

**AUDITED FINANCIAL STATEMENTS**

**GARWARE OFFSHORE INTERNATIONAL  
SERVICES PTE. LTD.**

(Registration No. 200711883H)

**31 MARCH 2022**

# AUDITED FINANCIAL STATEMENTS

GARWARE OFFSHORE INTERNATIONAL SERVICES PTE. LTD.

31 MARCH 2022

## CONTENTS

	<u>PAGE</u>
Director's statement	1
Independent auditors' report	3
Balance sheet	6
Statement of comprehensive income	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10

# GARWARE OFFSHORE INTERNATIONAL SERVICES PTE. LTD.

## DIRECTOR'S STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

The director presents this statement to the member together with the audited financial statements of Garware Offshore International Services Pte. Ltd. (the "company") for the financial year ended 31 March 2022.

In the opinion of the director,

- (a) the financial statements of the company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the company as at 31 March 2022 and the financial performance, changes in equity and cash flows of the company for the financial year then ended; and
- (b) at the date of this statement, with continuing financial support from the holding company, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

### DIRECTOR

The director of the company in office at the date of this report is as follows:

Aditya Ashok Garware

### ARRANGEMENTS TO ENABLE DIRECTOR TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the company a party to any arrangement whose object was to enable the director of the company to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate.

### DIRECTOR'S INTERESTS IN SHARES OR DEBENTURES

According to the register kept by the company for the purposes of section 164 of the Singapore Companies Act 1967 (the "Act"), the director holding office at the end of the financial year does not have any interest in the shares or debentures or share options of the company or its related corporations, except as follows:

	Direct interests	
	At beginning of year	At end of year
<b>Holding Company</b>		
<u>Global Offshore Service Limited</u>		
Aditya Ashok Garware	783,703	783,703

### SHARE OPTIONS

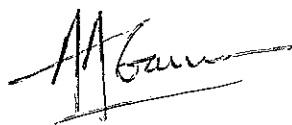
During the financial year, no options to take up unissued shares of the company were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the company. There were no unissued shares of the company under option at the end of the financial year.

**GARWARE OFFSHORE INTERNATIONAL SERVICES PTE. LTD.**

**DIRECTOR'S STATEMENT (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

**INDEPENDENT AUDITORS**

The independent auditors, Chong, Lim & Partners LLP, have expressed their willingness to accept re-appointment as auditors of the company.



Aditya Ashok Garware  
Director

Singapore, 27 May 2022



## **GARWARE OFFSHORE INTERNATIONAL SERVICES PTE. LTD. INDEPENDENT AUDITORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

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

#### **Qualified Opinion**

We have audited the financial statements of Garware Offshore International Services Pte. Ltd. (the "company"), which comprise the balance sheet as at 31 March 2022, and 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.

Except for the matter described in the Basis of Qualified Opinion paragraph, in our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (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 2022 and of the financial performance, changes in equity and cash flows of the company for the year ended on that date.

#### **Basis for Qualified Opinion**

- (1) Included in Note 8 to the financial statement is an amount of USD167,330 (2021: USD139,220), relating to import tax recorded on 10 December 2013, tax refundable from Rio de Janeiro State of Brazil. However, management is unable to provide us with sufficient appropriate audit evidence with respect to this import tax refundable amount. Therefore, we are unable to determine the existence, basis of settlement arrangement and its recoverability from Rio de Janeiro State of Brazil.
- (2) Included in Note 11 to the financial statement is an amount of USD935,894 of loan payables to third parties as at 31 March 2022. As we did not receive replies from the counter-parties in regards to these loan payable amounts, we were unable to ascertain the existence and valuation of these amounts. In addition, notwithstanding that some of the loan amounts are repayable on demand, other loan amounts are due to be settled within the next 12 months. In this regard, we were unable to conclude appropriately as to the timing of the settlement by the company over those loans which are due to be settled within the next 12 months.

#### **Material Uncertainty Related to Going Concern**

We draw attention to Note 2 in the financial statements, which indicates that the company's total liabilities exceeded its total assets by USD2,734,046 (2021: USD2,778,146). As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**GARWARE OFFSHORE INTERNATIONAL SERVICES PTE. LTD.  
INDEPENDENT AUDITORS' REPORT (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

**Other Information**

Management is responsible for the other information. The other information comprises the Director's Statement.

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 Director 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 director's 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 control.

