AUDITED FINANCIAL STATEMENTS

GARWARE OFFSHORE INTERNATIONAL SERVICES PTE. LTD.
(Registration No.: 200711883H)

31 MARCH 2019

GARWARE OFFSHORE INTERNATIONAL SERVICES PTE. LTD.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	NOTE	2019 USD	2018 USD
ASSETS			
Non-current asset			
Property, plant and equipment	4	-	84,269
Current assets			
Inventories	5	12,290	127,311
Trade receivables	6	-	1,378,375
Other receivables	7	287,356	72,507
Cash and cash equivalents	8	4,997	6,991
		304,643	1,585,184
TOTAL ASSETS		304,643	1,669,453
EQUITY AND LIABILITIES			
Equity			
Share capital	9	4,870,001	4,870,001
Accumulated losses		(7,541,287)	(8,555,042)
CAPITAL DEFICIENCY		(2,671,286)	(3,685,041)
Current liabilities			
Loan payables	10	2,016,081	2,558,513
Trade payables	11	707,208	1,567,220
Other payables	12	252,640	1,228,761
		2,975,929	5,354,494
TOTAL EQUITY AND LIABILITIES		304,643	1,669,453

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

GARWARE OFFSHORE INTERNATIONAL SERVICES PTE. LTD.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	NOTE	2019 USD	2018 USD
Revenue	13	613,185	1,786,318
Other income	14	798,823	1,040
Changes in inventories		(115,021)	(128,198)
Purchase and related costs		36,762	(300,619)
Charter and related expenses	15	808,207	(720,445)
Employee benefits expense	16	(328,530)	(797,235)
Depreciation expense	4	(9,627)	(206,961)
Other operating expenses	17	(847,742)	(1,591,831)
Finance costs		57,698	(62,832)
Profit / (Loss) before tax		1,013,755	(2,020,763)
Income tax benefit		-	11,164
Profit / (Loss) for the year, representing the total comprehensive loss for the year		1,013,755	(2,009,599)

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

GARWARE OFFSHORE INTERNATIONAL SERVICES PTE. LTD.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Share capital USD	Accumulated losses USD	Total USD
At 1 April 2017	4,870,001	(6,545,443)	(1,675,442)
Loss for the year, representing the comprehensive loss for the year	-	(2,009,599)	(2,009,599)
At 31 March 2018	4,870,001	(8,555,042)	(3,685,041)
Profit for the year, representing the comprehensive income for the year	-	1,013,755	1,013,755
At 31 March 2019	4,870,001	(7,541,287)	(7,541,287)

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

GARWARE OFFSHORE INTERNATIONAL SERVICES PTE. LTD.

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	2019 USD	2018 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before tax		1,013,755	(2,020,763)
Adjustments for:			
Depreciation		9,627	206,961
Allowance for impairment on trade receivables		757,966	756,761
Fuel- amortisation of deferred expense		-	117,834
Vessel charter costs - amortisation of deferred expense		-	115,746
Commission - amortisation of deferred expense		-	21,064
Professional fees - amortisation of deferred expense		-	12,987
Travelling expenses - amortisation of deferred expense		-	1,552
Interest expense		57,698	62,832
Interest income		-	(26)
Loss on disposal of property, plant and equipment		688	-
Waived-off loan due to third party		(499,851)	-
Operating profit/(loss) before working capital changes		1,339,883	(725,052)
Inventories		115,021	128,198
Receivables		405,560	(187,312)
Payables		(1,890,877)	703,878
Cash used in operations		(30,413)	(80,288)
Interest income received		-	26
Net cash used in operating activities		(30,413)	(80,262)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	-	(93,178)
Proceed from disposal of property, plant and equipment		71,000	-
Net cash from/(used in) investing activities		71,000	(93,178)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short term loans		171,887	395,068
Repayment of short term loans		(214,468)	(227,286)
Net cash (used in)/from financing activities		(42,581)	167,782
Net decrease in cash and cash equivalents		(1,994)	(5,658)
Cash and cash equivalents at beginning of year		6,991	12,649
Cash and cash equivalents at end of year		4,997	6,991

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

GARWARE OFFSHORE INTERNATIONAL SERVICES PTE. LTD.

NOTES TO THE FINANCIAL STATEMEMTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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

1. GENERAL

The Company (Registration no.: 200711883H) is incorporated and domiciled in Singapore with its registered office at 12 Tannery Road, #10-01, HB Centre 1, Singapore 347722 and principal place of business at 1 Tampines Central 5 Singapore, Singapore 529508.

