

OPEL TECHNOLOGIES PTE. LTD.
(Incorporated in the Republic of Singapore)
(Registration No. 201900184R)

Annual Report
For the financial year ended 31 March 2022

OPEL TECHNOLOGIES PTE. LTD.
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Annual Report
For the financial year ended 31 March 2022

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DIRECTORS' STATEMENT

The directors present their statement to the member together with the audited financial statements of Opel Technologies Pte. Ltd. (the "Company") for the financial year ended 31 March 2022.

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 2022 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date; 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.

1. DIRECTORS

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

HARSH DHIRENDRA BHANSALI
DIVYESH NAGINDAS DOSHI

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The directors of the Company holding office at the end of the financial year did not have any interests in the shares or debentures of the Company or any related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967.

4. SHARE OPTIONS

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

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DIRECTORS' STATEMENT

4. SHARE OPTIONS - CONTINUED

There were no shares issued during the financial year 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.

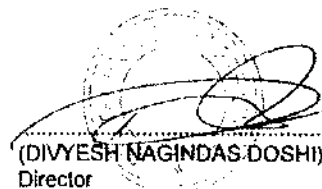
5. INDEPENDENT AUDITORS

The Independent Auditors, MGI Alliance Singapore PAC, have expressed their willingness to accept re-appointment.

Board of Directors



(HARSH DHIRENDRA BHANSALI)
Director



(DIVYESH NAGINDAS DOSHI)
Director

19 May 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF

OPEL TECHNOLOGIES PTE. LTD.

(Incorporated in the Republic of Singapore)
(Registration No. 201900184R)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **OPEL TECHNOLOGIES PTE. LTD.** (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2022 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

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

Other Information

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF

OPEL TECHNOLOGIES PTE. LTD. - continued

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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 FRSSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF

OPEL TECHNOLOGIES PTE. LTD. - continued
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Auditor's Responsibilities for the Audit of the Financial Statements - continued

- 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.

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.

MGI Alliance Singapore PAC

**MGI ALLIANCE SINGAPORE PAC
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS**

Singapore,

19 May 2022



OPEL TECHNOLOGIES PTE. LTD.
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STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	<u>NOTE</u>	<u>2022</u> <u>US\$</u>	<u>2021</u> <u>US\$</u>
ASSETS			
CURRENT ASSETS			
Trade receivables	(4)	454,662	301,076
Inventories	(5)	-	56,251
Advances		18,682	-
GST receivable		825	-
Cash and cash equivalents	(6)	25,870	4,663
Total current assets		<u>500,039</u>	<u>361,990</u>
TOTAL ASSETS		<u>500,039</u>	<u>361,990</u>
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO OWNER OF THE COMPANY			
Share capital	(7)	73	73
Retained earnings		77,982	75,604
Total equity		<u>78,055</u>	<u>75,677</u>
CURRENT LIABILITIES			
Trade payables	(8)	399,321	271,577
Accruals and other payables	(9)	16,438	7,966
Current income tax liabilities		6,225	6,770
Total current liabilities		<u>421,984</u>	<u>286,313</u>
Total liabilities		<u>421,984</u>	<u>286,313</u>
TOTAL EQUITY AND LIABILITIES		<u>500,039</u>	<u>361,990</u>

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

OPEL TECHNOLOGIES PTE. LTD.
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	<u>NOTE</u>	<u>2022</u> <u>US\$</u>	<u>2021</u> <u>US\$</u>
<u>Continuing operations</u>			
Revenue	(10)	2,561,592	2,278,680
Cost of sales	(10)	<u>(2,480,347)</u>	<u>(2,170,606)</u>
Gross profit		81,245	108,074
Other income	(10)	5,938	-
Administrative and other expenses	(10)	(70,752)	(30,746)
Finance costs	(10)	-	(428)
Impairment loss on financial assets - trade receivables	(4)	<u>(13,814)</u>	-
Profit before tax		2,617	76,900
Income tax expense	(11)	<u>(239)</u>	<u>(6,225)</u>
Profit for the financial year		2,378	70,675
Other comprehensive income		-	-
Total comprehensive income for the financial year		<u>2,378</u>	<u>70,675</u>