**GARWARE OFFSHORE INTERNATIONAL SERVICES PTE. LTD.  
INDEPENDENT AUDITORS' REPORT (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

**Auditors' Responsibilities for the Audit of the Financial Statements (Continued)**

- 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.
- 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 director 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.



**Chong, Lim & Partners LLP**  
Public Accountants and Chartered Accountants  
Singapore, 27 May 2022

**GARWARE OFFSHORE INTERNATIONAL SERVICES PTE. LTD.**

**BALANCE SHEET  
AS AT 31 MARCH 2022**

	NOTE	2022 USD	2021 USD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Right-of-use asset	5	-	-
<b>Current assets</b>			
Inventories	6	-	2,000
Trade receivable	7	-	-
Other receivables	8	168,524	140,962
Cash and bank balances		3,232	3,123
		<u>171,756</u>	<u>146,085</u>
<b>TOTAL ASSETS</b>		<u>171,756</u>	<u>146,085</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	9	4,870,001	4,870,001
Accumulated losses		<u>(7,604,047)</u>	<u>(7,648,147)</u>
		<u>(2,734,046)</u>	<u>(2,778,146)</u>
<b>Non-current liabilities</b>			
Lease liability	10	-	-
Loan payables	11	517,000	1,174,240
		<u>517,000</u>	<u>1,174,240</u>
<b>Current liabilities</b>			
Lease liability	10	-	-
Loan payables	11	1,601,468	939,128
Trade payables	12	457,682	506,792
Other payables	13	329,652	304,071
		<u>2,388,802</u>	<u>1,749,991</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>171,756</u>	<u>146,085</u>



*Aditya Garware*  
25 May 22



Director  
25-May-2022

The accompanying notes are an integral part of the financial statements.



**GARWARE OFFSHORE INTERNATIONAL SERVICES PTE. LTD.**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2022**

	NOTE	<u>2022</u> USD	<u>2021</u> USD
Other income	14	89,969	78,040
Changes in inventories		(2,000)	-
Employee benefits	15	-	(18,018)
Depreciation – right-of-use asset	5	-	(15,242)
Operating expenses		(9,189)	(45,358)
Finance costs	16	<u>(34,680)</u>	<u>(36,980)</u>
Profit/(loss) before income tax	17	44,100	(37,558)
Income tax	18	<u>-</u>	<u>-</u>
Profit/(loss) for the year		44,100	(37,558)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income		<u><u>44,100</u></u>	<u><u>(37,558)</u></u>



*Aditya Garwar*

Aditya Garwar 25, May 22  
Director  
25-May-2022



The accompanying notes are an integral part of the financial statements.

**GARWARE OFFSHORE INTERNATIONAL SERVICES PTE. LTD.**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2022**

	<u>Share capital</u> USD	Accumulated <u>losses</u> USD	<u>Total</u> USD
Balance at 31 March 2020	4,870,001	(7,610,589)	(2,740,588)
Total comprehensive income	<u>-</u>	<u>(37,558)</u>	<u>(37,558)</u>
Balance at 31 March 2021	4,870,001	(7,648,147)	(2,778,146)
Total comprehensive income	<u>-</u>	<u>44,100</u>	<u>44,100</u>
Balance at 31 March 2022	<u>4,870,001</u>	<u>(7,604,047)</u>	<u>(2,734,046)</u>

*The accompanying notes are an integral part of the financial statements.*

# GARWARE OFFSHORE INTERNATIONAL SERVICES PTE. LTD.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	<u>2022</u> USD	<u>2021</u> USD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before income tax	44,100	(37,558)
Adjustments for:-		
Depreciation – right-of-use asset	-	15,242
Interest expenses – loan payables	34,680	36,004
Interest expense – lease liability	-	976
Realised exchange loss arising from derecognition of right-of-use asset	-	544
Foreign exchange gain - unrealised	(29,316)	-
Waiver of expenses	<u>(30,980)</u>	<u>(74,415)</u>
Operating profit/(loss) before working capital changes	18,484	(59,207)
Changes in working capital:		
Inventories	2,000	-
Receivables	1,754	17,086
Payables	<u>(27,229)</u>	<u>28,486</u>
Net cash used in operating activities	<u>(4,991)</u>	<u>(13,635)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of principal portion of lease liabilities	-	(14,194)
Interest paid on lease liability	-	(976)
Proceeds from unsecured loans	<u>5,100</u>	<u>29,389</u>
Net cash generated from financing activities	<u>5,100</u>	<u>14,219</u>
Net increase in cash and cash equivalents	109	584
Cash and cash equivalents at beginning of year	<u>3,123</u>	<u>2,539</u>
Cash and cash equivalents at end of year	<u><u>3,232</u></u>	<u><u>3,123</u></u>