The principal activity of the Company is to charter, operate, lease and brokerage of vessels.

The immediate and ultimate holding Company is Global Offshore Services Limited, which is incorporated in India.

2. SUMMARY OF 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 United States dollar (USD), which is the Company's functional currency.

Going concern

The financial statements of the Company have been prepared on a going concern basis notwithstanding the net capital deficiency of approximately USD2,671,286 and USD3,685,041 as at 31 March 2019 and 31 March 2018 respectively. These factors indicate the existence of a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern is dependent on the undertaking of its immediate and ultimate holding company, Global Offshore Services Limited, to provide continuing financial support to enable the Company to meet its liabilities as and when they fall due.

If the Company were 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 the assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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 January 2018. Except for the adoption of FRS 109 *Financial Instruments* and FRS 115 *Revenue from Contracts with Customers* described below, the adoption of these standards did not have any material effect on the financial performance or position of the Company.

<u>FRS 109 *Financial instruments*</u>

FRS 109 replaces FRS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 April 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment and hedge accounting.

The Company applied FRS 109 retrospectively, with an initial application date of 1 April 2018. The Company has not restated comparative information which continues to be reported under FRS 39 and the disclosure requirements of FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39. There is no impact arising from FRS 109 adoption in the opening retained earnings and other components of equity at the date of initial application.

The effect of adopting FRS 109 as at 1 April 2018 was as follows:

<u>(a) Classification and measurement</u>

Under FRS 109, debt instruments are subsequently measured either at fair value through profit or loss ("FVPL"), amortised cost or fair value through other comprehensive income ("FVOCI"). The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Company's business model was made as of the date of initial application, 1 April 2018. The assessment of whether contractual cash flows on debt instruments solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of FRS 109 did not have a significant impact to the Company. The Company continued measuring at fair value all financial assets previously held at fair value under FRS 39. The following are the changes in the classification and measurement of the Company's financial assets:

- Trade and other receivables classified as loans and receivables as at 31 March 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These were classified and measured as debt instruments at amortised cost beginning 1 April 2019.

The Company has not designated any financial liabilities at FVPL. There are no changes in classification and measurement for the Company's financial liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS (CONTINUED)

FRS 109 *Financial instruments (Continued)*

(a) Classification and measurement (Continued)

In summary, upon the adoption of FRS 109, the Company had the following required or elected reclassifications as at 1 April 2018:

		FRS 109 measurement category
		Amortised Cost
FRS 39 measurement category	USD	USD
Loan and receivables		
Trade receivables	1,378,375	1,378,375
Other receivables	57,978	57,978
		1,436,353

(b) Impairment

The adoption of FRS 109 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing FRS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. FRS 109 requires the Company to recognise an allowance for ECLs for all debt instruments not held at FVPL.

Upon adoption of FRS 109, the Company are supposed to recognised additional impairment of USD762,405 (Note 6) on the Company's trade receivables, where the director are of the opinion that this amount is recoverable and hence. We have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves that these amounts are recoverable. Which resulting qualified opinion on the opening balance during the financial year.

FRS 115 *Revenue from contracts with customers*

FRS 115 supersedes FRS 11 *Construction Contracts*, FRS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. FRS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflect the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

FRS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS (CONTINUED)

FRS 115 *Revenue from contracts with customers (Continued)*

The Company adopted FRS 115 using the modified retrospective method of adoption with the date of initial application of 1 April 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 April 2018.

There is no cumulative effect of initially applying FRS 115 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under FRS 11 and 18.

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Company has not adopted the following standards applicable to the Company that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
FRS 116 Leases	1 January 2019
Amendments to FRS 103 *Definition of a Business*	1 January 2020
Amendments to References to the Conceptual Framework in SFRS(I) Standards	1 January 2020
FRS 117 Insurance Contracts	1 January 2021

Except FRS 116, the director expects that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 116 is described below.

FRS 116 *Leases*

FRS 116 requires lessees to recognise most leases on the statement of financial position. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. FRS 116 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Company is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to FRS 116 and assessing the possible impact of adoption.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

FRS 116 Leases (Continued)

The Company plans to adopt FRS 116 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 April 2019.

On the adoption of FRS 116, the Company expects to recognise right-of-use assets of USD13,901 and lease liabilities of USD13,451 for its leases previously classified as operating leases, with a corresponding decrease in the opening retained earnings of USD450 and its related tax impact as of 1 April 2019.

