AUDITED FINANCIAL STATEMENTS

GARWARE OFFSHORE INTERNATIONAL SERVICES PTE. LTD.

(Registration No. 200711883H)

31 MARCH 2020

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31 MARCH 2020

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GARWARE OFFSHORE INTERNATIONAL SERVICES PTE. LTD.

DIRECTOR'S STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

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 2020.

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 2020 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, Cap 50, 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
Holding Company	*Ordinary shares*	
Global Offshore Service Limited		
Aditya Ashok Garware	769,138	769,138

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 2020

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, 11 September 2020

CHONG, LIM & PARTNERS LLP
CHARTERED ACCOUNTANTS OF SINGAPORE
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GARWARE OFFSHORE INTERNATIONAL SERVICES PTE. LTD. INDEPENDENT AUDITORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

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 2020, 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, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the company as at 31 March 2020 and of the financial performance, changes in equity and cash flows of the company for the year ended on that date.

Basis for Qualified Opinion

Other receivables

Included in Note 8 to the financial statement is an amount of USD153,240, relating to import tax paid 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the company incurred a net loss of USD69,302 during the year ended 31 March 2020 and, as of that date, the company's total liabilities exceeded its total assets by USD2,740,588. 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.

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.

- 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.

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

- 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

Chong, Lim & Partners LLP
Public Accountants and Chartered Accountants
Singapore, 11 September 2020

GARWARE OFFSHORE INTERNATIONAL SERVICES PTE. LTD.

BALANCE SHEET
AS AT 31 MARCH 2020

	NOTE	2020 USD	2019 USD
ASSETS			
Non-current assets			
Property, plant and equipment	4	-	-
Right-of-use asset	5	33,872	-
		33,872	-
Current assets			
Inventories	6	2,000	12,290
Trade receivables	7	-	-
Other receivables	8	158,048	287,356
Cash and bank balances		2,539	4,997
		162,587	304,643
TOTAL ASSETS		196,459	304,643
EQUITY AND LIABILITIES			
Equity			
Share capital	9	4,870,001	4,870,001
Accumulated losses		(7,610,589)	(7,541,287)
		(2,740,588)	(2,671,286)
Non-current liabilities			
Lease liability	10	13,235	-
Loan payables	11	1,174,240	-
		1,187,475	-
Current liabilities			
Lease liability	10	19,045	-
Loan payables	11	909,739	2,016,081
Trade payables	12	557,007	707,208
Other payables	13	263,781	252,640
		1,749,572	2,975,929
TOTAL EQUITY AND LIABILITIES		196,459	304,643

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 2020

	NOTE	2020 USD	2019 USD
Revenue	14	-	613,185
Other income	15	133,558	798,823
Changes in inventories		(10,290)	(115,021)
Purchases and related costs		-	36,762
Charter and related expenses	16	-	808,207
Employee benefits	17	(78,986)	(328,530)
Depreciation	4	-	(9,627)
Depreciation – right-of-use asset	5	(6,774)	-
Operating expenses		(72,113)	(847,742)
Finance costs	18	(34,697)	57,698
(Loss)/profit before income tax	19	(69,302)	1,013,755
Income tax	20	-	-
(Loss)/profit for the year		(69,302)	1,013,755
Other comprehensive income		-	-
Total comprehensive income		(69,302)	1,013,755

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 2020

	Share capital	Accumulated losses	Total
	USD	USD	USD
Balance at 31 March 2018	4,870,001	(8,555,042)	(3,685,041)
Total comprehensive income	-	1,013,755	1,013,755
Balance at 31 March 2019	4,870,001	(7,541,287)	(2,671,286)
Total comprehensive income	-	(69,302)	(69,302)
Balance at 31 March 2020	4,870,001	(7,610,589)	(2,740,588)