*The accompanying notes are an integral part of the financial statements.*

# **GARWARE OFFSHORE INTERNATIONAL SERVICES PTE. LTD.**

## **NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2022**

### **1. GENERAL INFORMATION**

Garware Offshore International Services Pte. Ltd. (the “company”) is a limited liability company domiciled and incorporated in Singapore. The company’s registered office address is at 12 Tannery Road, #10-01, HB Centre 1, Singapore 347722 and principal place of business is at 150 Orchard Road, Singapore 238841.

The company's holding company is Global Offshore Services Limited, incorporated in India. Related companies in these financial statements refer to members of the holding company.

The principal activities of the company are to charter, operate, lease and broker of vessels.

The financial statements for the year ended 31 March 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 31 May 2022.

### **2. FUNDAMENTAL ACCOUNTING CONCEPT**

The company was in a net liabilities position of USD2,734,046 (2021: USD2,778,146). These factors indicate the existence of a material uncertainty that may cast significant doubt on the ability of the company to continue as a going concern. The ability of the company to continue as a going concern depends on the holding company’s undertaking to provide continuing financial support to enable the company to continue as a going concern. In addition, management has taken steps to remove all costs and overheads to be incurred in the absence of the company’s ability to generate revenue in the short-term. Until such time when the company can generate revenue, management is of the view that all receivables currently owing to the company shall be fully recovered within the ordinary course of business.

If the company is unable to continue in operational existence for the foreseeable future, the company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ from the amounts at which they are currently recorded in the balance sheet. In addition, the company may have to reclassify non-current assets as current assets, and to provide for further liabilities which may arise. No such adjustments have been made to the financial statements.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **BASIS OF PREPARATION**

These financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore (“FRS”s) under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRSs 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in this Note 4.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ADOPTION OF NEW AND REVISED STANDARDS

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the company has adopted all the new and amended standards which are relevant to the company and are effective for annual financial periods beginning on or after 1 April 2021. The adoption of these standards did not have any material effect on the financial performance or position of the company.

#### FRS AND INT FRS NOT YET EFFECTIVE

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

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to FRS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to FRSs 2018-2020	1 January 2022
Amendments to FRS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to FRS 1 Presentation of Financial Statements and FRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023
Amendments to FRS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The director expects the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

#### CURRENCY TRANSLATION

##### Functional and presentation currency

The financial statements of the company are measured using the currency of the primary economic environment in which the company operates (“functional currency”). The financial statements are presented in United States dollar, which is the functional and presentation currency of the company.

##### Transactions and balances

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

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

## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### IMPAIRMENT OF NON-FINANCIAL ASSETS

##### Right-of-use assets

Right-of-use assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. The higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the Cash Generating Unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset 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. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

#### FINANCIAL INSTRUMENTS

##### 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.

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit and loss.

##### Subsequent measurement

##### *Investment in debt instruments*

Subsequent measurement of debt instruments depend on the company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, FVOCI and FVPL.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### FINANCIAL INSTRUMENTS (CONTINUED)

##### Financial assets (Continued)

##### Subsequent measurement (Continued)

##### *Investment in debt instruments (Continued)*

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest rate method, less impairment. Gains and losses are recognised in profit and loss when the assets are derecognised or impaired, and through the amortisation process.

##### Derecognition

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

##### 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 inception.

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

##### Subsequent measurement

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

##### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### IMPAIRMENT OF FINANCIAL ASSETS

The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial inception, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial inception, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (i.e. a lifetime ECL).

#### INVENTORIES

Inventories are stated at the lower of cost and net realisable value. These costs are assigned on a first-in first-out basis and include all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to be incurred for selling and distribution.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value.

#### SHARE CAPITAL

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

#### BORROWINGS

Borrowings are presented as current liabilities unless the company has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recorded at fair value, net of transaction costs and subsequently carried for at amortised costs using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings which are due to be settled within twelve months after the balance sheet date are included in current borrowings in the balance sheet even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue.



## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### PROVISIONS

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### LEASES

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### As lessee

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets of which these lease payments are recognised as expenses on a straight-line basis over the respective lease terms. The company recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

##### *Right-of-use assets*

The company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, adjusted for previously recognised prepaid or accrued lease payment. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in this Note.

##### *Lease liabilities*

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the company and payments of penalties for terminating the lease, if the lease term reflects the company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### LEASES (CONTINUED)

##### As lessee (Continued)

##### *Lease liabilities (Continued)*

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### REVENUE RECOGNITION

Revenue is measured based on the consideration to which the company expects to be entitled in exchange for transferring control of promised goods and services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the company satisfies a performance obligation by transferring control of promised goods and services to the customer. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

##### Vessel charter-hire and handling fees

Charter hired income arising from operating leases on vessel is accounted for on a straight-line basis over the respective lease term. The aggregate cost of hired vessel provided to lessees are recognised as a reduction of the charter hire income over the lease term on a straight-line basis.

The company reimburses all expenses incurred relating to vessel hire to charterer at point of time over the respective lease term.

#### GOVERNMENT GRANTS

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all terms and conditions relating to the grants have been complied with.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### EMPLOYEE BENEFITS

##### Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the company pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid.

##### Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the balance sheet date.

#### BORROWING COSTS

Borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### INCOME TAX

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

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using tax rates and tax laws that have been substantively enacted by the balance sheet date in the country where the company operates and generates taxable income. 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 is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### INCOME TAX (CONTINUED)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

### 4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### *Expected credit losses (ECL) on financial assets*

ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic decisions.

The company has used relevant historical information and loss experience to determine the probability of default of the financial assets and incorporated forward looking information, including significant changes in external market indicators which involved significant estimates and judgments.

In determining ECL of the financial assets, the company used previous years of historical loss data to determine the loss rate and applied this rate to the respective gross amounts of the company's financial assets.

As at the date of the balance sheet, the ECLs for the company's financial assets are USD1,514,727 (2021: USD1,514,727).

#### Critical judgements in applying the entity's accounting policies

The management is of the opinion that any instances of judgements (other than those arising from estimates described above) are not expected to have significant effect on the amounts recognised in the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 5. RIGHT-OF-USE ASSET

	<u>Premise</u> <u>USD</u>
<b>2022</b>	
<b>Cost</b>	
At beginning and end of year	- _____
<b>Accumulated depreciation</b>	
At beginning and end of year	- _____
<b>Carrying amount</b>	
2022	- =====
<b>2021</b>	
<b>Cost</b>	
At beginning of year	40,646
Derecognition	(40,646) _____
At end of year	- _____
<b>Accumulated depreciation</b>	
At beginning of year	6,774
Depreciation	15,242
Derecognition	(22,016) _____
At end of year	- _____
<b>Carrying amount</b>	
2021	- =====

## NOTES TO THE FINANCIAL STATEMENTS

### 6. INVENTORIES

	<u>2022</u> USD	<u>2021</u> USD
Stores and spare parts	<u>-</u>	<u>2,000</u>

### 7. TRADE RECEIVABLE

	<u>2022</u> USD	<u>2021</u> USD
Related company	1,514,727	1,514,727
Less: Allowance for impairment	<u>(1,514,727)</u>	<u>(1,514,727)</u>
	<u>-</u>	<u>-</u>

The movement in allowance for impairment is as follows:

At beginning and end of year	<u>1,514,727</u>	<u>1,514,727</u>
------------------------------	------------------	------------------

### 8. OTHER RECEIVABLES

	<u>2022</u> USD	<u>2021</u> USD
Deposits	739	743
Prepayments	455	1,019
Other receivables (i)	<u>167,330</u>	<u>139,200</u>
	<u>168,524</u>	<u>140,962</u>

<sup>(i)</sup>This pertains to the import tax refundable from Rio De Janeiro State of Brazil amounting to USD 167,330 (2021: USD139,200). The Brazilian court has granted refund of this amount back to the company and in accordance with Brazilian Federal Constitution, the state has until December 2024 to repay this amount via instalments or otherwise back to the company.