2.4 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.

2.5 PLANT AND EQUIPMENT

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Years
Computer	3 years
Tools equipment and installation	0.833 to 10 years
Dry-docking renovation	1 to 4 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 PLANT AND EQUIPMENT (CONTINUED)

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2.6 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 such indication exists, or when annual impairment assessment 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.

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.

2.7 FINANCIAL INSTRUMENTS

These accounting policies are applied on and after the initial application date of FRS 109, 1 April 2018:

<u>Financial assets</u>

(i) Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

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 or loss.

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends 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. The Company only has debt instruments at amortised cost.

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 method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

(iii) 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.

Financial liabilities

(i) 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.

(ii) Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL 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.

(iii) De-recognition

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 FINANCIAL INSTRUMENTS (CONTINUED)

These accounting policies are applied before the initial application date of FRS 109, 1 April 2018:

Financial assets

(i) *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 FVPL, directly attributable transaction costs.

The Company has the following non-derivative financial assets: "loans and receivables".

(ii) *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 trade and other receivables, and cash and cash equivalents.

Cash and cash equivalents comprise cash on hand and cash at bank which are subject to an insignificant risk of change in value, net of bank overdrafts.

(iii) *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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 FINANCIAL INSTRUMENTS (CONTINUED)

Financial liabilities

(i) *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 FVPL, directly attributable transaction costs.

(ii) *Subsequent measurement*

After initial recognition, financial liabilities that are not carried at FVPL 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 loan payables, trade and other payables.

(iii) *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.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts recognised and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.8 IMPAIRMENT OF FINANCIAL ASSETS

These accounting policies are applied on and after the initial application date of FRS 109, 1 April 2018:

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, 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 recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default ("a lifetime ECL").

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Company considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

These accounting policies are applied before the initial application date of FRS 109, 1 April 2018:

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 exists 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 includes 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.

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. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

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.

2.9 INVENTORIES

Inventories consisting of manuals, guides, acts and charts, stores and spares and lube oil are valued at the lower of cost and net realisable value determined on the first-in-first-out method. The net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Value and quantity of inventory on board the vessels have been certified by the director.

2.10 SHARE CAPITAL

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

2.11 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 LEASES

As lessee

Finance leases which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

As lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

Rental income arising from operating leases on the Company's investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis. Contingent rents are recognised as revenue in the period in which they are earned.

2.13 REVENUE RECOGNITION

These accounting policies are applied on and after the initial application date of FRS 115, 1 April 2018:

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

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 REVENUE RECOGNITION (CONTINUED)

(i) *Rendering of services and handling fees*

Charter hired income arising from operating leases on vessel is accounted for on a straight-line basis over the lease terms. 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.

Company reimbursed all expenses incurred related to vessel hired to charterer at point of time over the lease terms.

(ii) *Interest income*

Interest income is recognised on a time proportion basis using the effective interest method.

These accounting policies are applied before the initial application date of FRS 115, 1 January 2018:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(i) *Rendering of services and handling fees*

Revenue from rendering of services and handling fees is recognised when the services have been performed and rendered.

(ii) *Interest income*

Interest income is recognised on a time proportion basis using the effective interest method.

2.14 EMPLOYEE BENEFITS EXPENSE

Defined contribution plans

The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 EMPLOYEE BENEFITS EXPENSE (CONTINUED)

Employee leave entitlements

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The undiscounted liability for leave expected to be settled wholly within twelve months from the reporting date is recognised for annual leave as a result of services rendered by employees up to the end of the reporting period. The Company allows employee leave entitlements to carry forward for a maximum period of 3 days.

2.15 TAXES

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 taxation 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 relate 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 end of the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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 by the end of the reporting period.

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

2.16 CONTINGENCIES

A contingent liability is:

(i) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 CONTINGENCIES (CONTINUED)

(ii) A present obligation that arises from past events but is not recognised because:

- It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

- The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future event not wholly within the control of the Company.

3. SIGNIFICANT ACCOUNTING JUDGMENTS 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 or liability affected in the future periods.

3.1 JUDGMENTS MADE IN APPLYING ACCOUNTING POLICIES

Determination of functional currency

In determining the functional currency of the Company, judgement is used by the Company to determine the currency of the primary economic environment in which the Company operates.

Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

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.

(i) *Useful lives of plant and equipment*

The useful life of an item of plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

(ii) Inventory valuation method

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines. The realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available and inherently involves estimates regarding the future expected realisable value.

