

*Directors' Statement and
Audited Financial Statements*

ATL Singapore Pte. Ltd.
(Co. Reg. No. 201713007M)

11 May 2017 to 31 March 2018

ATL Singapore Pte. Ltd.
(Co. Reg. No. 201713007M)

General Information

Directors

Tay Lean Hock (Appointed on 11 May 2017)
Anil Chopra (Appointed on 24 May 2017)
Sunam Sarkar (Appointed on 12 June 2017)

Secretaries

Ong Bee Choo
Pan Mi Keay

Independent Auditor

HLB Atrede LLP

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Directors' Statement

The directors are pleased to present their statement to the member together with the audited financial statements of ATL Singapore Pte. Ltd. (the "Company") for the financial period from 11 May 2017 (date of incorporation) to 31 March 2018.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Company for the period from 11 May 2017 to 31 March 2018; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

The directors of the Company in office at the date of this statement are:

Anil Chopra
Sunam Sarkar
Tay Lean Hock

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial period was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

No director who held office at the end of the financial period had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the date of incorporation or at the end of financial period.

5. OPTIONS TO TAKE UP UNISSUED SHARES

During the financial period, no option to take up unissued shares of the Company was granted.

6. OPTIONS EXERCISED

During the financial period, there were no shares of the Company issued by virtue of the exercise of options to take up unissued shares.

ATL Singapore Pte. Ltd.
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Directors' Statement – continued

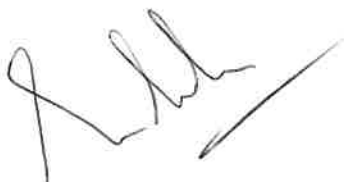
7. UNISSUED SHARES UNDER OPTION

At the end of the financial period, there were no unissued shares of the Company under option.

8. INDEPENDENT AUDITOR

The independent auditor, HLB Atrede LLP has expressed its willingness to accept re-appointment as auditor.

On behalf of the board of directors,



Sunam Sarkar
Director

Singapore
3 May 2018



Anil Chopra
Director

**Independent Auditor's Report
to the member of ATL Singapore Pte. Ltd.
(Co. Reg. No. 201713007M)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ATL Singapore Pte. Ltd. (the "Company"), which comprise the balance sheet as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the period from 11 May 2017 to 31 March 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and of the financial performance, changes in equity and cash flows of the Company for the period from 11 May 2017 to 31 March 2018.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement but does not include the financial statements and our auditor's report thereon.

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

**Independent Auditor's Report
to the member of ATL Singapore Pte. Ltd. – continued
(Co. Reg. No. 201713007M)**

Other Information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level 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.

**Independent Auditor's Report
to the member of ATL Singapore Pte. Ltd. – continued
(Co. Reg. No. 201713007M)**

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Independent Auditor's Report
to the member of ATL Singapore Pte. Ltd. – continued
(Co. Reg. No. 201713007M)**

Report on Other Legal and Regulatory Requirements

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

A handwritten signature in blue ink, appearing to read 'HLB Atrede LLP'.

HLB Atrede LLP
Public Accountants and
Chartered Accountants

Singapore
3 May 2018

ATL Singapore Pte. Ltd.
(Co. Reg. No. 201713007M)

Balance Sheet as at 31 March 2018

	Note	US\$
Current assets		
Derivatives	4	21,118
Margin accounts	5	3,824,762
Prepayments		3,532
Cash and cash equivalents	6	991,631
		<u>4,841,043</u>
Current liabilities		
Other payables	7	5,280
Derivatives	4	118,215
		<u>123,495</u>
Net current assets		4,717,548
Net assets		<u>4,717,548</u>
Equity attributable to owner of the Company		
Share capital	8	5,000,000
Accumulated loss		(282,452)
Total equity		<u>4,717,548</u>

The accompanying accounting policies and explanatory notes form an integral part of financial statements.

ATL Singapore Pte. Ltd.
(Co. Reg. No. 201713007M)

**Statement of Comprehensive Income for the financial period
from 11 May 2017 to 31 March 2018**

	Note	US\$
Other operating income	9	460
Loss on trading derivatives		(197,683)
Net fair value loss on derivatives		(97,097)
Other expenses	10	(15,231)
Gain on foreign exchange adjustment	11	27,099
Loss before tax		(282,452)
Income tax expense	12	-
Loss for the period		(282,452)
Other comprehensive income		-
Total comprehensive loss for the period		(282,452)

**Statement of Changes in Equity
Period ended 31 March 2018**

	Share capital US\$	Accumulated loss US\$	Total US\$
On incorporation of the Company	1	-	1
Issuance of ordinary shares	4,999,999	-	4,999,999
Total comprehensive loss for the period	-	(282,452)	(282,452)
Balance at 31 March 2018	5,000,000	(282,452)	4,717,548

The accompanying accounting policies and explanatory notes form an integral part of financial statements.