### 9. SHARE CAPITAL

	<u>2022</u> USD	<u>2021</u> USD
Issued and fully paid - 4,870,001 ordinary shares	<u>4,870,001</u>	<u>4,870,001</u>

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

## NOTES TO THE FINANCIAL STATEMENTS

### 10. LEASE LIABILITY

	<u>2022</u> USD	<u>2021</u> USD
Minimum lease liabilities payments due:		
Within 1 year	-	-
Within 2 to 5 years	-	-
	-	-
Less: deferred interest	-	-
Present value of lease liability	-	-

The present value of the lease liability may be analysed as follows:

Due within 1 year	-	-
Due within 2 to 5 years	-	-
	-	-

A reconciliation of liabilities arising from financing activities is as follows:

	01.04.2021	Cash flows	Non-cash changes			31.03.2022
			Interest expense	Exchange loss	Others	
	USD	USD	USD	USD	USD	USD
<u>Lease liability</u>						
Current	-	-	-	-	-	-
Non-current	-	-	-	-	-	-
	-	-	-	-	-	-

	01.04.2020	Cash flows	Non-cash changes			31.03.2021
			Interest expense	Exchange loss	Others*	
	USD	USD	USD	USD	USD	USD
<u>Lease liability</u>						
Current	19,045	(15,170)	976	544	(5,395)	-
Non-current	13,235	-	-	-	(13,235)	-
	32,280	(15,170)	976	544	(18,630)	-

\* Relates to derecognition of lease liability.

## NOTES TO THE FINANCIAL STATEMENTS

### 11. LOAN PAYABLES

	<u>2022</u> USD	<u>2021</u> USD
<u>Third parties:</u>		
Loan 1	479,454	479,454
Loan 2	456,440	456,440
Loan 3	<u>331,350</u>	<u>327,650</u>
	1,267,244	1,263,544
Related party	334,224	332,824
Holding company	<u>517,000</u>	<u>517,000</u>
	2,118,468	2,113,368
Less: non-current portion	<u>(517,000)</u>	<u>(1,174,240)</u>
Current portion	<u><u>1,601,468</u></u>	<u><u>939,128</u></u>

#### Loan due to third parties

Loan 1 is unsecured, bears interest rate at 3% per annum and repayable on demand.

Loan 2 is unsecured, bears interest rate at 1% per annum and repayable by August 2022 and March 2023.

Loan 3 is unsecured, bears interest at 3 months LIBOR plus 4% and repayable on demand.

#### Loan due to related party

The loan due to related party is unsecured, consist of USD200,800 (2021: USD200,800), which bears interest rate at 1% per annum and repayable by December 2022 and USD133,424 (2021: USD132,024) non-interest bearing and repayable on demand.

#### Loan due to holding company

The loan due to holding company is unsecured, interest-free and repayable on demand. During the financial year, the holding company has agreed not to charge interest on the outstanding loan amount so as to not put the company in undue financial strain and has agreed not to recall or demand immediate settlement of the loan within the next 12 months from the balance sheet date.

A reconciliation of liabilities arising from financing activities is as follows:

	<u>01.04.2021</u> USD	<u>Cash flows</u> USD	<u>31.03.2022</u> USD
Loan payables	<u><u>2,113,368</u></u>	<u><u>5,100</u></u>	<u><u>2,118,468</u></u>



## NOTES TO THE FINANCIAL STATEMENTS

### 11. LOAN PAYABLES (CONTINUED)

	<u>01.04.2020</u>	<u>Cash flows</u>	<u>31.03.2021</u>
	USD	USD	USD
Loan payables	<u>2,083,979</u>	<u>29,389</u>	<u>2,113,368</u>

### 12. TRADE PAYABLES

	<u>2022</u>	<u>2021</u>
	USD	USD
Related parties	286,079	303,488
Third parties	<u>171,603</u>	<u>203,304</u>
	<u>457,682</u>	<u>506,792</u>

### 13. OTHER PAYABLES

	<u>2022</u>	<u>2021</u>
	USD	USD
Holding company	44,657	44,657
Accruals	217,207	182,626
Third parties	<u>67,788</u>	<u>76,788</u>
	<u>329,652</u>	<u>304,071</u>

The non-trade balances due to holding company are unsecured, interest-free and repayable on demand.