(iii) Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Society's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Note 20 Credit risk.

The carrying amount of the Company's trade receivables as at 31 March 2019 was USD Nil (2018: USD1,378,375).

(iv) Provision for income taxes

The Company recognises liabilities of expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax positions in the period in which such determination is made.

4. PLANT AND EQUIPMENT

2019	Computer USD	Tools equipment and installation USD	Dry-docking renovation USD	Total USD
Cost				
At 1 April 2018	618	723,273	629,739	1,353,630
Disposal	-	(90,225)	-	(90,225)
Written-off	(618)	(633,048)	(629,739)	(1,263,405)
At 31 March 2019	-	-	-	-
Accumulated depreciation				
At 1 April 2018	618	639,370	629,373	1,269,361
Depreciation	-	9,219	408	9,627
Disposal	-	(18,537)	-	(18,537)
Written-off	(618)	(630,052)	(629,781)	(1,260,451)
At 31 March 2019	-	-	-	-
Carrying amount				
At 31 March 2019	-	-	-	-

2018	Computer USD	Tools equipment and installation USD	Dry-docking renovation USD	Total USD
Cost				
At 1 April 2017	618	630,095	629,739	1,260,452
Additions	-	93,178	-	93,178
At 31 March 2018	618	723,273	629,739	1,353,630
Accumulated depreciation				
At 1 April 2017	618	530,211	531,571	1,062,400
Depreciation	-	109,159	97,802	206,961
At 31 March 2018	618	639,370	629,373	1,269,361
Carrying amount				
At 31 March 2018	-	83,903	366	84,269

5. INVENTORIES

	2019 USD	2018 USD
Statement of financial position		
Lube oils	-	11,396
Stores and spare parts	12,290	115,915
	12,290	127,311
Statement of comprehensive income		
Inventories recognised as an expense in cost of sales	176,733	428,817

6. TRADE RECEIVABLES

	2019 USD	2018 USD
Related company	1,514,727	1,519,166
Third parties	-	615,970
	1,514,727	2,135,136
Less: Allowance for impairment – related party	(1,514,727)	(756,761)
Trade receivable (net)	-	1,378,375

Trade receivables are non-interest bearing and are generally on 30 days terms.

Trade receivables that are past due but not impaired

The receivables were unsecured and the analysis of their aging at the reporting date was as follows:

	2019 USD	2018 USD
Past due for less than 30 days	-	137,405
Past due for 30 to 60 days	-	153,595
Past due for over 60 days	-	935,170
	-	1,226,170

Trade receivables that were impaired

The Company's trade receivables that were impaired as at 31 March 2018 and the movement of the allowance accounts used to record the impairment were as follows:

6. TRADE RECEIVABLES (CONTINUED)

	2018 USD
Trade receivables – nominal amounts	1,519,166
Less: Allowance for impairment	(756,761)
	762,405

The movement of allowance for impairment loss on trade receivables are as follows:

	2018 USD
At 1 April 2017	-
Allowance made	756,761
At 31 March 2018	756,761

Trade receivables that were determined to be impaired at the reporting date relate to debtors that were in dispute with charterer for early termination of charterer contract and currently under legal pursuit. These receivables were not secured by any collateral or credit enhancements.

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL was as follows:

	2019 USD
Movement in allowance accounts:	
At 31 March 2018 under FRS 39	756,761
Effect of adopting FRS 109 (Note 2.2)	-
At 1 April 2018 under FRS 109	756,761
Allowance made	757,966
At 31 March 2019	1,514,727

7. OTHER RECEIVABLES

	2019 USD	2018 USD
Deposit	4,279	57,947
Prepayments	1,363	14,529
Other receivable	281,714	31
	287,356	72,507

7. OTHER RECEIVABLES (CONTINUED)

Other receivables are denominated in the following currencies:

	2019 USD	2018 USD
United States dollar	88,589	66,081
Euro	-	1,385
Brazilian real	193,125	-
Singapore dollar	5,642	5,041
	287,356	72,507

8. CASH AND CASH EQUIVALENTS

	2019 USD	2018 USD
Cash on hand	232	240
Cash in bank	4,765	6,751
	4,997	6,991

Cash and cash equivalents are denominated in the following currencies:

	2019 USD	2018 USD
United States dollar	4,108	4,488
Singapore dollar	889	2,503
	4,997	6,991

9. SHARE CAPITAL

	2019 USD	2018 USD
Issued and fully paid – 4,870,001 ordinary shares	4,870,001	4,870,001

Fully paid ordinary shares have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

10. LOAN PAYABLES

	2019 USD	2018 USD
Third parties:		
Loan 1	479,454	479,454
Loan 2	456,440	456,440
Loan 3	-	499,851
Loan 4	246,500	262,500
	1,182,394	1,698,245
Related party	316,687	343,268
Immediate and ultimate holding company	517,000	517,000
	2,016,081	2,558,513

Loan due to third parties

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

Loan 2 will carry no interest for first 36 months. Thereafter fixed interest at 1% per annum and repayment on the last day of 36 months.

