

Directors' Statement and  
Audited Financial Statements

**GLOBAL FOODS PTE. LTD.**  
(Company Registration No.: 201630095H)

31 MARCH 2018



## GENERAL INFORMATION

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### DIRECTOR

Shanker Iyer (appointed on 30 December 2017)  
Mrigank Dhanuka (resigned on 31 December 2017)

### SECRETARY

Cheng Lian Siang

### REGISTERED OFFICE

160 Robinson Road  
#17-01 SBF Center  
Singapore 068914

### AUDITORS

**TKNP International**  
Public Accountants and  
Chartered Accountants  
Singapore

### PRINCIPAL BANKER

DBS Bank Ltd

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**DIRECTORS' STATEMENT**  
**FOR THE FINANCIAL PERIOD FROM 2 NOVEMBER 2016 (DATE OF INCORPORATION) TO 31**  
**MARCH 2018**

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The directors are pleased to present their statement to the members together with the audited financial statements of GLOBAL FOODS PTE. LTD. (the "company") for the financial period from 2 November 2016 (date of incorporation) to 31 March 2018.

**1. OPINION OF THE DIRECTORS**

In the opinion of the directors,

- (i) the financial statements of the company are drawn up so as to give a true and fair view of the financial position of the company as at 31 March 2018 and the financial performance, changes in equity and cash flows of the company for the period then ended; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

**2. DIRECTOR**

Shanker Iyer is the sole director of the company in office at the date of this statement.

**3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES**

Neither at the end of nor at any time during the financial period 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.

**4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES**

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

**DIRECTORS' STATEMENT  
FOR THE FINANCIAL PERIOD FROM 2 NOVEMBER 2016 (DATE OF INCORPORATION) TO 31  
MARCH 2018**

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**5. SHARE OPTIONS**

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

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

There were no unissued shares of the company under option at the end of the financial period.

**6. AUDITORS**

The auditors, **TKNP International**, Public Accountants and Chartered Accountants of Singapore, have expressed their willingness to accept re-appointment as auditors.

The Sole Director,



.....  
**Shanker Iyer**  
Sole Director

Date: **30 APR 2018**

**INDEPENDENT AUDITORS' REPORT  
FOR THE FINANCIAL PERIOD FROM 2 NOVEMBER 2016 (DATE OF INCORPORATION) TO 31  
MARCH 2018**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLOBAL FOODS PTE. LTD.**

**Report on the Audit of the Financial Statements**

*Opinion*

We have audited the financial statements of GLOBAL FOODS PTE. LTD. (the "company"), which comprise the statement of financial position of the company as at 31 March 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the company for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the 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 2018 and of the financial performance, changes in equity and cash flows of the company for the period 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Other information*

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

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

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.

**INDEPENDENT AUDITORS' REPORT  
FOR THE FINANCIAL PERIOD FROM 2 NOVEMBER 2016 (DATE OF INCORPORATION) TO 31  
MARCH 2018**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLOBAL FOODS PTE. LTD.  
(CONT'D)**

*Responsibilities of Management and Directors for the Financial Statements*

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.

GLOBAL FOODS PTE. LTD.  
(Company Registration No.: 201630095H)

INDEPENDENT AUDITORS' REPORT  
FOR THE FINANCIAL PERIOD FROM 2 NOVEMBER 2016 (DATE OF INCORPORATION) TO 31  
MARCH 2018

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLOBAL FOODS PTE. LTD.  
(CONT'D)

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

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

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

*Report on Other Legal and Regulatory Requirements*

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

The engagement partner on the audit resulting in this independent auditors' report is Ong Lien Wan.



