowings

	2020	2019
	US\$	US\$
Non-current liabilities		
Bank loans ⁽¹⁾	197,839,103	197,036,870
Lease liabilities	93,698	—
	<u>197,932,801</u>	<u>197,036,870</u>
Current liabilities		
Working capital facility ⁽²⁾	50,000,000	17,000,000
Lease liabilities	53,241	—
	<u>50,053,241</u>	<u>17,000,000</u>

⁽¹⁾ The bank loans bear effective interest rate at 3.91% (2019: 3.81%) per annum and were refinanced in 2018. The bank loans are denominated in United States dollars and repayable on 12 December 2022. The management estimates the fair value of the Company's borrowings, by discounting their future cash flows at the swap interest rate to be US\$200,000,000 (2019: US\$200,000,000).

⁽²⁾ The unsecured working capital facility is repayable within 90 days (2019: 90 days). Interest is charged at 1.39% to 3.99 % (2019: 2.60% to 3.99%) per annum based on US\$ London Interbank Offered Rate ("LIBOR").

Reconciliation of movements of liabilities to cash flows arising from financing activities

Liabilities					
	Note	Loans and borrowings US\$	Accrued interest (note 12) US\$	Total US\$	
Balance as at 1 April 2018		207,520,306	333,054	207,863,360	
Changes from financing cash flows					
Proceeds from loans and borrowings		64,261,284	–	64,261,284	
Repayment of loans and borrowings		(58,544,719)	–	(58,544,719)	
Interest paid		(8,364,262)	–	(8,364,262)	
Total changes from financing cash flows		(2,647,697)	–	(2,647,697)	
Other changes					
Liability related					
Interest on bank loans		18	8,364,262	121,150	8,458,412
Amortisation of facility fees on bank loans		16	799,999	–	799,999
Total liability-related other changes			9,164,261	121,150	9,285,411
Balance at 31 March 2019			214,036,870	454,204	214,501,074

Liabilities					
	Note	Loans and borrowings US\$	Accrued interest (note 12) US\$	Total US\$	
Balance as at 1 April 2019		214,036,870	454,204	214,501,074	
Changes from financing cash flows					
Proceeds from loans and borrowings		123,250,144	–	123,250,144	
Repayment of loans and borrowings		(90,250,144)	–	(90,250,144)	
Payment of lease liabilities		(52,439)	–	(52,439)	
Interest paid		(982,810)	(7,861,908)	(8,844,718)	
Total changes from financing cash flows		31,964,751	(7,861,908)	24,102,843	
Other changes					
Liability related					
Additions to lease liability		159,725	–	159,725	
Recognition of right-to-use asset on initial application of FRS 116		38,277	–	38,277	
Interest on bank loans		18	984,186	7,848,608	8,832,794
Amortisation of facility fees on bank loans		16	802,233	–	802,233
Total liability-related other changes			1,984,421	7,848,608	9,833,029
Balance at 31 March 2020			247,986,042	440,904	248,426,946

13 Trade and other payables

	2020 US\$	2019 US\$
Trade payables:		
- Third parties	4,915,067	42,844
- Related companies	5,720,260	7,747,819
	<u>10,635,327</u>	<u>7,790,663</u>
Advances received from immediate holding company (non-trade)	8,203,000	8,203,000
Accrued interest	440,904	454,204
Total	<u>19,279,231</u>	<u>16,447,867</u>

Payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period on purchases of goods is 90 days (2019: 90 days). No interest is charged on trade payable.

Advances received from immediate holding company are unsecured, repayable on demand and interest-free.

14 Revenue

	2020 US\$	2019 US\$
Sale of goods	<u>165,737,315</u>	<u>118,071,046</u>

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, major products or service lines and timing of revenue recognition.

	Sale of commodity 2020 US\$	2019 US\$
Primary geographical markets		
Asia	39,806,984	31,713,716
United States of America	27,981,679	13,950,937
Australia	—	—
India	97,653,501	72,406,393
Europe	295,151	—
	<u>165,737,315</u>	<u>118,071,046</u>
Major products or service line		
Sales of goods	164,978,265	117,884,054
Freight income	759,050	186,992
	<u>165,737,315</u>	<u>118,071,046</u>
Timing of revenue recognition		
Products transferred at a point in time	164,978,265	117,884,054
Products and services transferred over time	759,050	186,992
	<u>165,737,315</u>	<u>118,071,046</u>

Transaction price allocated to the remaining performance obligations

The Company applies the practical expedient in paragraph 121 of FRS115 and does not disclose information about its remaining performance obligations if:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the Company has a right to invoice a customer in an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.