Loan 3 was waived after an agreed early termination on 10 August 2018 and redelivery of vessel on 21 August 2018. Thus, the Company does not bear any liabilities to the third party (2018: bears interest rate at 30% per annum and repayable no later than the expiry date of the Charter).

Loan 4, bears interest rate of 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 bears interest rate at an fixed interest rate of 1% per annum and repayable within 3 years and USD115,887 non-interest bearing and repayable on demand.

Loan due to holding company

The loan due to holding company is unsecured, bears interest rate at LIBOR plus 4.5% 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.

10. LOAN PAYABLES (CONTINUED)

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

	1 April 2018	Cash flows	Non-cash changes	31 March 2019
			Waived to profit or loss	
	USD	USD	USD	USD
Loan 1	479,454	-	-	479,454
Loan 2	456,440	-	-	456,440
Loan 3	499,851	-	(499,851)	-
Loan 4	262,500	(16,000)	-	246,500
Related party	343,268	(26,581)	-	316,687
Immediate and ultimate holding company	517,000	-	-	517,000
	2,558,513	(42,581)	(499,851)	2,016,081

11. TRADE PAYABLES

	2019	2018
	USD	USD
Related parties	314,064	446,617
Third parties	393,144	1,120,603
	707,208	1,567,220

Trade payables are non-interest bearing and are generally settled on 60 days terms.

Trade payables are denominated in the following currencies:

	2019	2018
	USD	USD
United States dollar	608,596	1,336,540
British Pound	14,531	69,159
Euro	32,918	86,510
Norwegian kroner	21,474	23,616
Indian rupee	4,747	5,254
Singapore dollar	24,942	46,141
	707,208	1,567,220

12. OTHER PAYABLES

	2019 USD	2018 USD
Immediate and ultimate holding company	44,657	50,844
Accruals	128,211	789,052
Third parties	79,772	388,865
	252,640	1,228,761

Non-trade amount due to immediate and ultimate holding company are unsecured, non-interest bearing and repayable on demand.

Other payables are denominated in the following currencies:

	2019 USD	2018 USD
United States dollar	238,510	1,076,836
Great British Pound	4,399	1,738
Brazilian real	-	115,042
Euro	-	9,139
Indian rupee	-	83
Norwegian kroner	-	3,694
Singapore dollar	9,731	22,229
	252,640	1,228,761

13. REVENUE

Disaggregation of revenue:

	2019 USD	2018 USD
Types of goods and services		
Charter hire income	599,165	1,745,323
Reimbursement of expenses	14,020	40,995
	613,185	1,786,318
Timing of transfer of good or service		
Over time	599,165	1,745,323
At point of time	14,020	40,995
	613,185	1,786,318

14. OTHER INCOME

	2019 USD	2018 USD
Employment credit	509	1,014
Interest income	-	26
Sales of fuel and lube oil	44,083	-
Sales of stores and spares	55,402	-
Waive of loan payable	499,851	-
Written-off outstanding amount due to third party	5,884	-
Other income	193,094	-
	798,823	1,040

15. CHARTER AND RELATED EXPENSES

	2019 USD	2018 USD
Vessel charter costs:		
- Current year	792,000	720,445
- Over provision in prior year	(43,607)	-
- Write back due to termination of contract	(1,556,600)	-
	(808,207)	720,445

Company entered early termination charter vessel agreement on 10 August 2018 with vessel owner, and the vessel was redelivered to the vessel owner on 21 August 2018.

In the early termination agreement, the vessel owner agreed with effect from redelivery date that the charter agreement entered on 26 April 2013 and all amended agreement shall be terminated as agreed by both parties and together with following condition on termination of the charter:

- the charter guarantee by holding company is terminated and will be declared null and void, and the guarantee will be returned to the holding company immediately,
- the loan agreement is terminated (Note 10); and
- the seller's credit agreement is terminated.