### 14. OTHER INCOME

	<u>2022</u>	<u>2021</u>
	USD	USD
Waiver of expenses	30,980	74,415
Government grant	-	3,625
Advisory income	23,798	-
Foreign exchange gain - unrealised	29,316	-
Sale of stores & spares	5,515	-
Miscellaneous income	<u>360</u>	<u>-</u>
	<u>89,969</u>	<u>78,040</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 15. EMPLOYEE BENEFITS

	<u>2022</u> USD	<u>2021</u> USD
CPF contributions	-	469
Salaries and related costs	-	17,549
	<u>-</u>	<u>18,018</u>

### 16. FINANCE COSTS

	<u>2022</u> USD	<u>2021</u> USD
Interest on lease liability	-	976
Interest on loan payables	34,680	36,004
	<u>34,680</u>	<u>36,980</u>

### 17. PROFIT/(LOSS) BEFORE INCOME TAX

Other than those disclosed in these financial statements, this has been determined after charging the following items:

	<u>2022</u> USD	<u>2021</u> USD
Professional fees	3,654	4,804
Exchange differences	-	33,096
	<u>-</u>	<u>33,096</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 18. INCOME TAX

The reconciliation of the tax expense and the product of accounting profit/(loss) multiplied by the applicable rate is as follows:

	<u>2022</u> USD	<u>2021</u> USD
Profit/(loss) before income tax	44,100	(37,558)
Tax expense/(benefit) at 17%	7,497	(6,385)
Tax effect of:		
- Non-deductible expenses	5,896	8,336
- Utilisation of previously unrecognised deferred tax assets	(13,393)	(1,951)
	<u>-</u>	<u>-</u>

#### Unrecognised tax losses

Subject to the agreement of the Comptroller of Income Tax and the compliances with relevant provisions of the Income Tax Act, the company has unrecognised tax losses carry forward available for offsetting against future taxable income as follows:

	<u>2022</u> USD	<u>2021</u> USD
Tax losses:		
Balance at beginning of year	3,144,898	3,156,376
Current year	(78,780)	(11,478)
Balance at end of year	<u>3,066,118</u>	<u>3,144,898</u>
Unrecorded deferred tax asset on above	<u>521,240</u>	<u>534,633</u>

Deferred tax benefit from tax losses are not recorded as an asset in view of the uncertainties over future income stream against which the benefit can be realised.

### 19. RELATED PARTY INFORMATION

Some of the arrangements are with related parties and the effects of these bases determined between the parties are reflected elsewhere in this report. During the financial year, the company has transactions with related parties on terms agreed between the parties as follows:

	<u>2022</u> USD	<u>2021</u> USD
<u>Company related to director</u>		
Interest on loan	2,036	1,969
Waiver of professional fees	<u>-</u>	<u>(1,196)</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 20. LEASES

#### The company as a lessee

The company had a premise lease contract from a non-related party which is for staff accommodation.

#### (a) Lease liability

The carrying amount of lease liability is disclosed in Note 10 and the maturity analysis of lease liabilities is disclosed in Note 21.

#### (b) Amounts recognised in profit or loss

	<u>2022</u> USD	<u>2021</u> USD
Depreciation of right-of-use asset	-	15,242
Interest on lease liability	-	976
	<u>-</u>	<u>16,218</u>

#### (c) Total cash outflow

The company had total cash outflows for leases of nil (2021: USD15,170) in 2022.

### 21. FINANCIAL RISK MANAGEMENT

#### Financial risk management objectives and policies

The company does not have written risk management policies and guidelines which set out its tolerance for risk and its general risk management philosophy but management may use natural hedges or closely monitor the company's business risk exposures in connection with its financial assets and liabilities and adopts the appropriate measures including the use of other financial instruments when considered necessary to reduce any potential financial risk exposures of losses.

It is the company's policy not to trade in derivative contracts.

#### Market risk

##### (i) Foreign exchange risk

The company has transactional currency exposures that are denominated in a currency other than the United States dollar ("USD"), primarily Singapore dollar ("SGD"), Brazilian real ("BRL"), Euro ("EUR"), Pound sterling ("GBP") and Norwegian krone ("NOK"). The company holds cash and bank balances denominated in foreign currencies for working capital purposes.

