

**ION EXCHANGE ASIA PACIFIC PTE. LTD.**  
(Company Registration No. 200410162D)  
(Incorporated in the Republic of Singapore)

**AUDITED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
31 MARCH 2022**

**ION EXCHANGE ASIA PACIFIC PTE. LTD.**

(Incorporated in the Republic of Singapore)

The following information is intended only for the shareholder and not for filing with any Authority.

<u>Shareholder</u>	<u>Address</u>	<u>No. of ordinary shares</u>	
		As at	As at
		<u>1/4/2021</u>	<u>31/3/2022</u>
Ion Exchange (India) Limited	Ion House Dr. E. Moses Road Mahalaxmi Mumbai 400 011 India	2,603,211	2,603,211

Engagement and sign-off partner: Ang Su Chau

**ION EXCHANGE ASIA PACIFIC PTE. LTD.**

(Incorporated in the Republic of Singapore)

**DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS**

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**ION EXCHANGE ASIA PACIFIC PTE. LTD.**  
(Incorporated in the Republic of Singapore)

**DIRECTORS' STATEMENT**

We are pleased to present this statement to the member of the Company together with the audited financial statements for the financial year ended 31 March 2022.

In our opinion,

- (a) the 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 in accordance with the provisions of the Singapore Companies Act 1967 and Singapore Financial Reporting Standards; 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

**DIRECTORS**

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

Mahabir Prasad Patni  
Ankur Patni (alternate director to Mahabir Prasad Patni)  
Rajesh Sharma  
Dinesh Sharma (alternate director to Rajesh Sharma)  
Anil Manocha

**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 object 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.

**DIRECTORS' INTERESTS IN SHARES OR DEBENTURES**

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act 1967 (the "Act"), the directors of the Company who held office at the end of the financial year (including those held by their spouses and children) had no interests in shares, warrants, debentures and share options of the Company and its related corporations.

**ION EXCHANGE ASIA PACIFIC PTE. LTD.**  
(Incorporated in the Republic of Singapore)

**DIRECTORS' STATEMENT**

**SHARE OPTIONS**

During the financial year, there were:

- (i) no options granted to subscribe for unissued shares of the Company, and
- (ii) no shares issued by virtue of the exercise of options to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

**AUDITOR**

The auditor, Singapore Assurance PAC, has indicated its willingness to accept re-appointment.

**On behalf of the Board of Directors**



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**Mahabir Prasad Patni**  
Director



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**Rajesh Sharma**  
Director

Singapore  
24 May 2022

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBER OF ION EXCHANGE ASIA PACIFIC PTE. LTD.**  
(Incorporated in the Republic of Singapore)

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

*Opinion*

We have audited the financial statements of Ion Exchange Asia Pacific Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 March 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 and 2), 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 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 ION EXCHANGE ASIA PACIFIC PTE. LTD.**  
(Incorporated in the Republic of Singapore)

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

*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.

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.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBER OF ION EXCHANGE ASIA PACIFIC PTE. LTD.**  
(Incorporated in the Republic of Singapore)

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

*Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)*

- 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.

**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.

*SAPAC*

**SINGAPORE ASSURANCE PAC**  
Public Accountants and  
Chartered Accountants

Singapore  
24 May 2022



**ION EXCHANGE ASIA PACIFIC PTE. LTD.**

(Incorporated in the Republic of Singapore)

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2022**

	<u>Note</u>	<u>2022</u> USD	<u>2021</u> USD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	(4)	-	-
Associates	(5)	-	-
Subsidiaries	(6)	172,500	172,500
		<u>172,500</u>	<u>172,500</u>
<b>Current assets</b>			
Inventories	(7)	243,000	4,725
Trade receivables	(8)	1,694,837	1,822,586
Other receivables	(9)	556,626	422,713
Fixed deposits	(10)	606,330	150,000
Bank balances		148,140	7,789
		<u>3,248,933</u>	<u>2,407,813</u>
<b>Total assets</b>		<u>3,421,433</u>	<u>2,580,313</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity and reserves</b>			
Share capital	(11)	1,977,037	1,977,037
Accumulated losses		(1,633,617)	(1,948,750)
		<u>343,420</u>	<u>28,287</u>
<b>Current liabilities</b>			
Trade and other payables	(12)	2,837,928	2,333,767
Amount due to holding company	(13)	240,085	218,259
		<u>3,078,013</u>	<u>2,552,026</u>
<b>Total equity and liabilities</b>		<u>3,421,433</u>	<u>2,580,313</u>

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

**ION EXCHANGE ASIA PACIFIC PTE. LTD.**

(Incorporated in the Republic of Singapore)

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

	<u>Note</u>	<u>2022</u> USD	<u>2021</u> USD
<b>Revenue</b>	(14)	5,215,617	1,573,946
Cost of sales		(4,561,108)	(1,329,118)
Gross profit		654,509	244,828
Other income	(15)	13,394	674,336
Distribution costs		(51,474)	(24,382)
Administrative expenses		(6,621)	(9,287)
Other expenses		(272,849)	(832,798)
Finance costs	(16)	(21,826)	(21,629)
Profit before income tax	(17)	315,133	31,068
Income tax	(18)	-	-
Profit for the financial year		315,133	31,068
Other comprehensive income for the financial year, net of tax		-	-
<b>Total comprehensive income for the financial year</b>		<b>315,133</b>	<b>31,068</b>