16. EMPLOYEE BENEFITS EXPENSE

	2019 USD	2018 USD
Contributions to defined contribution plans	876	881
Salaries and related cost	342,528	791,529
Others	(14,874)	4,825
	328,530	797,235

17. OTHER OPERATING EXPENSES

	2019 USD	2018 USD
Commission:		
- Current year	14,489	64,672
- Over provision in prior year	(80,214)	-
Insurance:		
- Current year	48,193	144,344
- Over provision in prior year	(225)	-
Professional fees:		
- Current year	129,373	284,468
- Over provision in prior year	(15,692)	-
Repairs and maintenance expenses:		
- Current year	8,813	84,444
- Over provision in prior year	(18,445)	-
Travelling expenses:		
- Current year	39,929	45,125
- Over provision in prior year	(42,671)	-
Others	764,192	968,778
	847,742	1,591,831

18. INCOME TAX EXPENSE

The major components of income tax expense are as follows:

	2019 USD	2018 USD
Over provision in respect to prior years	-	(11,164)
Income tax benefit recognised in profit or loss	-	(11,164)

Relationship between tax expense and accounting profit/(loss)

A reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the financial years ended 31 March 2019 and 2018 were as follows:

18. INCOME TAX EXPENSE (CONTINUED)

	2019 USD	2018 USD
Profit/(Loss) before tax	1,013,755	(2,020,762)
Income tax benefit at statutory tax rate of 17%	172,338	(343,530)
Non-allowable items	1,754	163,833
Non-taxable items	117,801	-
Unrecorded deferred tax assets	-	179,746
Untilisation of unabsorbed losses	(291,893)	-
Over provision in respect to prior years	-	(11,164)
Others	-	(49)
	-	(11,164)

In the previous financial year, the Singapore Government has announced that for Year of Assessment ("YA") 2019, all companies will received 20% Corporate Income Tax ("CIT") Rebate that is subject to a cap of SGD10,000.

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

	2019 USD	2018 USD
Unabsorbed income tax relief:		
Balance at beginning of the year	6,395,772	5,338,446
Arise during the year	-	1,057,326
Utilised during the year	(1,717,015)	-
Over provision in respect to prior years	(2,996,748)	-
Balance at end of the year	1,682,009	6,395,772
Unrecorded deferred tax assets on the above	285,942	1,087,281

	2019 USD	2018 USD
Deductible temporary difference:		
Balance at beginning of the year	480,039	326,993
Net book value of property, plant and equipment	-	29,514
Tax written down value of property, plant and equipment	-	123,532
Property, plant and equipment written-off during the year	(480,039)	-
Balance at end of the year	-	480,039

18. INCOME TAX EXPENSE (CONTINUED)

	2019 USD	2018 USD
Unrecorded deferred tax assets on the above	-	81,607
Total unrecorded deferred tax assets	-	1,168,888

19. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with related parties took place at terms agreed between the parties during the financial year:

	2019 USD	2018 USD
Immediate and ultimate holding company		
Interest on loan	-	30,727
Sales of stores and spares	1,685	-
Related company		
Write back on charter hire costs and professional fees	(57,633)	-
Company related to director		
Interest on loan	2,140	2,237
Professional fees	83,134	200,750
Other expenses	11,533	28,359

Related company

This is subsidiary of Global Offshore Service Limited.

Company related to director

Director of the Company have 37% (2018: 37%) equity interest in Arena Ship Management Services Pte Ltd.

20. OPERATING LEASE COMMITMENTS

Operating lease commitments – where the Company is a lessee

The Company leases vessel under non-cancellable operating lease agreements. These leases have varying terms, escalation clauses and renewal rights.

20. OPERATING LEASE COMMITMENTS (CONTINUED)

The future minimum rental payable under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities, are as follows:

	2019 USD	2018 USD
Within one year	14,163	2,029,455
Within two to five years	-	3,248,637
	14,163	5,278,092

Minimum lease payments recognised as an expense in profit or loss for the financial year amounted to USD32,344 (2018: USD626,174).

Operating lease commitments – where the Company is a lessor

The Company leases out its investment property to non-related party under non-cancellable operating lease.

The future minimum lease receivables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as receivables are as follows:

	2019 USD	2018 USD
Not later than one year	-	445,900
	-	445,900

21. FINANCIAL RISK MANAGEMENT

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

The director reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company has adopted a policy of only dealing with creditworthy counterparties. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

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.