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

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

	<u>Share capital</u> US\$	<u>Retained earnings</u> US\$	<u>Total</u> US\$
<u>2022</u>			
Beginning of financial year	73	75,604	75,677
Total comprehensive income for the financial year	-	2,378	2,378
End of financial year	73	77,982	78,055

	<u>Share capital</u> US\$	<u>Retained earnings</u> US\$	<u>Total</u> US\$
<u>2021</u>			
Beginning of financial year	73	4,929	5,002
Total comprehensive income for the financial year	-	70,675	70,675
End of financial year	73	75,604	75,677

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

OPEL TECHNOLOGIES PTE. LTD.
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	<u>NOTE</u>	<u>2022</u> US\$	<u>2021</u> US\$
Cash flows from operating activities			
Profit before tax		2,617	76,900
Adjustment for:			
Finance costs		-	428
Operating cash flows before working capital changes		<u>2,617</u>	<u>77,328</u>
<u>Changes in working capital</u>			
Trade receivables		(153,586)	(252,419)
Inventories		56,251	(44,269)
Advances		(18,682)	-
GST receivables		(825)	-
Trade payables		127,744	225,538
Accruals and other payables		8,472	3,961
Net cash generated from operations		<u>21,991</u>	<u>10,139</u>
Income tax paid		(784)	-
Net cash generated from operating activities		<u>21,207</u>	<u>10,139</u>
Cash flows from investing activities		<u>-</u>	<u>-</u>
Cash flows from financing activities			
Repayment to holding company		-	(8,866)
Net cash used in financing activities		<u>-</u>	<u>(8,866)</u>
Net increase in cash and cash equivalents		<u>21,207</u>	<u>1,273</u>
Cash and cash equivalents at beginning of financial year		<u>4,663</u>	<u>3,390</u>
Cash and cash equivalents at end of financial year	(6)	<u>25,870</u>	<u>4,663</u>

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

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NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022

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

1. GENERAL INFORMATION

OPEL TECHNOLOGIES PTE. LTD. (the "Company") is incorporated and domiciled in Singapore. The address of its registered office is:

54 Arab Street
Singapore 199751

The principal activities of the Company are those of wholesale trading.

The Company is wholly owned by Paras Defence And Space Technologies Limited, which is incorporated in India.

The financial statements of OPEL TECHNOLOGIES PTE. LTD. for the financial year ended 31 March 2022 were authorised for issue by the Board of Directors on the date of the Directors' Statement.

2. BASIS OF PREPARATION

a) Statement of compliance

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act 1967 and Singapore Financial Reporting Standards (FRS).

b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies notes that follow.

c) Functional and presentation currency

These financial statements are presented in United States Dollars (US\$), which is the Company's functional currency.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. BASIS OF PREPARATION - continued

d) Use of estimates and judgement

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

Judgements made in applying accounting policies

In the process of applying the entity's accounting policies, management is of the opinion that there are no critical judgements (other than those involving estimates) that have significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Provision for expected credit losses of trade receivables

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Note 13. The carrying amount of the Company's trade receivables are disclosed in Note 4.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. BASIS OF PREPARATION - continued

e) Changes in accounting policies

Overview

In the current financial year, the Company has adopted all the new and revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year. The adoption of these new/revised FRS and INT FRS has not resulted in changes to the Company's accounting policies and has also no material effect on the amounts reported for the current or prior year's financial information.

The Company has not early adopted any of the FRS, INT FRS, and amendments to FRS that were issued but not effective at the beginning of the financial period. The directors expect that the adoption of these other standards and interpretations will have no material impact on the financial statements in the financial year of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out in the following paragraphs have been applied consistently to both periods presented in these financial statements, and have been applied consistently by the Company, except as explained in Note 2(e), which addresses changes in accounting policies

a) Foreign currency transactions and balances

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting year.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. SIGNIFICANT ACCOUNTING POLICIES - continued

a) Foreign currency transactions and balances - continued

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income:

- i) an equity investment designated as at fair value through other comprehensive income ("FVOCI");
- ii) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- iii) qualifying cash flow hedges to the extent that the hedges are effective.

b) Financial instruments

- (i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. SIGNIFICANT ACCOUNTING POLICIES - continued

b) Financial instruments - continued

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting year following the change in the business model.