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 2020

	2020 USD	2019 USD
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before income tax	(69,302)	1,013,755
Adjustments for:-		
Depreciation	-	9,627
Depreciation – right-of-use assets	6,774	-
Allowance for impairment on trade receivables	-	757,966
Interest expenses	34,697	57,698
Loss on disposal of property, plant and equipment	-	688
Waived-off loan due to third party	-	(499,851)
Operating (loss)/profit before working capital changes	(27,831)	1,339,883
Changes in working capital:		
Inventories	10,290	115,021
Receivables	129,308	405,560
Payables	(173,120)	(1,890,877)
Net cash used in operating activities	(61,353)	(30,413)
CASH FLOWS FROM INVESTING ACTIVITY		
Proceeds from disposal of property, plant and equipment	-	71,000
Net cash generated from investing activity	-	71,000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of principal portion of lease liabilities	(8,366)	-
Interest paid on lease liability	(637)	-
Proceeds from unsecured loans	67,898	171,887
Repayment of unsecured loans	-	(214,468)
Net cash generated from/(used in) financing activities	58,895	(42,581)
Net change in cash and cash equivalents	(2,458)	(1,994)
Cash and cash equivalents at beginning of year	4,997	6,991
Cash and cash equivalents at end of year	2,539	4,997

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

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 1 Tampines Central 5 Singapore, Singapore 529508.

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 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 11 September 2020.

2. FUNDAMENTAL ACCOUNTING CONCEPT

The company incurred a net loss of USD69,302 (2019: net profit of USD1,013,755) for the financial year ended 31 March 2020, and as of that date, the company was in a net liabilities position of USD2,740,588 (2019: USD2,671,286). 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. 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.

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 in the current financial year, the company has adopted all the new and revised standards which are relevant to the company and are effective for annual financial periods beginning on or after 1 January 2019.

FRS 116 *Leases*

FRS 116 supersedes FRS 17 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases-Incentives* and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The company adopted FRS 116 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application as an adjustment to the opening balance of retained earnings. The company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 April 2019. Instead, the company applied the standard only to contracts that were previously identified as leases applying FRS 17 and INT FRS 104 at the date of initial application.

The company has a premise lease contract for staff's benefit. Before the adoption of FRS 116, the company classified each of its leases (as lessee) at the inception date as an operating lease. The accounting policy prior to 1 April 2019 is disclosed in this Note.

Upon adoption of FRS 116, the company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy beginning on and after 1 April 2019 is disclosed in this Note. The standard provides specific transition requirements and practical expedients, which have been applied by the company.

(i) Leases previously accounted for as operating leases

The company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for the leases were recognised based on the amount equal to the lease liability, adjusted for previously recognised prepaid or accrued lease payments.

The company also applied the available practical expedients wherein it:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on its assessment of whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review;
- applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;
- excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

FRS 116 *Leases* (Continued)

The company has a premise lease contract for staff's benefit and it was classified as lease liability under FRS 116 as at 31 March 2020. As at 1 April 2019, the company applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application. Therefore, the lease commitment as at 31 March 2019 of USD14,163 was the commitment relating to short-term leases.

FRS AND INT FRS NOT YET EFFECTIVE

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

Description	Effective for annual periods beginning on or after
Amendments to references to the Conceptual Framework in FRS Standards	1 January 2020
Amendments to *FRS 103: Definition of a business*	1 January 2020
Amendments to *FRS 1 and FRS 8: Definition of Material*	1 January 2020

The director expects the adoption of the standards above will not have any 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 was 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)

PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is 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. The cost of an item of property, plant and equipment including subsequent expenditure is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. When significant parts of property, plant and equipment is required to be replaced in intervals, the company recognises such parts as individual assets with specific lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance expenses are recognised in profit or loss when incurred.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

All other items of property, plant and equipment are depreciated using the straight-line method to write-off the cost of the assets over their estimated useful lives as follows: -

	Useful lives (Years)
Computer	3
Tools equipment and installation	0.833 to 10
Dry-docking renovation	1 to 4
Premise	2

The estimated useful life and depreciation method are reviewed, and adjusted as appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Fully depreciated assets are retained in the financial statements until they are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on retirement or disposal is determined as the difference between any sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Property, plant and equipment / right-of-use assets

Property, plant and equipment and 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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPAIRMENT OF NON-FINANCIAL ASSETS (CONTINUED)

Property, plant and equipment / right-of-use assets (Continued)

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.

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets (Continued)

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.

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).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES

These accounting policies are applied on and after the initial application date of FRS 116, 1 April 2019:

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES (CONTINUED)

These accounting policies are applied before the initial application date of FRS 116, 1 April 2019:

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.

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.

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 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

Retirement benefits

The company makes contribution to the Central Provident Fund ("CPF") Scheme in Singapore, a defined contribution retirement scheme.