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 90 days, default of interest due for more than 90 days or there is significant difficulty of the counterparty.

To minimise credit risk, the Company has developed and maintained the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Company's own trading records to rate its major customers and other debtors.

The Company considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected 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 increases in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group 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 90 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 a disappearance of an active market for that financial asset because of financial difficulty

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

The Company categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 2 years 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	Define of category	Basis for recognising expected credit loss (ECL)
1	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
2	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
3	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit-impaired
4	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

The table below details the credit quality of the Company's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

	Category	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
			USD	USD	USD
31 March 2019					
Trade receivable	Note 1	Lifetime ECL (Simplified)	1,514,727	(1,514,727)	-
Other receivables	1	12-month ECL	285,993	-	285,993
1 April 2018					
Trade receivable	Note 1	Lifetime ECL (Simplified)	2,135,136	(756,761)	1,378,375
Other receivables	1	12-month ECL	57,978	-	57,978

Trade receivables (Note 1)

For trade receivables, the Company has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Company determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

		Trade receivables				
		Days past due				
	Not past due	≤ 30 days	31-61 days	61 – 90 days	>90 days	Total
31 March 2019						
ECL rate	0%	0%	0%	0%	100%	
Estimated total gross carrying amount at default	-	-	-	-	1,514,727	1,514,727
Expected credit loss	-	-	-	-	(1,514,727)	(1,514,727)
						-
31 March 2018						
Total gross carrying amount	152,205	137,405	153,345	250	1,691,931	2,135,136
Allowance for impairment	-	-	-	-	(756,761)	(756,761)
						1,378,375

Information regarding loss allowance movement of trade receivables is disclosed in Note 6.

(i) *Excessive risk concentration*

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

(ii) *Exposure to credit risk*

The Company has no significant concentration of credit risk other than those balances with related company comprising 100% (2018: 71%) of trade receivables. The Company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Other receivables

The Company assessed the latest performance and financial position of the counterparty, adjusted for the future outlook of the industry in which the counterparty operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Company's operations are financed mainly through equity. The director is satisfied that funds are available to finance the operations of the Company.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

		2019	
	Carrying amount USD	Contractual cash flows USD	One year or less USD
Financial assets			
Other receivables	287,356	287,356	287,356
Cash and cash equivalents	4,997	4,997	4,997
Less: Prepayment	(1,363)	(1,363)	(1,363)
Less: Good and service tax receivables	(31)	(31)	(31)
Total undiscounted financial assets	290,959	290,959	290,959
Financial liabilities			
Loan payables	(2,016,081)	(2,016,081)	(2,016,081)
Trade payables	(707,208)	(707,208)	(707,208)
Other payables	(252,640)	(252,640)	(252,640)
Total undiscounted financial liabilities	(2,975,929)	(2,975,929)	(2,975,929)
Total net undiscounted financial liabilities	(2,684,970)	(2,684,970)	(2,684,970)

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

	2018		
	Carrying amount USD	Contractual cash flows USD	One year or less USD
Financial assets			
Trade receivables	1,378,375	1,378,375	1,378,375
Other receivables	72,507	72,507	72,507
Cash and cash equivalents	6,991	6,991	6,991
Less: Prepayment	(14,529)	(14,529)	(14,529)
Less: Deferred expenditures	(32)	(32)	(32)
Total undiscounted financial assets	1,443,312	1,443,312	1,443,312
Financial liabilities			
Loan payables	(2,558,513)	(2,558,513)	(2,558,513)
Trade payables	(1,567,220)	(1,567,220)	(1,567,220)
Other payables	(1,228,761)	(1,382,299)	(1,382,299)
Total undiscounted financial liabilities	(5,354,494)	(5,508,032)	(5,508,032)
Total net undiscounted financial liabilities	(3,911,182)	(4,064,720)	(4,064,720)

Market risk

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

(i) *Interest rate risk*

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

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 end of reporting period, the Company has no significant exposure to interest risk.

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (Continued)

(ii) Foreign currency risk

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

The Company has transactional currency exposures arising from purchases that are denominated in a currency other than the functional currency of the Company, primarily United States dollar (USD), Euro (EUR), British Pound (GBP), Brazilian real (BRL), Indian rupee, and Norwegian Krone.

The Company's currency risk exposure to other currencies are not significant to disclose.