The Company only has financial assets measured at amortised cost.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost comprise trade receivables and cash and cash equivalents.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. SIGNIFICANT ACCOUNTING POLICIES - continued

b) Financial instruments - continued

(ii) Classification and subsequent measurement - continued

Non-derivative financial assets - continued

Financial assets: Business model assessment - continued

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior years, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. SIGNIFICANT ACCOUNTING POLICIES - continued

b) Financial instruments - continued

(ii) Classification and subsequent measurement - continued

Non-derivative financial assets - continued

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular year of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. SIGNIFICANT ACCOUNTING POLICIES - continued

b) Financial instruments - continued

(ii) Classification and subsequent measurement - continued

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

Other financial liabilities comprise trade payables and accruals and other payables.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. SIGNIFICANT ACCOUNTING POLICIES - continued

b) Financial instruments - continued

(iii) Derecognition - continued

Financial assets - continued

- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. SIGNIFICANT ACCOUNTING POLICIES - continued

c) Impairment

Non-derivative financial assets

The Company recognises loss allowances for expected credit losses ("ECLs") on:

- financial assets measured at amortised cost.

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter year if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Company applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Company applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. SIGNIFICANT ACCOUNTING POLICIES - continued

c) Impairment - continued

Non-derivative financial assets - continued

General approach - continued

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 30 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;

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3. SIGNIFICANT ACCOUNTING POLICIES - continued

c) Impairment - continued

Non-derivative financial assets - continued

Credit-impaired financial assets - continued

- a breach of contract such as a default or being more than 60 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than biological assets, investment property (fair value model), inventories, contract assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

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3. SIGNIFICANT ACCOUNTING POLICIES - continued

c) Impairment - continued

Non-financial assets - continued

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The Company's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (groups of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (groups of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

d) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. SIGNIFICANT ACCOUNTING POLICIES - continued

e) 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); or
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

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3. SIGNIFICANT ACCOUNTING POLICIES - continued

f) Revenue

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

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied performance obligation.

Sale of goods

Revenue is recognised when the goods are delivered to the customers and all criteria for acceptance have been satisfied. The amount of revenue recognised is based on the transaction price, which comprises the contractual price. There is no right of return on goods sold.

g) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under *FRS 37 Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, measured using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

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3. SIGNIFICANT ACCOUNTING POLICIES - continued

g) Income tax - continued

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

h) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event where it is probable that it will result in an outflow of economic benefits that can be estimated reliably. Provisions are measured at managements' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. SIGNIFICANT ACCOUNTING POLICIES - continued

i) **Inventories**

Inventories are measured at the lower of cost and net realisable value. Costs comprise cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Cost is determined based on first-in-first-out method.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

4. TRADE RECEIVABLES

	<u>2022</u> US\$	<u>2021</u> US\$
Third parties	468,476	301,076
Less: Impairment allowance (Note 13)	(13,814)	-
Carrying value	454,662	301,076

Trade receivables are non-interest bearing and are generally on 30 (2021: 30) days terms.

The ageing analysis of trade receivables at the reporting date is:

	<u>Gross</u>	<u>Impairment allowance</u>	<u>Gross</u>	<u>Impairment allowance</u>
	<u>2022</u> US\$	<u>2022</u> US\$	<u>2021</u> US\$	<u>2021</u> US\$
Not past due	296,337	-	254,527	-
Past due:				
1 to 30 days	10,890	(109)	15,994	-
31 to 60 days	10,490	(210)	21,300	-
61 to 90 days	31,616	(1,581)	-	-
Over 90 days	119,143	(11,914)	9,255	-
	468,476	(13,814)	301,076	-

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

4. TRADE RECEIVABLES - continued

Expected credit losses ("ECL")

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

	<u>2022</u> US\$	<u>2021</u> US\$
Beginning of financial year	-	-
Allowance made during the year	<u>(13,814)</u>	<u>-</u>
End of financial year	<u>(13,814)</u>	<u>-</u>

5. INVENTORIES

	<u>2022</u> US\$	<u>2021</u> US\$
Finished goods	<u>-</u>	<u>56,251</u>

Cost of inventories recognised as an expense in profit or loss amounted to US\$2,466,069 (2021: US\$2,164,219).