Obligations for contributions to defined contribution retirement plan are recognised as an expense in the period in which the related service is performed.

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.

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.

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.

Estimated useful lives of property, plant and equipment

The company reviews the appropriateness of the estimated useful lives of property, plant and equipment at each balance sheet date. Changes in the expected level of usage and technological advancements could impact the economic useful lives of these assets. Where there is a material change in the estimated useful lives of property, plant and equipment, such a change will impact the future depreciation charges in the financial period in which the change arises.

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 Nil.

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

4. PROPERTY, PLANT AND EQUIPMENT

2019	Computer USD	Tools equipment and installation USD	Dry-docking renovation USD	Total USD
Cost				
At beginning of year	618	723,273	629,739	1,353,630
Disposal	-	(90,225)	-	(90,225)
Written-off	(618)	(633,048)	(629,739)	(1,263,405)
At end of year	-	-	-	-
Accumulated depreciation				
At beginning of year	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 end of year	-	-	-	-
Carrying amount				
2019	-	-	-	-

5. RIGHT-OF-USE ASSET

2020	Premise USD
Cost	
At beginning of year	-
Additions	40,646
At end of year	40,646
Accumulated depreciation	
At beginning of year	-
Depreciation	6,774
At end of year	6,774
Carrying amount	
2020	33,872

NOTES TO THE FINANCIAL STATEMENTS

6. INVENTORIES

	2020 USD	2019 USD
Stores and spare parts	2,000	12,290

7. TRADE RECEIVABLES

	2020 USD	2019 USD
Related company	-	1,514,727
Less: Allowance for impairment	-	(1,514,727)
	-	-

8. OTHER RECEIVABLES

	2020 USD	2019 USD
Deposits	4,073	4,279
Prepayments	735	1,363
Other receivables	153,240	281,714
	158,048	287,356

9. SHARE CAPITAL

	2020 USD	2019 USD
Issued and fully paid - 4,870,001 ordinary shares	4,870,001	4,870,001

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

	2020
	USD
Minimum lease liabilities payments due:	
Within 1 year	20,226
Within 2 to 5 years	13,484
	33,710
Less: deferred interest	(1,430)
Present value of lease liabilities	32,280

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

	2020
	USD
Due within 1 year	19,045
Due within 2 to 5 years	13,235
	32,280

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

	Adoption of FRS 116		Non-cash changes			
	01.04.2019	Cash flows	Addition	Interest expense	Others*	31.03.2020
	USD	USD	USD	USD	USD	USD
Lease liability						
Current	-	(9,003)	18,127	637	9,284	19,045
Non-current	-	-	22,519	-	(9,284)	13,235
	-	(9,003)	40,646	637	-	32,280

*Relates to reclassification from non-current to current portion of lease liability.

NOTES TO THE FINANCIAL STATEMENTS

11. LOAN PAYABLES

	2020	2019
	USD	USD
Third parties:		
Loan 1	479,454	479,454
Loan 2	456,440	456,440
Loan 3	306,900	246,500
	1,242,794	1,182,394
Related party	324,185	316,687
Holding company	517,000	517,000
	2,083,979	2,016,081
Less: non-current portion	(1,174,240)	-
Current portion	909,739	2,016,081

Loan due to third parties

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

Loan 2 are unsecured, bear interest rate at rate of 1% per annum and repayable by August 2022 and March 2023.

Loan 3 is unsecured, 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 rate of 1% per annum and repayable by December 2022 and USD123,385 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 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:

	01.04.2019	Cash flows	31.03.2020
	USD	USD	USD
Loan payables	2,016,081	67,898	2,083,979

NOTES TO THE FINANCIAL STATEMENTS

11. LOAN PAYABLES (CONTINUED)

	01.04.2018	Cash flows	Non-cash changes Waived to profit or loss	31.03.2019
	USD	USD	USD	USD
Loan payables	2,558,513	(42,581)	(499,851)	2,016,081

12. TRADE PAYABLES

	2020	2019
	USD	USD
Related parties	303,488	314,064
Third parties	253,519	393,144
	557,007	707,208

13. OTHER PAYABLES

	2020	2019
	USD	USD
Holding company	44,657	44,657
Accruals	159,640	128,211
Third parties	59,484	79,772
	263,781	252,640