ATL Singapore Pte. Ltd.
(Co. Reg. No. 201713007M)

Cash Flow Statement for the financial period from 11 May 2017 to 31 March 2018

	US\$
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before tax	(282,452)
Adjustment for:	
Interest income	(460)
Net fair value loss on derivatives	97,097
Unrealised foreign exchange gain	(27,099)
Operating cash flows before working capital changes	<u>(212,914)</u>
Increase in prepayment	(3,532)
Increase in margin accounts	(3,797,663)
Increase in other payables	5,280
Cash used in operations	<u>(4,008,829)</u>
Interest received	460
Net cash flows used in operating activities	<u>(4,008,369)</u>
 CASH FLOWS FROM FINANCING ACTIVITY	
Proceeds from issuance of shares	<u>5,000,000</u>
Net cash flows from financing activity	<u>5,000,000</u>
 Net increase in cash and cash equivalents	<u>991,631</u>
Cash and cash equivalents at end of period	<u><u>991,631</u></u>

The accompanying accounting policies and explanatory notes form an integral part of financial statements.

Notes to the Financial Statements – 31 March 2018

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

1. CORPORATE INFORMATION

The Company is a private company limited by shares incorporated and domiciled in Singapore.

The immediate holding company is Apollo Tyres Holdings (Singapore) Pte. Ltd., incorporated in Singapore and its ultimate holding company is Apollo Tyres Ltd, incorporated in India and listed on the India Stock Exchange.

The registered office and principal place of business of the Company is located at 9 Temasek Boulevard #42-01 Suntec Tower 2, Singapore 038989.

The principal activities of the Company is those of trading of tyres and raw materials including rubber, oil and oil based derivatives.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of preparation*

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis except where otherwise described in the accounting policies below.

The financial statements are presented in United States Dollar (USD or US\$) and all values are rounded to the nearest one-dollar unless otherwise stated.

The accounting policies have been consistently applied by the Company since the date of incorporation.

Standards issued but not yet effective

The Company has not adopted the following standards and interpretations which are potentially relevant to the Company that has been issued but not yet effective:

	Effective date (Annual periods beginning on or after)
FRS 109 Financial Instruments	1 January 2018
FRS 115 Revenue from Contracts with Customers	1 January 2018

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) *Functional and foreign currency*

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be USD.

Foreign currency transactions

Transactions in foreign currencies are measured in USD and are recorded on initial recognition at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are re-translated to the functional currency at the rate of exchange ruling at the end of the reporting period. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of initial recognition. 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 end of the reporting period are recognised in profit or loss.

(c) *Financial assets*

Initial recognition and measurement

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

When a financial asset is recognised initially, an entity shall measure it at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of financial asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Financial assets (continued)*

Subsequent measurement (continued)

(i) *Financial assets at fair value through profit or loss (continued)*

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

(ii) *Held-to-maturity investment*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold the investments to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

(iii) *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.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets include equity and debt securities. Equity investment classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses arising from changes in the fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Financial assets (continued)*

Derecognition

A financial asset is derecognised when 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 the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(d) *Impairment of financial assets*

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

(i) *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 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 loss is recognised in the profit or loss.

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

Notes to the Financial Statements – 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) *Impairment of financial assets (continued)*

(i) *Financial assets carried at amortised cost (continued)*

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 value of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) *Financial assets carried at cost*

If there is objective evidence that an impairment loss on a financial asset carried at cost has been incurred (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) the impairment loss is recognised and 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 current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) *Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

Notes to the Financial Statements – 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) *Financial liabilities*

Initial recognition and measurement

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

When a financial liability is recognised initially, an entity shall measure it at its fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of financial liability.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

(i) *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Company has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

(ii) *Financial liabilities at amortised cost*

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. 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 derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

Notes to the Financial Statements – 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) *Derivatives*

Derivative instruments such as forward currency contracts, commodity futures and options, and interest rate contracts are used to hedge risks associated with foreign currency, commodity price and interest rate fluctuations. Certain derivatives are also used for trading purposes. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivative instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair values of commodity futures are determined by reference to market values for similar instruments.