15 Other operating income

	2020	2019
	US\$	US\$
Dividend income	21,900,743	18,401,841
Finance income		
- fixed deposit	94,822	52,756
	<u>21,995,565</u>	<u>18,454,597</u>

16 Administrative expenses

	2020	2019
	US\$	US\$
Bank charges	124,185	84,784
Amortisation of facility fees on bank loans	802,233	799,999
Loss from derivative financial instruments not designated as hedges	—	3,549,471
Gain from derivative financial instruments not designated as hedges	(1,726,796)	—
Professional fees	235,113	219,904
Operating lease expense	—	67,736
Depreciation	56,557	5,304
Staff costs	433,810	284,109
Others	384,711	137,556
	<u>309,813</u>	<u>5,148,863</u>

17 Other operating expenses

	2020	2019
	US\$	US\$
Net foreign exchange losses	461,293	66,925
Impairment loss on investment in subsidiary	1,800,000	5,700,000
	<u>2,261,293</u>	<u>5,766,925</u>

18 Finance costs

	2020 US\$	2019 US\$
Financial liabilities measured at amortised cost – interest expense	8,832,794	8,485,412
Realised exchange differences	1,720,970	556,761
Cash flow hedges – ineffective portion of changes in fair value	(532,607)	–
	<u>10,021,157</u>	<u>9,042,173</u>

19 Tax expense

	2020 US\$	2019 US\$
Current tax expense		
Current year	190,000	–
Adjustments for prior years	44,833	1,045
	<u>145,167</u>	<u>1,045</u>

The value of interest swap for long term loan is capital in nature. It will not be subject to Tax.

Reconciliation of effective tax rate

Profit before income tax	14,053,554	1,244,236
Tax calculated using Singapore tax rate of 17% (2019: 17%)	2,389,104	211,520
Non-deductible expenses	1,912,635	3,095,326
Tax exempt revenue	(3,723,126)	(3,128,312)
Adjustments for prior years	(44,833)	1,045
Deferred tax assets utilised	(388,613)	(178,534)
	<u>145,167</u>	<u>1,045</u>

Subject to the agreement by the tax authorities, the Company has unutilised tax losses of US\$ Nil (2019: US\$2,285,961) available to offset future profits. At the end of the reporting period, no deferred tax asset had been recognised due to the unpredictability of future profit streams.

20 Profit for the year

The following items have been included in arriving at profit before tax for the year:

	2020 US\$	2019 US\$
Contributions to defined contribution plans included in staff cost	38,374	27,441
Gain from derivative financial instruments not designated as hedges	(1,726,796)	–
Loss from derivative financial instruments not designated as hedges	–	3,549,471
	<hr/>	<hr/>

21 Financial instruments

Financial risk management

Overview

The Company has exposures to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Management is responsible for developing and monitoring the Company's risk management policies. Management reports regularly to the Board of Directors on its activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and cash equivalents.

The carrying amounts of financial assets in the statement of financial position represent the Company's maximum exposure to credit risk before taking into account any collateral held. Aside from trade receivables, the Company do not hold any collateral in respect of their financial assets.

Trade and other receivables

The Company manages its credits risk by transacting with established companies with no adverse information in the industries. The Company's credit terms are generally up to 180 days (2019: 180 days). No interest is charged on the outstanding balance.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all new customers. The credit quality of customers is assessed after taking into account its financial position and past experience with the customers. The company has policies in place to ensure that invoices for goods provided to customers are collected within an appropriate time period and that loss to the company is minimised in the event of default. The collateral held for trade receivables include letter of credit from reputable banks recommended by the Company.

Expected credit loss (ECL) assessment for receivables secured with letters of credit or where counterparty has credit ratings as at 1 April 2019 and 31 March 2020

The Company applies the simplified approach to provide for ECLs for all trade receivables without letters of credit. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

The Company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to credit rating definitions from agencies such as Standards and Poor's and Moody's.