6. CASH AND CASH EQUIVALENTS

	<u>2022</u> US\$	<u>2021</u> US\$
Cash at bank	<u>25,870</u>	<u>4,663</u>

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7. SHARE CAPITAL

	<u>2022</u>		<u>2021</u>	
	<u>No. of ordinary shares</u>	<u>Paid up</u>	<u>No. of ordinary shares</u>	<u>Paid up</u>
<u>Issued and fully paid up</u>				
Beginning and end of financial year	<u>100</u>	<u>S\$100</u>	<u>100</u>	<u>S\$100</u>
Reported in US\$		<u>US\$73</u>		<u>US\$73</u>

The ordinary shares have no par value. The holder of ordinary shares is entitled to receive dividends as declared from time to time and entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

8. TRADE PAYABLES

	<u>2022</u> US\$	<u>2021</u> US\$
Holding company	<u>399,321</u>	<u>271,577</u>

Trade payables are non-interest bearing and are generally on immediate to 60 (2021: 30) days terms.

9. ACCRUALS AND OTHER PAYABLES

	<u>2022</u> US\$	<u>2021</u> US\$
Accruals	<u>8,838</u>	<u>-</u>
Other payables	<u>7,600</u>	<u>7,966</u>
	<u>16,438</u>	<u>7,966</u>

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10. REVENUE, COST OF SALES, OTHER INCOME AND EXPENSES

	<u>2022</u> US\$	<u>2021</u> US\$
Revenue:		
Sale of goods	<u>2,561,592</u>	<u>2,278,680</u>
Revenue is recognised at a point in time.		
Cost of sales includes:		
Cost of inventories expensed	<u>2,466,069</u>	<u>2,164,219</u>
Other income:		
Exchange gain	<u>5,938</u>	<u>-</u>
Administrative and other expenses include:		
Bank charges	7,552	2,874
Exchange loss	-	367
Late delivery charges	37,164	13,074
Professional fees	<u>15,464</u>	<u>3,496</u>
Finance costs:		
Interest charged on amount due to holding company	<u>-</u>	<u>428</u>

11. INCOME TAX EXPENSE

	<u>2022</u> US\$	<u>2021</u> US\$
Current tax expense	-	6,225
Under provision in prior year	<u>239</u>	<u>-</u>
	<u>239</u>	<u>6,225</u>

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11. INCOME TAX EXPENSE - continued

Reconciliation between income tax expense and profit before tax multiplied by the applicable tax rate is as follows:

	<u>2022</u> US\$	<u>2021</u> US\$
Profit before tax	<u>2,617</u>	<u>76,900</u>
Tax thereon at 17%	445	13,073
Effect of exempt income	(538)	(6,848)
Effect of expenses disregarded	93	-
Under provision in prior year	<u>239</u>	<u>-</u>
	<u>239</u>	<u>6,225</u>

12. RELATED PARTY TRANSACTIONS

Apart from the balances with related parties disclosed elsewhere in the financial statements, the following transactions were carried out between the Company and its related parties during the financial year at terms agreed between the parties:

<u>Related party balances shown in the accounts as</u>	<u>Type of relationship between the Company and the related parties</u>	<u>2022</u> US\$	<u>2021</u> US\$
Purchases	Holding company	2,382,814	1,028,354
Interest charges	Holding company	-	<u>428</u>

Key management personnel compensation

The directors are the key management personnel of the Company and they did not receive any remuneration during the current financial year (2021: Nil).

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Accounting classifications and fair values

Fair values versus carrying amounts

	<u>Note</u>	<u>Financial assets at amortised cost US\$</u>	<u>Other financial liabilities US\$</u>	<u>Total carrying amount US\$</u>	<u>Fair value* US\$</u>
<u>2022</u>					
<u>Financial assets</u>					
Trade receivables	(4)	454,662	-	454,662	454,662
Cash and cash equivalents	(6)	25,870	-	25,870	25,870
		480,532	-	480,532	480,532
<u>Financial liabilities</u>					
Trade payables	(8)	-	399,321	399,321	399,321
Accruals and other payables	(9)	-	16,438	16,438	16,438
		-	415,759	415,759	415,759
<u>2021</u>					
<u>Financial assets</u>					
Trade receivables	(4)	301,076	-	301,076	301,076
Cash and cash equivalents	(6)	4,663	-	4,663	4,663
		305,739	-	305,739	305,739
<u>Financial liabilities</u>					
Trade payables	(8)	-	271,577	271,577	271,577
Accruals and other payables	(9)	-	7,966	7,966	7,966
		-	279,543	279,543	279,543

* Refer to Note 14 as to how fair values have been determined.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - continued

Risk management policies

Exposure to credit, liquidity, and market risks arises in the normal course of the Company's business. The Company's overall business strategies, its tolerance of risk and its general risk management philosophy are determined by the management in accordance with the prevailing economic and operating conditions.