**TKNP International**  
Public Accountants and  
Chartered Accountants  
Singapore



Date: **30 APR 2018**

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	<u>Note</u>	<u>2018</u> <u>S\$</u>
<b><u>ASSETS</u></b>		
<b>Non-current assets</b>		
Investment in subsidiary	4	<u>2,665,000</u>
<b>Current assets</b>		
Loan to subsidiary	5	103,372
Cash and cash equivalents	6	<u>17,231</u>
		120,603
<b>Total assets</b>		<u><u>2,785,603</u></u>
<b><u>LIABILITIES AND EQUITY</u></b>		
<b>Current liabilities</b>		
Other payables	7	<u>6,911</u>
<b>Equity</b>		
Share capital	9	2,965,000
Accumulated losses		<u>(186,308)</u>
		2,778,692
<b>Total liabilities and equity</b>		<u><u>2,785,603</u></u>

*See accompanying notes to these financial statements*



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD FROM 2 NOVEMBER 2016 (DATE OF INCORPORATION) TO 31  
MARCH 2018

	<u>Note</u>	<u>02.11.2016</u> <u>to 31.03.2018</u> S\$
Revenue income		-
<b>Other Income</b>		
Interest income		3,372
Total Income		3,372
<b>Expenses</b>		
Administrative expenses	10	(130,014)
Finance costs	11	(59,666)
		(189,680)
<b>Loss before tax</b>		(186,308)
Income tax expense	12	-
<b>Loss for the period, representing total comprehensive loss for the period</b>		(186,308)

*See accompanying notes to these financial statements*

**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD FROM 2 NOVEMBER 2016 (DATE OF INCORPORATION) TO 31  
MARCH 2018**

	<u>Note</u>	<u>Share capital S\$</u>	<u>Accumulated losses S\$</u>	<u>Total S\$</u>
<b>At 2 November 2016 (Date of incorporation)</b>	9	1	-	1
Issuance of ordinary shares	9	2,964,999	-	2,964,999
Loss for the period, representing total comprehensive loss for the period		-	(186,308)	(186,308)
<b>At 31 March 2018</b>		<u>2,965,000</u>	<u>(186,308)</u>	<u>2,778,692</u>

*See accompanying notes to these financial statements*

**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD FROM 2 NOVEMBER 2016 (DATE OF INCORPORATION) TO 31 MARCH 2018**

	<u>Note</u>	<u>2018</u> <u>S\$</u>
<b>Cash flows from operating activities</b>		
Loss before tax		(186,308)
Adjustments for:		
Interest expense		59,666
Interest income		(3,372)
Operating loss before working capital changes		(130,014)
Changes in working capital:		
Increase in other payables		6,911
<b>Cash used in operations</b>		(123,103)
Interest paid		(59,666)
<b>Net cash used in operating activities</b>		(182,769)
<b>Cash flows from investing activities</b>		
Acquisition of subsidiary		(2,665,000)
Loan to subsidiary		(100,000)
<b>Net cash used in investing activities</b>		(2,765,000)
<b>Cash flows from financing activity</b>		
Conversion of debenture of 16,000 to 1,600,000 ordinary shares	8	1,600,000
Issuance of ordinary shares	9	1,364,999
<b>Net cash generated from financing activity</b>		2,964,999
<b>Net increase in cash and cash equivalents</b>		17,230
<b>Cash and cash equivalents at date of incorporation</b>		
- Subscriber shares	9	1
<b>Cash and cash equivalents at end of period</b>	6	17,231

*See accompanying notes to these financial statements*

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 2 NOVEMBER 2016 (DATE OF INCORPORATION) TO 31 MARCH  
2018**

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

**1. CORPORATE INFORMATION**

Global Foods Pte. Ltd. (the "company") is incorporated and domiciled in Singapore with its registered office and principal place of business at 160 Robinson Road #17-01 SBF Center, Singapore 068914.

The principal activities of the company are those of investment holding company. There have been no significant changes in the nature of these activities during the financial period.

The company's ultimate holding company is Dhunseri Petrochem Limited, which is incorporated in India.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1) BASIS OF PREPARATION**

The financial statements of the company have been drawn up in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars ("S\$"), which is the company's functional currency.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

During the financial period, the company has adopted the new and revised FRS that are mandatory from effective date stated in the relevant FRS. The adoption of these FRS did not result in any significant changes in the accounting policies nor any significant impact on the financial statements.