	Equivalent to external credit rating	Credit impaired	Gross carrying amount US\$	Impairment loss allowance US\$	Net carrying amount US\$
2020					
Grades 1-4: <i>Low risk</i>	A-3 to A-1+	No	7,851,708	—	7,851,708
Grades 5 : <i>Fair risk</i>	B	No	1,006,356	—	1,006,356
			<u>8,858,064</u>	<u>—</u>	<u>8,858,064</u>
2019					
Grades 1-4: <i>Low risk</i>	A-3 to A-1+	No	20,379,275	—	20,379,275
Grades 5 : <i>Fair risk</i>	B	No	2,199,528	—	2,199,528
			<u>22,578,803</u>	<u>—</u>	<u>22,578,803</u>

There were no trade receivables for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets.

Expected credit loss (ECL) assessment for receivables without letters of credit

The Company applies the simplified approach to provide for ECLs for all trade receivables without letters of credit. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

Loss rates are calculated using a “roll rate” method based on the probability of a receivable progressing through succession stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics: geographic regions and nature of customers.

Loss rates are based on actual credit loss experience over the past 4 years adjusted for current conditions and the Company’s view of economic conditions over the expected lives of the receivables only if these factors have a significant impact to the credit loss.

	Weighted average loss rate %	Gross carrying amount US\$	Impairment loss allowance US\$	Net carrying amount US\$	Credit impaired
2020					
Current (not past due)	0%	45,989,932	–	45,989,932	No
1 – 30 days past due	0%	–	–	–	No
31 – 60 days past due	0%	–	–	–	No
61 – 90 days past due	0%	–	–	–	No
More than 90 days past due	0%	13,166	–	13,166	No
		<u>46,003,098</u>	<u>–</u>	<u>46,003,098</u>	
2019					
Current (not past due)	0%	17,214,661	–	17,214,661	No
1 – 30 days past due	0%	–	–	–	No
31 – 60 days past due	0%	–	–	–	No
61 – 90 days past due	0%	–	–	–	No
More than 90 days past due	0%	7,396	–	7,396	No
		<u>17,222,057</u>	<u>–</u>	<u>17,222,057</u>	

At the reporting date, the Company is exposed to concentration of credit risk as 59.7% (2019: 42.6%) of its trade receivables are due from 4 customers (2019: 4 customers) and 22.3% (2019: 37.9%) of its total trade and other receivables are due from ultimate holding company and a subsidiary.

Derivatives

The derivatives are placed with financial institutions which are regulated. Management does not expect any of its counterparties to fail to meet its obligations.

Cash and cash equivalents

Cash is placed with financial institutions which are regulated. Management does not expect any of its counterparties to fail to meet its obligations.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’s reputation.

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted.

The carrying amount of the loans and borrowings, accruals, income tax payable and trade and other payables approximates the expected contractual cash flows which will mature within the next one year.

The following are the remaining contractual maturities of derivative financial instruments. The amounts are gross and undiscounted, and exclude the impact of netting arrangements:

	Carrying amount US\$	Cash flows		
Contractual cash flows US\$		Within 1 year US\$	Within 1 to 5 years US\$	
31 March 2020				
Derivative financial instruments				
Gross-settled forward exchange contracts	1,233,398			
- Outflow		(25,480,098)	(25,480,098)	—
- Inflow		26,713,496	26,713,496	—
Net-settled interest rate swaps	(12,614,561)	(9,106,148)	(3,331,819)	(5,774,329)
	<u>11,381,163</u>	<u>(7,872,750)</u>	<u>(2,098,421)</u>	<u>(5,774,329)</u>
31 March 2019				
Derivative financial instruments				
Gross-settled forward exchange contracts	(493,398)			
- Outflow		(11,713,912)	(11,713,912)	—
- Inflow		11,220,514	11,220,514	—
Net-settled interest rate swaps	(3,314,495)	(2,706,340)	(223,509)	(2,482,831)
	<u>(3,807,893)</u>	<u>(3,199,738)</u>	<u>(716,907)</u>	<u>(2,482,831)</u>

Market risk

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

The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by management. Generally, the Company seeks to apply hedge accounting in order to manage volatility in profit or loss.

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. There is uncertainty as to the timing and the methods of transition for replacing existing benchmark interbank offered rates (IBORs) with alternative rates. In Singapore, the fundamental review and reform of the two key Singapore Dollar interest rate benchmarks that are widely referenced in financial contracts, namely Singapore interbank offered rates (SIBORs) and Singapore swap offer rates (SORs), and the transition from SOR to the Singapore Overnight Rate Average (SORA), is also ongoing.