The Company does not hold or issue derivative financial instruments for speculative purpose.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables and cash at bank.

Cash at bank is placed with a fully licensed bank in Singapore. Impairment on cash at bank has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that the cash at bank has low credit risk based on the external credit rating of the bank. The amount of the allowance on cash at bank is negligible.

At the reporting date, the maximum exposure to credit risk was as follows:

	<u>2022</u> US\$	<u>2021</u> US\$
Trade receivables	454,662	301,076
Cash at bank	25,870	4,663
	<u>480,532</u>	<u>305,739</u>

The ageing analysis of trade receivables and other information are disclosed in Note 4.

Trade receivables

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

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - continued

Risk management policies - continued

Credit risk - continued

Trade receivables - continued

	← Days past due →					<u>Total</u> US\$
	<u>Not past</u> <u>due</u> US\$	<u>1 to 30</u> <u>days</u> US\$	<u>31 to 60</u> <u>days</u> US\$	<u>61 to 90</u> <u>days</u> US\$	<u>Over</u> <u>90 days</u> US\$	
<u>2022</u>						
Trade receivables, gross carrying amounts	296,337	10,890	10,490	31,616	119,143	468,476
Trade receivables subject to ECL	296,337	10,890	10,490	31,616	119,143	468,476
ECL rate	-	1%	2%	5%	10%	
ECL (Note 4)	-	109	210	1,581	11,914	13,814
<u>2021</u>						
Trade receivables, gross carrying amounts	254,527	15,994	21,300	-	9,255	301,076
Trade receivables subject to ECL	254,527	15,994	21,300	-	9,255	301,076
ECL rate	0.5%	1%	2%	5%	10%	
ECL	1,273	160	426	-	926	2,785*

* The Company has not provided loss allowance for expected credit losses as the amount is not significant

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - continued

Risk management policies - continued

Liquidity risk

Liquidity risk is the risk of the Company being unable to secure adequate funding to meet current obligations as they fall due. The liquidity risk is considered to be limited for the Company. The Company monitors its liquidity risk and maintains a level of cash and cash equivalents considered adequate by management to finance the Company's operation and to mitigate the effects of fluctuations in cash flows.

The maturity profile of the financial liabilities of the Company are shown below. The amounts disclosed below are the contractual undiscounted cash flows.

	Carrying amount US\$	Contractual cash flows US\$	Due within 1 year US\$	Total US\$
<u>2022</u>				
Trade payables	399,321	399,321	399,321	399,321
Accruals and other payables	16,438	16,438	16,438	16,438
	<u>415,759</u>	<u>415,759</u>	<u>415,759</u>	<u>415,759</u>
<u>2021</u>				
Trade payables	271,577	271,577	271,577	271,577
Accruals and other payables	7,966	7,966	7,966	7,966
	<u>279,543</u>	<u>279,543</u>	<u>279,543</u>	<u>279,543</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

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13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - continued

Risk management policies - continued

Market risk

Market risk is the risk that changes in market prices such as interest rates and foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments. As at reporting date, the Company does not have significant exposure to interest rate or foreign currency rate fluctuations.

Interest rate risk

The Company's exposure to changes in interest rates arises from its loan due to holding company. Amount due to holding company bears interest at fixed rate. As a result, the Company has no significant exposure to changes in interest rate.

Foreign currency exchange risk

The Company is exposed to fluctuations in foreign currency exchange rates mainly in Singapore Dollar ("SGD") and Euro ("EUR"). The exposure to foreign currency risk is monitored on an ongoing basis.