**2.2) BASIS OF CONSOLIDATION**

Consolidation financial statements of the company and its subsidiary have not been prepared as the company is exempted from preparing consolidated financial statements as:

- (i) It is itself a wholly-owned subsidiary, or is a partially-owned subsidiary of another entity, and its other owners do not object to the parent not presenting consolidated financial statements,
- (ii) Its debt or equity instruments are not traded in a stock exchange,
- (iii) It did not file, not as in the process of filing, its financial statements with a securities commission or other regulatory organization for the purpose of issuing any debt and equity instruments, and
- (iv) Its ultimate holding company, Dhunseri Petrochem Limited, which is incorporated in India, produces consolidated financial statements available for public use.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 2 NOVEMBER 2016 (DATE OF INCORPORATION) TO 31 MARCH  
2018

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**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.3) FINANCIAL ASSETS**

*Initial recognition and measurement*

Financial assets are recognised when, and only when, the company becomes a party to the contractual provisions of the financial instrument. The company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

*Subsequent measurement*

**Loans and receivables**

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables comprise cash and cash equivalents, and loan to subsidiary.

*De-recognition*

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

**2.4) CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash at banks and are subject to an insignificant risk of changes in value.

**2.5) IMPAIRMENT OF FINANCIAL ASSETS**

The company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

*Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the company first assesses whether objective evidence of impairment exist individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it include the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 2 NOVEMBER 2016 (DATE OF INCORPORATION) TO 31 MARCH  
2018

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5) IMPAIRMENT OF FINANCIAL ASSETS (CONT'D)

*Financial assets carried at amortised cost (cont'd)*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.6) FINANCIAL LIABILITIES

*Initial recognition and measurement*

Financial liabilities are recognised when, and only when, the company becomes a party to the contractual provisions of the financial instrument. The company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

*Subsequent measurement*

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

Such financial liabilities comprise other payables.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 2 NOVEMBER 2016 (DATE OF INCORPORATION) TO 31 MARCH  
2018

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6) FINANCIAL LIABILITIES (CONT'D)

*De-recognition*

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

2.7) INCOME TAX

Current income tax

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

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

Deferred tax

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

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax asset is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 2 NOVEMBER 2016 (DATE OF INCORPORATION) TO 31 MARCH  
2018

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7) INCOME TAX (CONT'D)

Deferred tax (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period and based on the tax consequence which will follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

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

2.8) SHARE CAPITAL

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to issuance of ordinary shares are deducted against share capital.

2.9) FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Transactions in foreign currencies are measured in the functional currency of the company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting period are recognised in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 2 NOVEMBER 2016 (DATE OF INCORPORATION) TO 31 MARCH  
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10) RELATED PARTIES

A related party is a person or entity that is related to the company and includes:

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
  - (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
  - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of the group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third party and the other entity is an associate of the third party.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or any related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - (vi) The entity is controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

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

2.11) IMPAIRMENT OF NON-FINANCIAL ASSETS

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD FROM 2 NOVEMBER 2016 (DATE OF INCORPORATION) TO 31 MARCH 2018**

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.11) IMPAIRMENT OF NON-FINANCIAL ASSETS (CONT'D)**

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset and liability affected in the future periods.

**3.1) JUDGEMENTS MADE IN APPLYING ACCOUNTING POLICIES**

The management is of the opinion that there are no significant judgements (other than those involving estimates) that have a significant effect on the amounts recognised in the financial statements.

**3.2) KEY SOURCES OF ESTIMATION UNCERTAINTY**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the company. Such changes are reflected in the assumptions when they occur.

Impairment of loans and receivables

The impairment of other receivables and loan to the subsidiary is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the company's loans and receivables as at 31 March 2018 is disclosed in Note 15 to the financial statements.

