



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

Annual Report  
Year ended 31 March 2019

## 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 2019.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS38 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2019 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

## 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	Holdings at end of the year
<b>Ultimate holding company</b> <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 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.

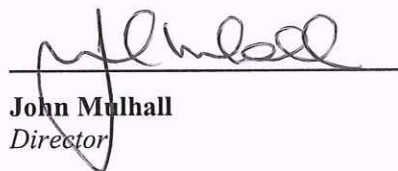
### **Auditors**

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*

26 April 2019



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## 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 2019, 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 FS38.

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 2019 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.

A handwritten signature in blue ink that reads 'KPMG LLP'.

**KPMG LLP**  
*Public Accountants and*  
*Chartered Accountants*

**Singapore**  
26 April 2019

**Statement of financial position**  
**As at 31 March 2019**

	Note	2019 US\$	2018 US\$
<b>Non-current assets</b>			
Property and equipment	4	3,875	9,179
Investment in joint venture	5	–	–
Investment in subsidiaries	6	701,336,880	701,336,880
		701,340,755	701,346,059
<b>Current assets</b>			
Trade and other receivables	7	39,800,860	28,266,324
Derivative financial instruments	8	–	25,853
Cash at bank		2,791,308	7,593,192
		45,592,168	35,885,369
<b>Total assets</b>		743,932,923	737,231,428
<b>Equity</b>			
Share capital	9	596,737,700	596,737,700
Accumulated losses		(87,070,524)	(88,313,715)
Foreign currency translation reserve	10	(423,163)	(423,163)
		509,244,013	508,000,822
<b>Non-current liabilities</b>			
Loans and borrowings	11	197,036,870	196,236,871
<b>Current liabilities</b>			
Loans and borrowings	11	17,000,000	11,283,435
Accruals		396,280	384,070
Derivative financial instruments	8	3,807,893	284,275
Trade and other payables	12	16,447,867	21,001,955
Income tax payable		–	40,000
		37,652,040	32,993,735
<b>Total liabilities</b>		234,688,910	229,230,606
<b>Total equity and liabilities</b>		743,932,923	737,231,428

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

**Statement of comprehensive income**  
**Year ended 31 March 2019**

	Note	2019 US\$	2018 US\$
Revenue	13	118,071,046	86,751,545
Cost of sales		(115,323,446)	(84,833,704)
<b>Gross profit</b>		<u>2,747,600</u>	<u>1,917,841</u>
Other operating income	14	18,454,597	15,252,065
Administrative expenses	15	(5,148,863)	(4,432,820)
Other operating expenses	16	(5,766,925)	(2,200,000)
Finance costs	17	(9,042,173)	(5,191,290)
<b>Profit before tax</b>		<u>1,244,236</u>	<u>5,345,796</u>
Tax expense	18	(1,045)	(44,433)
<b>Profit for the year, representing total comprehensive income for the year</b>	19	<u><u>1,243,191</u></u>	<u><u>5,301,363</u></u>

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



**Statement of changes in equity**  
**Year ended 31 March 2019**

	Share capital US\$	Preference shares US\$	Foreign currency translation reserve US\$	Accumulated losses US\$	Total US\$
At 1 April 2017	481,637,700	115,100,000	(423,163)	(93,615,078)	502,699,459
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	-	5,301,363	5,301,363
<b>Total comprehensive income for the year</b>	-	-	-	5,301,363	5,301,363
At 31 March 2018	481,637,700	115,100,000	(423,163)	(88,313,715)	508,000,822
At 1 April 2018	481,637,700	115,100,000	(423,163)	(88,313,715)	508,000,822
Adjustment on initial application of FRS115 and FRS109 (note 2.5)	-	-	-	-	-
At 1 April 2018, as adjusted	481,637,700	115,100,000	(423,163)	(88,313,715)	508,000,822
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	-	1,243,191	1,243,191
<b>Total comprehensive income for the year</b>	-	-	-	1,243,191	1,243,191
At 31 March 2019	481,637,700	115,100,000	(423,163)	(87,070,524)	509,244,013