As a result of these uncertainties, significant accounting judgement is involved in determining whether certain hedge accounting relationships that hedge the variability of interest rate risk due to expected changes in IBORs continue to qualify for hedge accounting as at 31 March 2020. IBOR continues to be used as a reference rate in financial markets and is used in the valuation of instruments with maturities that exceed the expected end date for IBOR. In Singapore, SIBOR and SOR continue to be used as reference rates in financial markets and are used in the valuation of instruments with maturities that exceed the expected end date for SIBOR and SOR. Therefore, the Company believes the current market structure supports the continuation of hedge accounting as at 31 March 2019.

The Company is not exposed to any significant equity price risk.

Foreign currency risk

The Company's foreign currency exposures arise mainly from the exchange rate movements of Singapore dollar against United States dollar.

Those exposures are managed primarily by using natural hedges that arise from offsetting assets and liabilities that are denominated in foreign currencies.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the Company's functional currency are as follows:

	Assets		Liabilities	
	2020	2019	2020	2019
	US\$	US\$	US\$	US\$
Singapore dollars	52,038	12,982	310,869	113,579

Foreign currency sensitivity

No sensitivity analysis is prepared as the Company does not expect any material effect on the Company's results arising from the effects of reasonable possible changes to foreign currency exchange rates on the financial statements of the Company.

Interest rate risk

The Company adopts a policy of ensuring that its interest rate risk exposure is at a fixed-rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a float rate and using interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

At 1 April 2019, the Company designated the interest rate swaps as a cash flow hedging instruments in qualifying hedging relationships. The Company assesses whether the derivative designated in this hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Company's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- differences in repricing dates between the swaps and the borrowings.

At the reporting date, the interest rate profile of the interest-bearing financial instruments, as reported to the management, was as follows:

	Nominal amount 2020 US\$
Variable rate instruments	
Financial liabilities	247,986,042
Effect of interest rate swaps	(12,895,492)
	<u>235,090,550</u>

Cash flow sensitivity analysis for variable rate instruments

A reasonably change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss		Equity	
	100 bp increase US\$	100 bp decrease US\$	100 bp increase US\$	100 bp decrease US\$
31 March 2020				
Variable rate instruments	247,986	(247,986)	–	–
Interest rate swap	–	–	4,721,667	(4,802,979)
Cash flow sensitivity (net)	<u>247,986</u>	<u>(247,986)</u>	<u>4,721,667</u>	<u>(4,802,979)</u>

Hedge accounting

Cash flow hedges

At 31 March 2020, the Company held the following instruments to hedge exposures to changes in interest rates.

	Interest rate (%)	Within 1 year US\$	Maturity Between 1 to 5 years US\$	More than 5 years US\$
Interest rate risk				
Interest rate swaps (IRS)				
- Float-to-fixed	2.597%	—	200,000,000	—

The amounts at the reporting date relating to items designated as hedged items were as follows.

	Balance in hedging reserve for continuing hedges US\$
31 March 2020	
Interest rate risk	
Variable-rate instruments	<u>(9,832,673)</u>

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows.

	At 31 March 2020			
	Nominal amount US\$	Carrying amount – assets US\$	Carrying amount – liabilities US\$	Line item in the statement of financial position where the hedging instrument is included US\$
Interest rate risk				
Interest rate swaps	247,986,042	—	(12,614,561)	Derivatives

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows.

During the period - 2020			
	Changes in the value of the hedging instrument recognised in OCI US\$	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that include the hedge effectiveness
Interest rate risk			
Interest rate swaps	(9,832,673)	(532,607)	Finance costs

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting.