Impairment of non-financial assets

The company assess whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 2 NOVEMBER 2016 (DATE OF INCORPORATION) TO 31 MARCH 2018

4. INVESTMENT IN SUBSIDIARY

	<u>2018</u> S\$
Unquoted shares, at cost	
Beginning of financial period	-
Additions during the financial period	2,665,000
End of financial period	<u>2,665,000</u>

Name and country of incorporation	Principal activities	Proportion of ownership interest	Cost of investment
		<u>2018</u> %	<u>2018</u> S\$
Twelve Cupcakes Pte. Ltd. (Incorporated in Singapore) (Acquired on December 2016)	Manufacturing and retailing of bread, cakes and confectionary	100	2,665,000

The subsidiary is audited by *RSM Chio Lim LLP*.

Investment in subsidiary is accounted for at cost less any accumulated impairment losses and is denominated in Singapore dollar.

5. LOAN TO SUBSIDIARY

	<u>2018</u> S\$
<u>Unsecured debt:</u>	
At the beginning of the financial period	-
Additions during the financial period	100,000
Interest income	3,372
At the end of the financial period	<u>103,372</u>

Unsecured debt is classified as loan to subsidiary bearing interest at rate of 1.75% plus SIBOR, and is repayable on demand.

6. CASH AND CASH EQUIVALENTS

	<u>2018</u> S\$
Cash at bank	<u>17,231</u>

7. OTHER PAYABLES

	<u>2018</u> S\$
Accruals	<u>6,911</u>

Other payables are denominated in Singapore dollar.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 2 NOVEMBER 2016 (DATE OF INCORPORATION) TO 31 MARCH 2018

8. OPTIONAL CONVERTIBLE DEBENTURES

	<u>2018</u> S\$
At the beginning of the financial period	-
Additions during the financial period	1,600,000
Converted during the financial period	<u>(1,600,000)</u>
At the end of the financial period	<u>-</u>

During the financial period, a debenture amounting to S\$1,600,000 was converted into 1,600,000 ordinary shares.

9. SHARE CAPITAL

	<u>2018</u>	
	No. of shares	S\$
<u>Issued and fully paid</u>		
At the beginning of the period	1	1
Issuance of ordinary shares	2,964,999	2,964,999
At the end of the period	<u>2,965,000</u>	<u>2,965,000</u>

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

10. ADMINISTRATIVE EXPENSES

Included in administrative expenses are the following:

	<u>02.11.2016</u> <u>to</u> <u>31.03.2018</u> S\$
Bank charges	1,062
Incorporation expenses	5,000
Professional fees	<u>123,952</u>

11. FINANCE COSTS

	<u>02.11.2016</u> <u>to</u> <u>31.03.2018</u> S\$
Interest expense on debenture	50,339
Withholding tax on interest expense	<u>9,327</u>
	<u>59,666</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 2 NOVEMBER 2016 (DATE OF INCORPORATION) TO 31 MARCH  
2018**

**12. INCOME TAX EXPENSE**

**02.11.2016  
to  
31.03.2018  
S\$**

Current period

-

The current period's income tax varied from the amount of income tax expense determined by applying Singapore statutory income tax rate of 17% to the loss before tax as a result of the following differences:

**2018  
S\$**

(Loss) before tax

(186,308)

Income tax charged at the statutory tax rate of 17%

(31,672)

Effect of:

- Non-taxable income

(236)

- Non-deductible expenses

31,908

-

There are no unabsorbed tax losses carried forward.

**13. RELATED PARTY TRANSACTIONS**

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the company and related parties at terms agreed between the parties:

**2018  
S\$**

Loan to subsidiary

350,000

Interest receivable from subsidiary

3,372

**14. FINANCIAL RISK MANAGEMENT**

**Financial risk management objectives and policies**

Risk management is integral to the whole business of the company. The company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risk. The management continually monitors the company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 2 NOVEMBER 2016 (DATE OF INCORPORATION) TO 31 MARCH 2018

14. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk management objectives and policies (cont'd)

The main risks faced by the company are interest rate risk, liquidity risk and credit risk that arise in the normal course of business.