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

14. REVENUE

	2020	2019
	USD	USD
Charter hire income	-	599,165
Reimbursement of expenses	-	14,020
	-	613,185

NOTES TO THE FINANCIAL STATEMENTS

15. OTHER INCOME

	2020 USD	2019 USD
Waiver of expenses	115,495	-
Employment credit	953	509
Sales of fuel and lube oil	-	44,083
Sales of stores and spares	17,110	55,402
Waive of loan payable	-	499,851
Written-off outstanding amount due to third party	-	5,884
Others	-	193,094
	133,558	798,823

16. CHARTER AND RELATED EXPENSES

	2020 USD	2019 USD
Vessel charter costs:		
- Current year	-	792,000
- Over provision in prior year	-	(43,607)
- Write back due to termination of contract	-	(1,556,600)
	-	(808,207)

The company entered into an 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; and
- the seller's credit agreement is terminated.

17. EMPLOYEE BENEFITS

	2020 USD	2019 USD
CPF contributions	853	876
Salaries and related cost	74,671	342,528
Others	3,462	(14,874)
	78,986	328,530

NOTES TO THE FINANCIAL STATEMENTS

18. FINANCE COSTS

	2020 USD	2019 USD
Interest on lease liabilities	637	-
Interest on loan payables	34,060	32,951
Write back due to termination of contract	-	(90,649)
	34,697	(57,698)

19. (LOSS)/PROFIT BEFORE INCOME TAX

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

	2020 USD	2019 USD
Agency fee	-	16,804
Commission	-	(65,725)
Insurance	-	47,968
Professional fees	10,288	113,681
Repairs and maintenance expenses	1	(9,632)
Short term leases	22,753	-
Travelling expenses	-	(2,742)

20. INCOME TAX

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

	2020 USD	2019 USD
(Loss)/profit before income tax	(69,302)	1,013,755
Tax (benefit)/expense at 17%	(11,781)	172,338
Tax effect of:		
- Non-taxable income	-	(136,680)
- Non-deductible items	47	9,577
- Unrecorded deferred tax assets	11,734	-
- Utilisation of deferred tax asset not recognized in prior year	-	(45,235)
	-	-

20. INCOME TAX (CONTINUED)

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 and unabsorbed capital allowances carry forward available for offsetting against future taxable income as follows:

	2020 USD	2019 USD
Tax losses:		
Balance at beginning of year	3,163,010	3,399,024
Current year	69,024	-
Utilisation	-	(236,014)
Balance at end of year	3,232,034	3,163,010
Capital allowances:		
At beginning of year	-	448,811
Disposal	-	(418,736)
Utilisation		(30,075)
At end of year	-	-
Unrecorded deferred tax asset on above	549,446	537,712

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

21. 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:

	2020 USD	2019 USD
Holding company		
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	2,041	2,140
Professional fees	200	83,134
Other expenses	9,115	11,533

22. LEASES

The company as a leasee

The company has a premise lease contract from a non-related party which is for staff's 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 24.

(b) Amounts recognised in profit or loss

	2020 USD
Depreciation of right-of-use asset	6,774
Interest on lease liabilities	637
Short term leases	22,753
	30,164

(c) Total cash outflow

The company had total cash outflows for leases of USD31,756 in 2020.

23. OPERATING LEASE COMMITMENTS

As at 31 March 2019, the future minimum lease payables under non-cancellable operating leases contracted for but not recognised as liabilities, are as follows:

	2019 USD
Future minimum lease payments	
- within one year	14,163

As disclosed in Note 3, the company has adopted FRS 116 on 1 April 2019. The lease payments have been recognised as right-of-use assets and lease liabilities on the balance sheet, except for short-term and low-value leases.

24. 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.

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

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"), Indian rupee ("INR") and Norwegian krone ("NOK"). The company holds cash and bank balances denominated in foreign currencies for working capital purposes.