The Company's exposure to foreign currencies as at reporting date is as follows:

	<u>SGD</u> (Converted to US\$)	<u>EUR</u> (Converted to US\$)	<u>US\$</u>	<u>Total</u> <u>US\$</u>
<u>2022</u>				
<u>Financial assets</u>				
Trade receivables	-	202,230	252,432	454,662
Cash and cash equivalents	2,810	1,190	21,870	25,870
<u>Financial liabilities</u>				
Trade payables	-	(191,161)	(208,160)	(399,321)
Accruals and other payables	(15,145)	-	(1,293)	(16,438)
Net exposure	(12,335)	12,259	N/A	N/A

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - continued

Risk management policies - continued

Market risk - continued

Foreign currency exchange risk- continued

	<u>SGD</u> (Converted to US\$)	<u>EUR</u> (Converted to US\$)	<u>US\$</u>	<u>Total</u> US\$
<u>2021</u>				
<u>Financial assets</u>				
Trade receivables	-	82,384	218,692	301,076
Cash and cash equivalents	2,404	1,155	1,104	4,663
<u>Financial liabilities</u>				
Trade payables	-	(126,805)	(144,772)	(271,577)
Accruals and other payables	(7,966)	-	-	(7,966)
Net exposure	(5,562)	(43,266)	N/A	N/A

Sensitivity analysis

A 2% strengthening of the United States Dollar against the following currencies at the reporting date would increase/(decrease) profits and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	<u>2022</u> <u>US\$</u>	<u>2021</u> <u>US\$</u>
SGD	<u>247</u>	<u>111</u>
EUR	<u>(245)</u>	<u>865</u>

A 2% weakening of the United States Dollar against the above currencies would have had the opposite effect on profits and equity by the amounts shown above, on the basis that all other variables remain constant.

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14. DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Cash and cash equivalents and Accruals and other payables

The carrying amounts of these items approximate fair values due to their relatively short term nature.

Trade receivables and Trade payables

The carrying amounts of trade receivables and trade payables approximate fair value because these are subject to normal trade terms.

15. CAPITAL MANAGEMENT

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

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2021 and 31 March 2022.

The Company is not subject to any externally imposed capital requirements for the financial years ended 31 March 2021 and 31 March 2022. The Company's overall strategy remains unchanged from 2021.

OPEL TECHNOLOGIES PTE. LTD.
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

16. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Beginning of financial year US\$	Net cash flows US\$	Interest US\$	End of financial year US\$
<u>2022 - Nil</u>				
<u>2021</u>				
Due to holding company	8,438	(8,866)	428	-

17. CONTRACT BALANCES

The following table provides information about trade receivables arising from contracts with customers.

	<u>2022</u> US\$	<u>31 March</u> 2021 US\$	<u>1 April</u> 2020 US\$
Current assets			
Trade receivables (Note 4)	454,662	301,076	48,657

18. IMPACT OF COVID-19

The COVID-19 pandemic has affected almost all countries around the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments.

The Company has considered internal and external information in assessing the recoverability of receivables, other assets (including cash liquidity), and the profitability of the Company. Whilst the situation continues to be extremely dynamic, at present the Company does not see any material impact on the above. However, the actual impact of the pandemic on the Company's financial performance may differ from what is estimated, hence, the Company continues to monitor changes to future economic conditions.

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DETAILED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	<u>2022</u> US\$	<u>2021</u> US\$
Revenue		
Sale of goods	<u>2,561,592</u>	<u>2,278,680</u>
Cost of sales		
Opening inventories	56,251	11,982
Purchases	2,409,818	2,208,488
Less: Closing inventories	-	(56,251)
	<u>2,466,069</u>	<u>2,164,219</u>
Freight and documentation	14,278	6,387
	<u>2,480,347</u>	<u>2,170,606</u>
Other income		
Exchange gain	<u>5,938</u>	<u>-</u>
Administrative and other expenses		
Audit fee	7,441	8,719
Bank charges	7,552	2,874
Exchange loss	-	367
Insurance	-	438
Late delivery charges	37,164	13,074
Postage	22	-
Professional fees	15,464	3,496
Secretarial fee and others	3,109	1,778
	<u>70,752</u>	<u>30,746</u>
Finance costs		
Interest charged on amount due to holding company	<u>-</u>	<u>428</u>

This statement does not form part of the audited financial statements.