	Hedging reserve US\$
Balance at 1 April 2019	—
Cash flow hedges	
Change in fair value:	
Interest rate risk	(9,832,673)
Balance at 31 March 2020	<u>(9,832,673)</u>

Accounting classifications and fair values

The fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount			Fair value			
		Designated at FVTPL US\$	Financial assets at amortised cost US\$	Other financial liabilities US\$	Total US\$	Level 1 US\$	Level 2 US\$	Level 3 US\$
Note								Total US\$
31 March 2020								
Financial assets not measured at fair value								
7	Trade and other receivables	-	54,864,866	-	-	-	-	-
9	Cash at bank	-	36,869,072	-	-	-	-	-
		-	91,733,938	-	-	-	-	-
Financial liabilities measured at fair value								
8	Interest rate swaps	(12,614,561)	-	-	-	-	(12,614,561)	-
8	Forward exchange contracts	1,233,399	-	-	-	-	1,233,399	-
		(11,381,162)	-	-	-	-	-	-
Financial liabilities not measured at fair value								
12	Loans and borrowings	-	-	247,986,042	-	-	-	-
	Accruals	-	-	1,068,544	-	-	-	-
13	Trade and other payables	-	-	19,279,231	-	-	-	-
		-	-	268,333,817	-	-	-	-

		Carrying amount				Fair value			
	Note	Designated at FVTPL US\$	Financial assets at amortised cost US\$	Other financial liabilities US\$	Total US\$	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
31 March 2019									
Financial assets not measured at fair value									
Trade and other receivables	7	-	39,800,860	-	39,800,860				
Cash at bank		-	2,791,308	-	2,791,308				
		-	42,592,168	-	42,592,168				
Financial liabilities measured at fair value									
Interest rate swaps	8	(3,314,495)	-	-	(3,314,495)	-	(3,314,495)	-	-
Forward exchange contracts	8	(493,398)	-	-	(493,398)	-	(493,398)	-	-
		(3,807,893)	-	-	(3,807,893)				
Financial liabilities not measured at fair value									
Loans and borrowings	12	-	-	214,036,870	214,036,870				
Accruals		-	-	396,280	396,280				
Trade and other payables	13	-	-	16,447,867	16,447,867				
		-	-	230,881,017	230,881,017				

Estimation of fair values

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Interest-bearing liabilities

For variable interest rate financial liabilities, the carrying amounts approximate their fair value as the interest rate reprices frequently.

Other financial assets and liabilities

The carrying amounts of other financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, accruals, short-term loans and borrowings, income tax payable and trade and other payables) approximate their fair values because of the short period to maturity of these financial instruments. The fair value of the long-term loan and borrowings are disclosed in Note 12 to the financial statements.

Fair value hierarchy

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

22 Leases

Leases as lessee (FRS 116)

The Company leases office building. The leases typically run for a period of 3 years, with an option to renew the lease after that date. Lease payments are renegotiated every 3 years to reflect market rentals.

Information about leases for which the Company is a lessee is presented below.

Right-of-use assets

	Office building	Total
	2020	2020
	US\$	US\$
Balance at 1 April 2019	38,277	38,277
Depreciation charge for the year	(51,587)	(51,587)
Additions to right-of-use assets	159,725	159,725
Balance at 31 March 2020	<u>146,415</u>	<u>146,415</u>

Amounts recognised in profit or loss

2020 - Lease under FRS 116	US\$
Interest on lease liabilities	<u>1,376</u>
2019 - Operating lease under FRS 17	
Lease expense	38,563
Contingent rent expense	<u>165,196</u>

Amounts recognised in statement of cash flows

	2020
	US\$
Total cash outflow for leases	<u>49,844</u>

Extension options

Some property leases contain extension options exercisable by the Company up to three years before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Company has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of US\$157,261.

23 Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The directors are considered as key management personnel of the Company.

There are no key management personnel apart from the Company's directors. No remuneration is paid to directors for the financial years ended 31 March 2020 and 2019. The directors are paid remuneration by related companies in their capacity as directors and/or executives of those related companies.

Other related party transactions

Other than disclosed elsewhere in the financial statements, transactions with related corporations are as follows:

	2020	2019
	US\$	US\$
Ultimate holding company		
Sales of goods	66,987,884	65,220,937
Purchase of goods	35,647	64,050
Reimbursement of expenses	<u>6,245</u>	<u>5,499</u>
Subsidiary		
Dividend income	<u>21,900,743</u>	<u>18,401,481</u>
Related corporations		
Purchase of goods from related companies	<u>99,749,855</u>	<u>52,014,089</u>

24 Subsequent events

On 11 March 2020, the World Health Organisation declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty which is, for example, evidenced by more volatile asset prices and currency exchange rates.

The Company is currently assessing the potential impacts of this Coronavirus outbreak and its related impacts on its financial statements, and does not expect material impacts these events will have on the Company's financial position, results of operations or cash flows in the future.