## NOTES TO THE FINANCIAL STATEMENTS

### 21. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Market risk (Continued)

##### (i) Foreign exchange risk (Continued)

2022	USD	SGD	BRL	EUR	GBP	NOK	Total
	USD	USD	USD	USD	USD	USD	USD
<u>Financial assets</u>							
Other receivables	-	739	167,330	-	-	-	168,069
Cash and bank balances	2,436	796	-	-	-	-	3,232
	<u>2,436</u>	<u>1,535</u>	<u>167,330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>171,301</u>
<u>Financial liabilities</u>							
Loan payables	2,118,468	-	-	-	-	-	2,118,468
Trade payables	417,437	10,032	-	30,213	-	-	457,682
Other payables	294,118	31,101	-	-	4,433	-	329,652
	<u>2,830,023</u>	<u>41,133</u>	<u>-</u>	<u>30,213</u>	<u>4,433</u>	<u>-</u>	<u>2,905,802</u>
Net financial (liabilities)/assets	(2,827,587)	(39,598)	167,330	(30,213)	(4,433)	-	(2,734,501)
Add: Net financial liabilities denominated in the company's functional currency	2,827,587	-	-	-	-	-	2,827,587
Foreign currency exposure	<u>-</u>	<u>(39,598)</u>	<u>167,330</u>	<u>(30,213)</u>	<u>(4,433)</u>	<u>-</u>	<u>93,086</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 21. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Market risk (Continued)

##### (i) Foreign exchange risk (Continued)

2021	USD USD	SGD USD	BRL USD	EUR USD	GBP USD	NOK USD	Total USD
<u>Financial assets</u>							
Other receivables	-	743	139,200	-	-	-	139,943
Cash and bank balances	241	2,882	-	-	-	-	3,123
	241	3,625	139,200	-	-	-	143,066
<u>Financial liabilities</u>							
Loan payables	2,113,368	-	-	-	-	-	2,113,368
Trade payables	453,470	12,564	-	31,879	252	8,627	506,792
Other payables	263,853	35,571	-	-	4,647	-	304,071
	2,830,691	48,135	-	31,879	4,899	8,627	2,924,231
Net financial (liabilities)/assets	(2,830,450)	(44,510)	139,200	(31,879)	(4,899)	(8,627)	(2,781,165)
Add: Net financial liabilities denominated in the company's functional currency	2,830,450	-	-	-	-	-	2,830,450
Foreign currency exposure	-	(44,510)	139,200	(31,879)	(4,899)	(8,627)	49,285

## NOTES TO THE FINANCIAL STATEMENTS

### 21. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Market risk (Continued)

##### (i) Foreign exchange risk (Continued)

###### Foreign exchange risk sensitivity

The following table details the sensitivity to a 10% increase and decrease in the United States dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If the United States dollar strengthens by 10% (2021: 10%) against the relevant foreign currencies, with all other variables held constant, profit/(loss) for the year will increase/(decrease) by:

	<u>2022</u>	<u>2021</u>
	USD	USD
SGD	3,287	(3,694)
BRL	(13,888)	11,554
EUR	2,508	(2,646)
GBP	368	(407)
NOK	-	(716)
	<u>                    </u>	<u>                    </u>

A 10% weakening of the United States dollar against the relevant foreign currencies at 31 March would have had the equal but opposite effect on profit/(loss) for the year on the basis that all other variables remained constant.

##### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the company's financial instruments will fluctuate because of changes in market interest rates. The company's exposure to interest rate risk arises primarily from floating rate loans payable amounted to USD331,350 (2021: USD327,650).

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

At the reporting date, if the interest rates had been 50 (2021: 50) basis points higher/lower with all other variables held constant, the company's profit/(loss) for the year would have been USD1,375 (2021: USD1,360) lower/higher, arising mainly as a result of higher/lower interest expenses on floating rate loans payable. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

## NOTES TO THE FINANCIAL STATEMENTS

### 21. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Market risk (Continued)

##### (iii) Equity price risk

The company has no exposure to price risk.

#### Liquidity risk

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. Typically, the company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

The following tables detail the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay.

	On demand or not later than 1 year	Later than 1 year but not later than 5 years
	USD	USD
<b>2022</b>		
Loan payables	1,608,041	517,000
Trade payables	457,682	-
Other payables	329,652	-
	<u>2,395,375</u>	<u>517,000</u>
<b>2021</b>		
Loan payables	955,743	1,186,626
Trade payables	506,792	-
Other payables	304,071	-
	<u>1,766,606</u>	<u>1,186,626</u>

#### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. For trade receivables, the company adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the company adopts the policy of dealing only with high credit quality counterparties. The counterparty's payment profile and credit exposure are continuously monitored by the management.

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.



## NOTES TO THE FINANCIAL STATEMENTS

### 21. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Credit risk (Continued)

The company has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 60 days.

To minimise credit risk, the company has developed and maintained the company's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is supplied by the company's own trading records to rate its major customers and other debtors. The company considers available reasonable and supportable forward-looking information which includes the following indicators:

- Actual and significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of the debtors in the company and changes in the operating results of the debtor.