2020	USD	SGD	BRL	EUR	GBP	INR	NOK	Total
	USD	USD	USD	USD	USD	USD	USD	USD
Financial assets								
Other receivables	-	4,073	153,240	-	-	-	-	157,313
Cash and bank balances	1,945	594	-	-	-	-	-	2,539
	1,945	4,667	153,240	-	-	-	-	159,852
Financial liabilities								
Lease liability	-	32,280	-	-	-	-	-	32,280
Loan payables	2,083,979	-	-	-	-	-	-	2,083,979
Trade payables	461,285	27,553	-	32,279	13,798	4,407	17,685	557,007
Other payables	242,585	17,019	-	-	4,177	-	-	263,781
	2,787,849	76,852	-	32,279	17,975	4,407	17,685	2,937,047
Net financial (liabilities)/assets	(2,785,904)	(72,185)	153,240	(32,279)	(17,975)	(4,407)	(17,685)	(2,777,195)
Add: Net financial liabilities denominated in the company's functional currency	2,785,904	-	-	-	-	-	-	2,785,904
Foreign currency exposure	-	(72,185)	153,240	(32,279)	(17,975)	(4,407)	(17,685)	8,709

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (Continued)

(i) Foreign exchange risk (Continued)

2019	USD	SGD	BRL	EUR	GBP	INR	NOK	Total
	USD	USD	USD	USD	USD	USD	USD	USD
Financial assets								
Other receivables	88,589	4,279	193,125	-	-	-	-	285,993
Cash and bank balances	4,108	889	-	-	-	-	-	4,997
	92,697	5,168	193,125	-	-	-	-	290,990
Financial liabilities								
Loan payables	2,016,081	-	-	-	-	-	-	2,016,081
Trade payables	608,596	24,942	-	32,918	14,531	4,747	21,474	707,208
Other payables	238,510	9,731	-	-	4,399	-	-	252,640
	2,863,187	34,673	-	32,918	18,930	4,747	21,474	2,975,929
Net financial (liabilities)/assets	(2,770,490)	(29,505)	193,125	(32,918)	(18,930)	(4,747)	(21,474)	(2,684,939)
Add: Net financial liabilities denominated in the company's functional currency	2,770,490	-	-	-	-	-	-	2,770,490
Foreign currency exposure	-	(29,505)	193,125	(32,918)	(18,930)	(4,747)	(21,474)	85,551

24. 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% (2019: 10%) against the relevant foreign currencies, with all other variables held constant, (loss)/profit for the year will increase/(decrease) by:

	2020 USD	2019 USD
SGD	(5,991)	2,449
BRL	12,719	(16,029)
EUR	(2,679)	2,732
GBP	(1,492)	1,571
INR	(366)	394
NOK	(1,468)	1,782

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 (loss)/profit 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 USD306,900 (2019: USD246,500).

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 (2019: 50) basis points higher/lower with all other variables held constant, the company's (loss)/profit for the year would have been USD1,274 (2019: USD 1,023) higher/lower, 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.

24. 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
2020		
Lease liability	20,226	13,484
Loan payables	926,354	1,203,241
Trade payables	557,007	-
Other payables	263,781	-
	1,767,368	1,216,725
2019		
Loan payables	2,016,081	-
Trade payables	707,208	-
Other payables	252,640	-
	2,975,929	-

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

24. 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

24. 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 to be insignificant and concluded that no credit loss allowance required to be recognised.

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.

24. 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:

	2020 USD	2019 USD
Financial assets at amortised cost	159,852	290,990
Financial liabilities at amortised cost	2,937,047	2,975,929

25. 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 2020 and 2019.

Fair value of other financial instruments

The carrying amounts of cash and bank balances, trade and 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.

	2020	
	Carrying amount USD	Fair value USD
Financial liabilities (non-current):		
Lease liability	13,235	13,484
Loans payables	1,174,240	1,203,241

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.

26. EVENTS OCCURING AFTER THE REPORTING PERIOD

The Coronavirus Disease (COVID-19) outbreak and the measures taken to contain the spread of the pandemic have created a high level of uncertainty to global economic prospects and this has impacted the company's operations and its financial performance subsequent to the financial year end.

The Singapore Multi-Ministry Taskforce implemented an elevated set of safe distancing measures as a circuit breaker from 7 April 2020, to pre-empt the trend of increasing local transmission of COVID-19. Except for those providing essential services and selected economic sectors which are critical for our local and global supply chains, all businesses are required to suspend all in-person activities and activities at business location.

As the situation continues to evolve with significant level of uncertainty, the company is unable to reasonably estimate the full financial impact of the COVID-19 outbreak. The company is monitoring the situation closely and to mitigate the financial impact, it is conscientiously managing its cost by adopting an operating cost reduction strategy and conserving liquidity by working with major creditors to align repayment obligations with receivables collection.