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



**Statement of cash flows**  
**Year ended 31 March 2019**

	Note	2019 US\$	2018 US\$
<b>Cash flows from operating activities</b>			
Profit before tax		1,244,236	5,345,796
Adjustments for:			
Dividend income	14	(18,401,841)	(14,901,841)
Depreciation of property and equipment	4	5,304	5,593
Loss from derivative financial instruments not designed as hedges	15	3,549,471	1,037,090
Amortisation of facility fees on bank loans	15	799,999	1,558,798
Impairment loss on the investment in subsidiary	16	5,700,000	2,200,000
Finance income	14	(52,756)	(196,428)
Finance costs	17	8,485,412	4,804,289
		<u>1,329,825</u>	<u>(146,703)</u>
Changes in working capital:			
Trade and other receivables		(12,576,570)	8,487,080
Trade and other payables		(4,675,238)	(648,766)
Derivative financial instruments		-	(25,853)
Accruals		12,210	(405,375)
Cash (used in)/generated from operations		<u>(15,909,773)</u>	<u>7,260,383</u>
Tax paid		(41,045)	(4,433)
<b>Net cash (used in)/generated from operations</b>		<u>(15,950,818)</u>	<u>7,255,950</u>
<b>Cash flows from investing activities</b>			
Additional investment in subsidiary		(5,700,000)	(2,200,000)
Interest received		1,094,790	41,312
Dividend received		18,401,841	14,901,841
Advances due from subsidiary		-	6,277,135
<b>Net cash from investing activities</b>		<u>13,796,631</u>	<u>19,020,288</u>
<b>Cash flows from financing activities</b>			
Interest paid		(8,364,262)	(5,489,128)
Proceeds from loans and borrowings		64,261,284	47,131,020
Repayment of loans and borrowings		(58,544,719)	(62,418,702)
<b>Net cash used in financing activities</b>		<u>(2,647,697)</u>	<u>(20,776,810)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(4,801,884)	5,499,428
Cash and cash equivalents at beginning of year		<u>7,593,192</u>	<u>2,093,764</u>
<b>Cash and cash equivalents at end of year</b>		<u>2,791,308</u>	<u>7,593,192</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 26 April 2019.

### **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').

#### **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 2018:

- FRS 115 *Revenue from Contracts with Customers*;
- *Clarifications to FRS 115 Revenue from Contracts with Customers* (Amendments to FRS 115);
- FRS 109 *Financial Instruments*;
- Applying FRS 109 *Financial Instruments* with FRS 104 *Insurance Contracts* (Amendments to FRS 104);
- *Classification and Measurement of Share-based Payment Transactions* (Amendments to FRS 102);
- *Transfers of Investment Property* (Amendments to FRS 40);
- *Deletion of short-term exemptions for first-time adopters* (Amendments to FRS 101);
- *Measuring an Associate or Joint Venture at Fair Value* (Amendments to FRS 28); and
- INT FRS 122 *Foreign Currency Transactions and Advance Consideration*.

Other than FRS115 and FRS109, the adoption of these FRSs, amendments to standards and interpretations did not have a material effect on the Company's financial statements.

### **A. FRS 115 *Revenue from Contracts with Customers***

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced FRS 18 *Revenue*, FRS 11 *Construction Contracts* and related interpretations. Under FRS 115, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Company has adopted FRS 115 using the cumulative effect method to contracts that are not completed contracts at the date of initial application (i.e. 1 April 2018), with the effect of initially applying this standard recognised at the date of initial application. Accordingly, the information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under FRS 18, FRS 11 and related interpretations, as applicable. Additionally, the disclosure requirements in FRS 115 have not generally been applied to comparative information.

The Company has also applied the practical expedient not to retrospectively restate contracts for contract modifications that occurred before the date of initial application. Instead, the Company has reflected the aggregate effect of all modifications that occurred before the date of initial application when:

- identifying the satisfied and unsatisfied performance obligations (PO);
- determining the transaction price; and
- allocating the transaction price to the satisfied and unsatisfied PO.