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

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the company's financial instruments will fluctuate because of changes in interest rates. As at the end of the financial period, the company's exposure to interest rate risk arises from loan from related party and deposits placed with financial institutions.

	Variable rates		Fixed rates		Total
	Not later than 1 year	Later than 1 year but not later than 5 years	Not later than 1 year	Later than 1 year but not later than 5 years	
	S\$	S\$	S\$	S\$	S\$
<b>2018</b>					
Loan to subsidiary	103,372	-	-	-	103,372

The sensitivity analysis to interest rate risk is not disclosed for those financial instruments classified under variable rates as the effect to profit or loss is not expected to be significant in current financial period ended 31 March 2018.

**Liquidity risk**

Liquidity risk is the risk that the company will encounter difficulty in meeting financial obligations due to shortage of funds. In the management of liquidity risk, the company's objective is to maintain funding from the shareholders for the operations of the company and to provide adequate funds for the company to meet its obligations as and when they fall due, if any.

The table below summarises the maturity profile of the company's financial liabilities at the end of the financial period on contractual undiscounted payments:

	<u>Less than 1 year</u> S\$	<u>Total</u> S\$
<b>2018</b>		
Other payables	6,911	6,911

**Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The company's exposure to credit risk arises primarily from cash and bank balances and loan to subsidiary. For other financial assets (including cash and cash equivalents), the company minimises credit risks by dealing exclusively with counter parties of high credit rating.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 2 NOVEMBER 2016 (DATE OF INCORPORATION) TO 31 MARCH 2018

14. FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

*Financial assets that are neither past due nor impaired*

Loan to subsidiary that is neither past due nor impaired is repayable on demand bearing interest at rate of 1.75% plus SIBOR. Cash and cash equivalents are placed with or entered into with reputable financial institutions of high credit ratings and no history of default.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

*Cash and cash equivalents, and other payables*

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

*Loan to subsidiary*

The carrying amount of loan to subsidiary approximate its fair values as it is subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

16. CLASSIFICATION OF FINANCIAL INSTRUMENTS

*The financial instruments at the reporting date were as follows:*

**Loans and receivables**

	<u>2018</u> S\$
Cash and cash equivalents	17,231
Loan to subsidiary	103,372
	<u>120,603</u>

**Financial liabilities measured at amortised cost**

Other payables	<u>6,911</u>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 2 NOVEMBER 2016 (DATE OF INCORPORATION) TO 31 MARCH  
2018**

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**17. CAPITAL MANAGEMENT**

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

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

**18. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS**

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 April 2018 or later periods and which the company has not early adopted. The company's assessment of the impact of adopting those standards, amendments and interpretations do not result in any significant impact on the company's financial statements.

The company has not adopted the following standards that have been issued but not yet effective:

	<i>Effective for annual periods beginning on or after</i>
▪ FRS 116 Leases	1 Jan 2019

**19. COMPARATIVE FIGURES**

There are no comparative figures as this is first set of financial statements prepared by the company since its incorporation on 2 November 2016.

**20. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE**

The financial statements of the company for the financial period from 2 November 2016 (Date of incorporation) to 31 March 2018 were authorised for issue in accordance with a resolution of the directors as at the date of the Directors' Statement.



***THE FOLLOWING SCHEDULES DO NOT FORM PART OF THE STATUTORY FINANCIAL STATEMENTS***

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD FROM 2 NOVEMBER 2016 (DATE OF INCORPORATION) TO 31  
MARCH 2018

	<u>02.11.2016</u> <u>to 31.03.2018</u> S\$
<b>Revenue income</b>	-
<b>Other income</b>	
Interest income	3,372
Total income	3,372
<b>Administrative expenses</b>	
Bank Charges	1,062
Incorporation expenses	5,000
Professional fees	123,952
	(130,014)
<b>Finance costs</b>	
Interest expense on debenture	50,339
Withholding tax on interest expense	9,327
	(59,666)
<b>Loss before tax</b>	(186,308)

This statement is for management information only and does not form part of the financial statements of the company.