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income.

(g) *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and at bank.

(h) *Other payables*

Other payables are non-interest bearing and have an average term of six months.

(i) *Provisions*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and when 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 – 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) *Revenue*

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. The following specific recognition criteria must also be met before revenue is recognised:

(i) *Net trading income*

Results arising from trading activities include all gains and losses from changes in fair value for financial assets and financial liabilities “held for trading”.

(ii) *Interest income*

Interest income is recognised using the effective interest method.

(k) *Share capital*

Ordinary shares

Proceeds 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.

(l) *Taxes*

(i) *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 authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Current income taxes are recognised in the profit or loss except to the extent that 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.

Notes to the Financial Statements – 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(1) *Taxes (continued)*

(ii) *Deferred tax*

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

Deferred tax liabilities are recognised for all temporary differences.

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

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

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

Notes to the Financial Statements – 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) *Taxes (continued)*

(iii) *Goods and services tax*

Revenue, expenses and assets are recognised net of the amount of goods and services tax (“GST”) except:

- Where the goods and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of goods and services tax included.

The net amount of goods and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(m) *Related parties*

A related party is defined as follows:

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

Notes to the Financial Statements – 31 March 2018

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities, and disclosure of contingent liabilities at the end of each reporting period. However, 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.

(i) *Judgement made in applying accounting policies*

There were no material judgements made by management in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(ii) *Key sources of estimation uncertainty*

There are no material key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period.

4. DERIVATIVES

The table below shows the fair values of derivative instruments, recorded as assets or liabilities together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the financial year end and are indication of neither at the market risk nor the credit risk.

	Notional amount US\$	Assets US\$	Liabilities US\$
<i>Derivative held-for trading</i>			
2018			
Commodity future contracts	3,132,986	21,118	118,215

Future contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Future contracts are transacted in standardised amounts on regulated exchanges and are subject to daily cash margin requirements.

The credit risk related to future contracts is considered minimal because the cash margin requirements of the broker help ensure that these contracts are always honoured.

The future contracts are collateralised by margin deposits account held by broker of US\$3,824,762. (Note 5)

All derivative financial instruments are classified as fair value through profit or loss.

Notes to the Financial Statements – 31 March 2018

5. MARGIN ACCOUNTS

Margin accounts represent margin deposits maintained unit recognised future dealers and brokers are held for open exchange-tract future contracts done on the future exchange.

The margin accounts move in relation to trade done on futures, valuation margin required and prices of the commodities traded.

Margin accounts denominated in foreign currency at 31 March are as follows:

	2018 US\$
Japanese Yen	<u>490,570</u>

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents denominated in foreign currency at 31 March are as follows:

Singapore Dollar	<u>5,153</u>
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7. OTHER PAYABLES

Accrued liabilities	4,411
Sundry payables	869
	<u>5,280</u>

Other payables denominated in foreign currency at 31 March are as follows:

Singapore Dollar	<u>5,280</u>
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8. SHARE CAPITAL

	2018	
	Number of shares	US\$
Issued and fully paid ordinary shares:		
On incorporation of the Company	1	1
Issued during the period	<u>4,999,999</u>	<u>4,999,999</u>
At end of period	<u>5,000,000</u>	<u>5,000,000</u>

On the date of incorporation, 1 ordinary share of US\$1 each were issued for cash to the subscribers to the constitution of the Company.

During the period, 4,999,999 ordinary shares of US\$1 each were issued for total cash consideration of US\$4,999,999. The proceeds were used for working capital purposes.

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

Notes to the Financial Statements – 31 March 2018

9. OTHER OPERATING INCOME

	11.5.2017 to 31.3.2018 US\$
Interest income on margin deposits	<u>460</u>

10. OTHER EXPENSES

Auditor's remuneration	4,411
Bank charges	150
Brokerage commission	4,980
Consultancy fee	3,333
Professional fee	2,040
Subscription fee	317
	<u>15,231</u>

11. GAIN ON FOREIGN EXCHANGE ADJUSTMENT

Foreign exchange adjustment, gain	<u>27,099</u>
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12. INCOME TAX EXPENSE

(i) Major components of income tax expense

The major components of income tax expense for the period ended 31 March 2018 is:

Statement of comprehensive income:

Current tax	<u>-</u>
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(ii) Relationship between tax benefit and accounting loss

The reconciliation between the tax benefit and the product of accounting loss multiplied by the applicable tax rate for the period ended 31 March 2018 is as follows:

Loss before tax	<u>(282,452)</u>
Tax benefit on loss before tax at 17%	(48,017)
Adjustments:	
Deferred tax assets not recognised in current year	48,017
Total tax expense	<u>-</u>

Notes to the Financial Statements – 31 March 2018

13. DEFERRED TAXATION

	2018 US\$
Deferred tax asset:	
Tax losses carry forward	(48,017)
Total deferred tax asset	<u>(48,017)</u>
Net of deferred tax asset	(48,017)
Deferred tax assets on temporary differences not recognised	<u>48,017</u>
Balance	<u><u>-</u></u>

The Company has unabsorbed tax losses of approximately US\$282,400 that are available for offset against future taxable profits of the Company in which the losses arose for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement with the Income Tax Authorities.

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, credit risk and liquidity risk. The Company's risk management policies focus on the unpredictability of financial markets and seek to, where appropriate, minimise potential adverse effects on the financial performance of the Company. The Company does not have any written financial risk management policies and guidelines and 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.

The following sections provide details regarding the Company's exposure to the financial risks associated with financial instruments held in the ordinary course of business and the objectives, policies and processes for the management of these risks.

(i) *Foreign currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Company operates and sells their products in several countries other than Singapore and transacts in foreign currencies. As a result, the Company is exposed to movements in foreign currency exchange rates arising from normal trading transactions, primarily with respect to Japanese Yen (JPY).

Notes to the Financial Statements – 31 March 2018

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) *Foreign currency risk (continued)*

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's loss before tax to a reasonably possible change in the JPY, with all other variables held constant.

	Loss before tax 2018 US\$
JPY	
– strengthened 2%	10,233
– weakened 2%	<u>(10,233)</u>

(ii) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from balances with banks and margin deposits placed with brokers. The Company minimise credit risk by dealing exclusively with high credit rating and reputable financial institutions.

The maximum exposure to credit risk is the carrying amount of the financial assets presented on the balance sheet.

(iii) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from possible mismatches of the maturities of financial assets and liabilities. The Company objective is to maintain a balance between continuity of funding and flexibility through the use of standby credit facilities.

The maturity profile of the Company's financial liabilities at the end of the reporting period, based on contractual undiscounted repayment obligations is within one year.

Notes to the Financial Statements – 31 March 2018

15. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting period by FRS 39 categories.

	2018 US\$
<i>Financial assets at fair value through profit or loss</i>	
Derivatives	<u>21,118</u>
<i>Loans and receivables</i>	
Margin accounts	3,824,762
Cash and cash equivalents	<u>991,631</u>
	<u>4,816,393</u>
<i>Financial liabilities at fair value through profit or loss</i>	
Derivatives	<u>118,215</u>
<i>Financial liabilities at amortised cost</i>	
Other payables	<u>5,280</u>

16. FAIR VALUE OF ASSETS AND LIABILITIES

The fair value of an asset or a liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Fair value hierarchy

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Notes to the Financial Statements – 31 March 2018

16. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

▪ *Fair value of financial instruments that are carried at fair value*

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Quoted prices in active markets for identical instruments (Level 1) 2018 US\$
Financial assets:	
<i>Derivatives (Note 4):</i>	
– Commodity futures contracts	<u>21,118</u>
Financial liabilities:	
<i>Derivatives (Note 4):</i>	
– Commodity futures contracts	<u>118,215</u>

17. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy working capital ratios in order to support its business and maximise shareholder value.

The Company's working capital comprises of receivables, cash and cash equivalents, other payables and stated on the balance sheet. The Company manage its working capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the working capital structure, the Company may adjust the dividend payment to shareholders. No changes were made in the objectives, policies or processes during the years ended 31 March 2018.

The Company manages capital by regularly monitoring its current and expected liquidity requirements. The Company is not subject to either externally imposed capital requirements.

18. COMPARATIVE FIGURES

The financial statements for 2018 cover the financial period from 11 May 2017 to 31 March 2018. These being the first set of financial statements, there are no comparative figures.

19. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the period from 11 May 2017 to 31 March 2018 were authorised for issue in accordance with a resolution of the directors on 3 May 2018.