The adoption of FRS115 did not have a material effect on the Company's financial statements.

#### **B. FRS 109 *Financial Instruments***

FRS 109 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new ECL model and a new general hedge accounting model.

The Company has adopted consequential amendments to FRS 107 *Financial Instruments: Disclosures* that are applied to disclosures about 2018 but have not been generally applied to comparative information.

Changes in accounting policies resulting from the adoption of FRS 109 have been applied by the Company retrospectively, except as described below.

- The Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of FRS 109 are recognised in retained earnings and reserves as at 1 April 2018. Accordingly, the information presented for 2018 does not generally reflect the requirements of FRS 109, but rather those of FRS 39.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at fair value through profit or loss (FVTPL).

The adoption of FRS109 did not have a material effect on the Company's financial statements.



### 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### 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

#### **Non-derivative financial assets – Policy applicable from 1 April 2018**

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 – Policy applicable from 1 April 2018**

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 – Policy applicable from 1 April 2018**

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 – Policy applicable from 1 April 2018**

***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 assets – Policy applicable before 1 April 2018**

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

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 offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the loans and receivables category.

#### ***Loans and receivables***

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

#### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank.

#### **Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses – Policy applicable from 1 April 2018**

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.

#### **Non-derivative financial liabilities – Policy applicable before 1 April 2018**

The Company initially recognises financial liabilities on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

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 offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: loans and borrowings, accruals, and trade and other payables. Such financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

#### **Derivative financial instruments – Policy applicable from 1 April 2018**

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.

#### **Derivative financial instruments – Policy applicable before 1 April 2018**

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

Derivatives are initially measured at fair value; any attributable transaction costs are recognised in the profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

#### ***Other non-trading derivatives***

When a derivative financial instruments is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in 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.

#### ***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.



When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of 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, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

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 Leased assets**

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.



### 3.7 Impairment

#### (i) Non-derivative financial assets – Policy applicable from 1 April 2018

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

### *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.

### **Non-derivative financial assets – Policy applicable before 1 April 2018**

A financial asset not carried at fair value through profit or loss, including an interest in a joint venture), is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

### ***Loans and receivables***

The Company considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

### ***Joint venture***

An impairment loss in respect of a joint venture is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

## **(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 allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other 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

#### Policy applicable from 1 April 2018

#### (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 stand-alone 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.

**Policy applicable before 1 April 2018**

Revenue excludes value added and other sale taxes and is after deduction of any trade discounts, and is recognised using the following methods:

**(i) Sale of goods**

Revenue from sale of goods in the ordinary course of business is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

**(ii) Dividend income**

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

**3.11 Lease payments**

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.

### 3.12 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.

### 3.13 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.

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; and
- temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

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.

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, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, 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 utilised. 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.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

### 3.14 New standards and interpretations not yet adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 April 2018 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 following new FRSs, interpretations and amendments to FRSs are effective for annual periods beginning after 1 April 2018:

#### **Applicable to 2019 financial statements**

- 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 FRS 111);
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to FRS 12);
- *Borrowing Costs Eligible for Capitalisation* (Amendments to FRS 23); and
- *Plan Amendment, Curtailment or Settlement* (Amendments to FRS 19)

#### **Applicable to 2021 financial statements**

- FRS 117 *Insurance Contracts*

#### **Mandatory effective date deferred**

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to FRS 110 and FRS 28)

The Company has assessed the estimated impact that initial application of FRS 116 will have on the financial statements. The Company's assessment of FRS 116, which is expected to have a more significant impact on the Company, is as described below.

FRS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. FRS 116 replaces existing lease accounting guidance, including FRS 17 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives* and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 April 2019, with early adoption permitted.

The Company plans to apply FRS 116 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting FRS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information. The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply FRS 116 to all contracts entered into before 1 April 2019 and identified as leases in accordance with FRS 17 and INT FRS 104.