22. FINANCIAL INSTRUMENTS BY CATEGORY

At the reporting date, the aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost were as follows:

	2019 USD	2018 USD
Financial assets measured at amortised cost		
Trade receivables	-	1,378,375
Other receivables	287,356	72,507
Cash and cash equivalents	4,997	6,991
Less: Prepayment	(1,363)	(14,529)
Less: Good and service tax receivables	(31)	(32)
Total undiscounted financial assets	290,959	1,443,332
Financial liabilities measured at amortised cost		
Loan payables	2,016,081	(2,558,513)
Trade payables	707,208	(1,567,220)
Other payables	252,640	(1,228,761)
Total financial liabilities measured at amortised cost	2,975,929	(5,354,494)

23. FAIR VALUES OF ASSETS AND LIABILITIES

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

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

23. FAIR VALUES OF ASSETS AND LIABILITIES (CONTINUED)

Cash and cash equivalents, other receivables and other payables

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

Trade receivables and trade payables

The carrying amounts of these receivables and payables (including trade balances due from / to holding and related companies, if any) approximate their fair values as they are subject to normal trade credit terms.

Loan payables

The carrying amounts of loan payables approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

24. QUALIFICATION IN PRIOR YEAR FINANCIAL STATEMENT

Basis for qualified of opinion in financial year ended 31 March 2018

We are unable to attend the physical inventory count at the year end to determine the actual quantity of the consumable inventory amounting to USD127,311 (2017: USD255,509) included in the financial statement due to the impracticality to attend the physical inventory count at the end of the financial year.

The Company's inventories comprised mainly oil and spares to support the operation of vessel. The carrying value of the closing inventory represented 7% of the Company's total assets. Bulk purchase cost of inventories is allocated based on management's estimates to the different categories of the inventories. Management is of the view that the carrying values as at end of the financial year are correctly stated. We are however, unable to ascertain whether the individual categories of the inventories are valued at net realised value. We are unable to satisfy ourselves as to the valuation and accuracy by other audit procedures.

The opening balance of inventories as at 1 April 2018 does not affect current year financial statement due to these inventories had been fully disposed as at date of director's statement.

The Company's trade receivables include an amount of USD1,513,523 in respect of amount due from related company which remained uncollected as at the date of this report. The directors are of the opinion that this amount is recoverable and hence, are of the opinion that 50% allowance for bad and doubtful debt is required to be recognised in respect of this amount. We have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves that these amounts are recoverable. Accordingly, should the debts become doubtful, the effect of which would increase the loss before taxation by USD756,761 resulting in a revised loss for the year of USD2,777,524 instead of as reported of USD2,020,763. The total assets for the Company would have been reduced by USD756,761 to USD912,692 instead of as reported of USD1,669,453.

During the financial year, the director has agreed to provide full impairment on the unrecoverable amount due from related company amounting to USD756,762 (2018: USD756,761).

24. QUALIFICATION IN PRIOR YEAR FINANCIAL STATEMENT (CONTINUED)

The Company's loan payables include an amount of USD499,851 from third party, The director is of the opinion that this loan interest with 30% been over provided in prior year and shouldn't be accrued during the financial year. We were unable to obtain sufficient appropriate audit evidence to ascertain whether there are over provision in prior year and there is no loan agreement amendment to the interest rate during the financial year. Since the loan bear an interest rate of 30% per annum, the affect of which would increase accrual from USD789,052 to USD942,590 with addition of USD153,538. Accordingly the effect of which would increase the loss before taxation by USD153,538 resulting in revised loss for the year for USD2,174,301 instead of as reported USD2,020,763.

Due to early termination agreement dated 10 August 2018, loan payables amounting to USD499,851 was waived by third party (Note 10).

25. 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 current and previous financial years presented.

The Company's overall strategy remains unchanged from the previous year.

26. CONTINGENT LIABILITIES

At the end of reporting period, there are no contingent liabilities which need to be disclosed in the financial statements.

27. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There were no significant post balance sheet events up to the date of this report that may materially affect the presentation of the financial statements for the financial year ended 31 March 2019.

28. COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to properly reflect the appropriate nature of these items:

	2018 As restated USD	2018 As previously reported USD
Statement of cash flows		
Net cash used in operating	(80,262)	(17,430)
Net cash generated from financing activities	167,782	104,950

29. AUTHORISATION OF FINANCIAL STATEMENT FOR ISSUE

The financial statement of the Company for the financial year ended 31 March 2019 were authorised for issue in accordance with a resolution of the Board of Director of the Company on the date of director's statement.