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

The company determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is disappearance of an active market for that financial asset because of financial difficulty

The company categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

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

Category	Definition of category	Basis for recognising expected credit loss (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
III	Amount is >60 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

## NOTES TO THE FINANCIAL STATEMENTS

### 21. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### **Credit risk (Continued)**

As the company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The company has no significant concentration of credit risk.

#### Trade receivables

The company has applied the simplified approach by using a provision matrix to measure lifetime expected credit loss allowance for trade receivables.

The company estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions.

There has been no change in the estimation techniques or significant assumptions made during the current financial year. Based on the company historical credit loss experience and having considered current and forecasts of future conditions, the company assessed the credit loss experience for trade receivables at USD1,514,727 (2021: USD1,514,727).

#### Other financial assets at amortised cost

The company measured credit loss exposure for the other financial assets at amortised cost using 12-month expected credit loss ("ECL"). The company assessed the latest financial performance and financial position of the respective counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, considered the financial undertaking received from its holding company and concluded that there has been no significant increase in credit risk since initial recognition of these financial assets. The company determined that the ECL is insignificant and no loss allowance is required at the balance sheet date.

Credit risk exposure for cash and bank balances are limited and insignificant and no credit loss allowance is required at the balance sheet date.

#### **Capital risk**

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, or obtain new borrowings.

The company is not subject to externally imposed capital requirements.

## NOTES TO THE FINANCIAL STATEMENTS

### 21. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Financial instruments by category

The carrying amount of the different categories of financial instruments as at 31 March is as follows:

	<u>2022</u> USD	<u>2021</u> USD
Financial assets at amortised cost	171,301	143,066
Financial liabilities at amortised cost	<u>2,905,802</u>	<u>2,924,231</u>

### 22. FAIR VALUE OF FINANCIAL INSTRUMENTS

#### Fair value of financial instruments that are carried at fair value

The company had no financial assets or liabilities carried at fair value in 2022 and 2021.

#### Fair value of other financial instruments

The carrying amounts of cash and bank balances, other receivables, lease liability (current), loans payable (current) and trade and other payables are reasonable approximation of fair value due to their short term nature.

Notwithstanding the above, the management considers the following financial assets and liabilities that are not carried at fair value a reasonable approximation of their fair value.

	<u>2022</u>	<u>2021</u>		
	<u>Carrying amount</u> USD	<u>Fair value</u> USD	<u>Carrying amount</u> USD	<u>Fair value</u> USD
Financial liabilities (non-current):				
Loans payables	<u>517,000</u>	<u>517,000</u>	<u>1,174,240</u>	<u>1,186,626</u>

#### Determination of fair value

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the balance sheet date.

# GARWARE OFFSHORE INTERNATIONAL SERVICES PTE. LTD.

## DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

	<u>2022</u>	<u>2021</u>
	\$	\$
<b>OTHER INCOME</b>		
Government grants	-	3,625
Advisory income	23,798	-
Foreign exchange gain	29,316	-
Sale of stores & spares	5,515	-
Miscellaneous income	360	-
Waiver of expenses	30,980	74,415
	<u>89,969</u>	<u>78,040</u>
<b>CHANGES IN INVENTORIES</b>	<u>(2,000)</u>	<u>-</u>
<b>EMPLOYEE BENEFITS</b>		
Central provident fund contributions	-	(469)
Salary and bonus	-	(17,549)
	<u>-</u>	<u>(18,018)</u>
<b>DEPRECIATION – Right of use asset</b>	<u>-</u>	<u>(15,242)</u>
<b>OPERATING EXPENSES</b>		
Accountancy fee / audit fees	(2,699)	(4,698)
Bank charge	(375)	(293)
Commission	-	(873)
Foreign exchange loss	-	(33,096)
Professional fee	(3,654)	(4,804)
Subscription	(365)	(429)
Tax return filling fees	(2,096)	(1,165)
	<u>(9,189)</u>	<u>(45,358)</u>
<b>FINANCE COSTS</b>		
Interest on lease liability	-	(976)
Interest on loan payables	(34,680)	(36,004)
	<u>(34,680)</u>	<u>(36,980)</u>
<b>PROFIT/(LOSS) BEFORE TAX</b>	<u>44,100</u>	<u>(37,558)</u>

*This page does not form part of the statutory financial statements.*