#### **The Company as lessee**

The Company expects to measure lease liabilities by applying a single discount rate to its leases of office premise and staff accommodation. Furthermore, the Company is likely to apply the practical expedient to recognise amounts of ROU assets equal to their lease liabilities at 1 April 2019. For lease contracts that contain the option to renew, the Company is expected to use hindsight in determining the lease term.

The Company expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under FRS 116. Lease payments that are increased every five years to reflect market rentals, and those that are based on changes in local price index, are included in the measurement of lease liabilities as at date of initial application.

As at 1 April 2019, the Company expects an increase in ROU assets of US\$38,277 and an increase in lease liabilities of US\$38,277.

The nature of expenses related to those leases will change as FRS 116 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

## **4 Property, plant and equipment**

	<b>Leasehold improvements US\$</b>	<b>Computer US\$</b>	<b>Office equipment US\$</b>	<b>Total US\$</b>
<b>Cost</b>				
At 1 April 2017 and 31 March 2018	25,516	9,071	27,779	62,366
Disposal	–	(1,094)	–	(1,094)
At 31 March 2019	<u>25,516</u>	<u>7,977</u>	<u>27,779</u>	<u>61,272</u>
<b>Accumulated depreciation</b>				
At 1 April 2017	13,215	6,600	27,779	47,594
Depreciation during the year	4,473	1,120	–	5,593
At 31 March 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	<u>22,161</u>	<u>7,457</u>	<u>27,779</u>	<u>57,397</u>
<b>Carrying amounts</b>				
At 1 April 2017	12,301	2,471	–	14,772
At 31 March 2018	<u>7,828</u>	<u>1,351</u>	<u>–</u>	<u>9,179</u>
At 31 March 2019	<u>3,355</u>	<u>520</u>	<u>–</u>	<u>3,875</u>



## 5 Investment in joint venture

	2019 US\$	2018 US\$
Unquoted equity shares, at cost	19,571,307	19,571,307
Impairment loss	(19,571,307)	(19,571,307)
	-	-

The change in impairment loss in respect of investment in joint venture is as follows:

	2019 US\$	2018 US\$
Balance at the beginning of the year	(19,571,307)	(19,571,307)
Impairment loss for the year	-	-
Balance at the end of the year	(19,571,307)	(19,571,307)

Details of joint venture of the Company is as follows:

<u>Name of joint venture (place of incorporation)</u>	<u>Principal activities</u>	<u>Percentage of interest held</u>	
		2019	2018
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 2019 and 2018. 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 2018. As such, since prior years, the Company had fully impaired the value of its investment which had been loss making.

## 6 Investment in subsidiaries

	2019 US\$	2018 US\$
Unquoted equity shares, at cost	804,397,013	798,697,013
Impairment loss	(103,060,133)	(97,360,133)
	701,336,880	701,336,880



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

	<b>2019</b>	<b>2018</b>
	<b>US\$</b>	<b>US\$</b>
Balance at the beginning of the year	(97,360,133)	(95,160,133)
Impairment loss for the year	(5,700,000)	(2,200,000)
Balance at the end of the year	(103,060,133)	(97,360,133)

Details of the Company's subsidiaries at 31 March 2019 are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Company	
			2019	2018
			%	%
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\$5,700,000 (2018: US\$2,200,000) 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

	<b>2019</b>	<b>2018</b>
	<b>US\$</b>	<b>US\$</b>
Trade receivables:		
- Third parties	24,709,406	17,567,457
- Ultimate holding company	15,089,279	9,647,403
	39,798,685	27,214,860
Other receivables:		
- Deposits	-	8,269
- Accrued interest due from subsidiary (non-trade)	-	1,042,034
- Others	2,175	1,161
Total	39,800,860	28,266,324

### *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 20.

The ageing of trade receivables at the reporting date was:

	<----- 2019 ----->		<----- 2018 ----->	
	Gross receivables	Impairment losses	Gross receivables	Impairment losses
	\$	\$	\$	\$
Not past due	39,798,685	-	27,214,860	-

## 8 Derivative financial instruments

	2019		2018	
	Assets	Liabilities	Assets	Liabilities
	US\$	US\$	US\$	US\$
Interest rate swaps	–	3,314,495	–	284,275
Forward exchange contracts	–	493,398	25,853	–
	–	3,807,893	25,853	284,275

The Company uses interest rate swaps to manage its exposure to interest rate movements on its bank loans (Note 11) by swapping the borrowings from floating rates to fixed rates. The floating rate on the interest swaps is the London interbank offered rate. The Company will settle the difference between the fixed and the floating interest rate on a net basis. All the Company's derivative financial instruments are not designated as hedging instruments and the change in the fair value has been recognised in profit or loss.

## 9 Share capital

	2019		2018	
	Number of shares	US\$	Number of shares	US\$
<b>Ordinary shares</b>				
<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
<b>Preference shares</b>				
<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
	501,407,852	596,737,700	501,407,852	596,737,700

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.

## 10 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.

## 11 Loans and borrowings

	2019	2018
	US\$	US\$
Working capital facility <sup>(1)</sup>	17,000,000	11,283,435
Bank loans <sup>(2)</sup>	197,036,870	196,236,871
	214,036,870	207,520,306

<sup>(1)</sup> The unsecured working capital facility is provided by Credit Agricole Corporate & Investment Bank and DBS Bank and is repayable within 90 days (2018: 90 days). Interest is charged at 2.60% to 3.99% (2018: 2.60% to 3.03%) per annum over US\$ London Interbank Offered Rate ("LIBOR").

<sup>(2)</sup> The bank loans bear effective interest rate at 3.81% (2018: 2.97%) 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 (2018: US\$200,000,000).

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

	Liabilities			Total US\$
	Note	Loans and borrowings US\$	Accrued interest (note 12) US\$	
<b>Balance as at 1 April 2017</b>		221,249,189	1,017,894	222,267,083
<b>Changes from financing cash flows</b>				
Proceeds from loans and borrowings		47,131,020	-	47,131,020
Repayment of loans and borrowings		(62,418,702)	-	(62,418,702)
Interest paid		(4,804,288)	(684,840)	(5,489,128)
<b>Total changes from financing cash flows</b>		(20,091,970)	(684,840)	(20,776,810)
<b>Other changes</b>				
<b>Liability related</b>				
Interest on bank loans	17	4,804,289	-	4,804,289
Amortisation of facility fees on bank loans	15	1,558,798	-	1,558,798
<b>Total liability-related other changes</b>		6,363,087	-	6,363,087
<b>Balance at 31 March 2018 and 1 April 2018</b>		207,520,306	333,054	207,853,360
<b>Changes from financing cash flows</b>				
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)
<b>Total changes from financing cash flows</b>		(2,647,697)	-	(2,647,697)
<b>Other changes</b>				
<b>Liability related</b>				
Interest on bank loans	17	8,364,262	121,150	8,485,412
Amortisation of facility fees on bank loans	15	799,999	-	799,999
<b>Total liability-related other changes</b>		9,164,261	121,150	9,285,411
<b>Balance at 31 March 2018 and 1 April 2018</b>		214,036,870	454,204	214,491,074



## 12 Trade and other payables

	2019 US\$	2018 US\$
Trade payables:		
- Third parties	42,844	3,901,793
- Related companies	7,747,819	8,564,108
	<u>7,790,663</u>	<u>12,465,901</u>
Advances received from immediate holding company (non-trade)	8,203,000	8,203,000
Accrued interest	454,204	333,054
Total	<u>16,447,867</u>	<u>21,001,955</u>

Payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period on purchases of goods is 90 days (2018: 90 days). No interest is charged on trade payable.

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

## 13 Revenue

	2019 US\$	2018 US\$
Sale of goods	<u>118,071,046</u>	<u>86,751,545</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	
	2019 US\$	2018 US\$
<b>Primary geographical markets</b>		
Asia	31,713,716	32,934,689
United States of America	13,950,937	16,467,941
Australia	–	8,787,525
India	72,406,393	28,561,390
	<u>118,071,046</u>	<u>86,751,545</u>
<b>Major products or service line</b>		
Sales of goods	117,884,054	86,751,545
Freight income	186,992	–
	<u>118,071,046</u>	<u>86,751,545</u>
<b>Timing of revenue recognition</b>		
Products transferred at a point in time	117,884,054	86,751,545
Products and services transferred over time	186,992	–
	<u>118,071,046</u>	<u>86,751,545</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.

### 14 Other operating income

	2019 US\$	2018 US\$
Dividend income	18,401,841	14,901,841
Finance income:		
- subsidiary	–	155,116
- fixed deposit	52,756	41,312
Other income	–	153,796
	18,454,597	15,252,065

### 15 Administrative expenses

	2019 US\$	2018 US\$
Bank charges	84,784	62,673
Amortisation of facility fees on bank loans	799,999	1,558,798
Guarantee commission	–	865,309
Loss from derivative financial instruments not designated as hedges	3,549,471	1,037,090
Professional fees	219,904	406,870
Operating lease expense	67,736	80,594
Depreciation	5,304	5,593
Staff costs	284,109	269,537
Others	137,556	146,356
	5,148,863	4,432,820

### 16 Other operating expenses

	2019 US\$	2018 US\$
Net foreign exchange losses	66,925	–
Impairment loss on investment in subsidiary	5,700,000	2,200,000
	5,766,925	2,200,000

**17 Finance costs**

	2019 US\$	2018 US\$
Interest on bank loans	8,485,412	4,804,289
Hedging cost	556,761	387,001
	9,042,173	5,191,290

**18 Tax expense**

	2019 US\$	2018 US\$
<b>Current tax expense</b>		
Current year	–	40,000
Adjustments for prior years	1,045	4,433
	1,045	44,433

*Reconciliation of effective tax rate*

Profit before income tax	1,244,236	5,345,796
Tax calculated using Singapore tax rate of 17% (2018: 17%)	211,520	908,785
Non-deductible expenses	3,095,326	1,749,921
Tax exempt revenue	(3,128,312)	(2,566,706)
Adjustments for prior years	1,045	4,433
Deferred tax assets utilised	(178,534)	(52,000)
	1,045	44,433

Subject to the agreement by the tax authorities, the Company has unutilised tax losses of US\$2,285,961 (2018: US\$3,336,159) 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.

**19 Profit for the year**

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

	2019 US\$	2018 US\$
Contributions to defined contribution plans included in staff costs	27,440	21,327
Loss from derivative financial instruments not designated as hedges	3,549,471	1,037,090
	3,549,471	1,037,090

## 20 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. Asides 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 (2018: 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 2018 and 31 March 2019**

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.

	<b>Equivalent to external credit rating</b>	<b>Credit impaired</b>	<b>Gross carrying amount US\$</b>	<b>Impairment loss allowance US\$</b>	<b>Net carrying amount US\$</b>
<b>2019</b>					
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.

	<b>Weighted average loss rate %</b>	<b>Gross carrying amount US\$</b>	<b>Impairment loss allowance US\$</b>	<b>Net carrying amount US\$</b>	<b>Credit impaired</b>
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 42.6% (2018: 51.0%) of its trade receivables are due from four customers (2018: 2 customers) and 37.9% (2018: 37.8%) 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.

In 2018, the Company has refinanced this loan for a further tenure of 5 years, hence this liability has been reclassified as a long term liability.

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\$
<b>31 March 2019</b>				
<b>Derivative financial instruments</b>				
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>
<b>31 March 2018</b>				
<b>Derivative financial instruments</b>				
Gross-settled forward exchange contracts	25,853			
- Outflow		(9,578,000)	(9,578,000)	–
- Inflow		9,603,853	9,603,853	–
Net-settled interest rate swaps	(284,275)	(468,705)	512,209	(980,914)
	<u>(258,422)</u>	<u>(442,852)</u>	<u>538,062</u>	<u>(980,914)</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 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:



	<b>Assets</b>		<b>Liabilities</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Singapore dollars	12,982	23,000	113,579	148,046

*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*

Interest rate risk is the risk that the fair value or future cash flow of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. The Company uses interest rate swaps to manage its exposure to interest rate movements on its bank loans by swapping the borrowings from floating rates to fixed rates. The interest rate and terms of repayment of bank loans of the Company are disclosed in Note 11 to the financial statements.

No sensitivity analysis is prepared as the Company does not expect any material effect on the Company's results arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period.



**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.

Note	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\$	Total US\$
<b>31 March 2019</b>								
<b>Financial assets not measured at fair value</b>								
7	-	39,800,860	-	39,800,860	-	-	-	-
	-	2,791,308	-	2,791,308	-	-	-	-
	-	42,592,168	-	42,592,168	-	-	-	-
<b>Financial liabilities measured at fair value</b>								
8	(3,314,495)	-	-	(3,314,495)	-	(3,314,495)	-	-
8	(493,398)	-	-	(493,398)	-	(493,398)	-	-
	(3,807,893)	-	-	(3,807,893)	-	-	-	-
<b>Financial liabilities not measured at fair value</b>								
11	-	-	214,036,870	214,036,870	-	-	-	-
	-	-	396,280	396,280	-	-	-	-
12	-	-	8,244,867	8,244,867	-	-	-	-
	-	-	222,678,017	222,678,017	-	-	-	-

# Excluding advances received from immediate holding company

Note	Carrying amount			Fair value			
	FVTPL – designated at fair value US\$	Loans and receivables US\$	Financial liabilities at amortised cost US\$	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<b>31 March 2018</b>							
<b>Financial assets measured at fair value</b>							
8	25,853	–	–	–	25,853	–	–
	<u>25,853</u>	<u>–</u>	<u>–</u>				<u>25,853</u>
<b>Financial assets not measured at fair value</b>							
7	–	28,266,324	–	–	–	–	28,266,324
	–	7,593,192	–	–	–	–	7,593,192
	–	<u>33,859,516</u>	–	–	–	–	<u>33,859,516</u>
<b>Financial liabilities measured at fair value</b>							
8	(284,275)	–	–	–	(284,275)	–	–
	<u>(284,275)</u>	<u>–</u>	<u>–</u>				<u>(284,275)</u>
<b>Financial liabilities not measured at fair value</b>							
11	–	–	207,520,306	–	–	–	207,520,306
	–	–	384,070	–	–	–	384,070
12	–	–	12,798,955	–	–	–	12,798,955
	–	–	<u>220,703,331</u>	–	–	–	<u>220,703,331</u>

# Excluding advances received from immediate holding company

### *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 11 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).

The following tables show the valuation techniques used in measuring Level 2 fair values, as well as the significant unobservable inputs used.

<b>Type</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between key unobservable inputs and fair value measurement</b>
Forward exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.	Not applicable	Not applicable
Interest rate swaps	Discounted cash flow: The fair value is calculated as the present value of the estimated future cash flows. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.	Not applicable	Not applicable

## 21 Operating lease commitments

As at balance sheet date, the Company has future minimum lease payments under non-cancellable operating leases as follows:

	2019 US\$	2018 US\$
Within 1 year	38,563	90,675
Between 2 and 5 years	–	74,521
	<u>38,563</u>	<u>165,196</u>

Operating lease payments represent rentals payable by the Company mainly for its office premise and staff accommodation. Leases are negotiated for an average term of 1 to 3 years with fixed monthly rental.

## 22 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 2019 and 2018. 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:

	2019 US\$	2018 US\$
<b>Ultimate holding company</b>		
Sales of goods	65,220,937	27,169,388
Purchase of goods	64,050	13,500
Reimbursement of expenses	5,499	35,650
Guarantee commission expense	–	865,309
	<u>                    </u>	<u>                    </u>
<b>Subsidiary</b>		
Finance income	–	155,116
Dividend income	18,401,481	14,901,841
	<u>18,401,481</u>	<u>14,901,841</u>
<b>Related corporations</b>		
Purchase of goods from related companies	52,014,089	57,098,981
	<u>52,014,089</u>	<u>57,098,981</u>