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

**ION EXCHANGE ASIA PACIFIC PTE. LTD.**

(Incorporated in the Republic of Singapore)

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

	Share <u>capital</u> USD	Accumulated <u>losses</u> USD	<u>Total</u> USD
Balance at 1 April 2020	1,977,037	(1,979,818)	(2,781)
Profit for the financial year, representing total comprehensive income for the financial year	-	31,068	31,068
Balance at 31 March 2021	1,977,037	(1,948,750)	28,287
Profit for the financial year, representing total comprehensive income for the financial year	-	315,133	315,133
Balance at 31 March 2022	1,977,037	(1,633,617)	343,420

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

**ION EXCHANGE ASIA PACIFIC PTE. LTD.**

(Incorporated in the Republic of Singapore)

**STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

	<u>Note</u>	<u>2022</u> USD	<u>2021</u> USD
<b>Cash flows from operating activities</b>			
Profit before income tax		315,133	31,068
Adjustments for:			
Bad debts written-off			
- Non-trade	(17)	34,752	-
- Trade	(17)	53,159	-
Interest expense	(16)	21,826	21,629
Interest income	(15)	(5,360)	(5,972)
Payables written-back (trade)	(15)	8,034	-
Operating profit before working capital changes		427,544	46,725
Changes in working capital:			
Inventories		(238,275)	(4,725)
Trade and other receivables		59,685	(1,327,628)
Trade and other payables		496,127	1,218,067
<b>Net cash from/(used in) operating activities</b>		<u>745,081</u>	<u>(67,561)</u>
<b>Cash flows from investing activities</b>			
Fixed deposits, pledged		(456,330)	-
Interest income		-	915
Other receivables from related corporations		(148,400)	18,959
<b>Net cash (used in)/from investing activities</b>		<u>(604,730)</u>	<u>19,874</u>
Net increase/(decrease) in cash and cash equivalents		140,351	(47,687)
Cash and cash equivalents at beginning of the financial year		7,789	55,476
<b>Cash and cash equivalents at end of the financial year</b>		<u>148,140</u>	<u>7,789</u>

Note: Cash and cash equivalents at end of financial year comprise of bank balances.

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

**ION EXCHANGE ASIA PACIFIC PTE. LTD.**

(Incorporated in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

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

The financial statements were authorised for issue by the Board of Directors on the date of the Directors' Statement.

**1. CORPORATE INFORMATION**

Ion Exchange Asia Pacific Pte. Ltd. (the "Company") is incorporated and domiciled in the Republic of Singapore.

The address of the Company's registered office is located at 11 Irving Place, Tai Seng Point, #09-03, Singapore 369551.

The address of the Company's principal place of business is located at 21 Bukit Batok Crescent, #26-84 WCEGA Tower, Singapore 658065.

The principal activities of the Company are the supply of water treatment plants, waste treatment and oilfield chemicals.

The Company is a wholly owned subsidiary of Ion Exchange (India) Limited, a company incorporated in India and listed on the Mumbai Stock Exchange, which is also the ultimate holding company.

**2. BASIS OF PREPARATION****2.1 Statement of compliance**

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

**2.2 Basis of measurement**

The financial statements have been prepared on a going concern basis under the historical cost convention, except as otherwise described in the accounting policies below.

**2.3 Functional and presentation currency**

The financial statements are presented in United States Dollar (USD), which is the Company's functional currency. All financial information is presented in United States Dollar, unless otherwise stated.

**2.4 Use of estimates and judgements**

The preparation of the Company's financial statements 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. 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.

**ION EXCHANGE ASIA PACIFIC PTE. LTD.**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

**2. BASIS OF PREPARATION (CONT'D)**

**2.4 Use of estimates and judgements (cont'd)**

**(i) *Judgements made in applying accounting policies***

***Determination of functional currency***

In determining the functional currency of the Company, judgement is used by the Company to determine the currency of the primary economic environment in which the Company operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

**(ii) *Key sources of estimation uncertainty***

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

***Impairment of financial assets at amortised cost***

The impairment of trade and other receivables is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

The carrying amounts of the Company's trade and other receivables as at 31 March 2022 are disclosed in Notes 8 and 9 to the financial statements.

**2.5 Basis of non-consolidation**

The Company has not prepared one set of financial statements of the Company and its subsidiary as:

- (i) The Company is a wholly owned subsidiary of Ion Exchange (India) Limited, a company incorporated in India and listed on the Mumbai Stock Exchange;
- (ii) The Company's equity instruments are not traded in a public market;
- (iii) The Company did not file, nor is in the process of filing its financial statements for the purpose of issuing any class of instruments in a public market; and
- (iv) The holding company, Ion Exchange (India) Limited, whose registered office is Ion House, Dr. E. Moses Road, Mahalaxmi Mumbai 400011 India, produces consolidated financial statements.

**ION EXCHANGE ASIA PACIFIC PTE. LTD.**

(Incorporated in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022****3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**3.1 Foreign currency*****Foreign currency transactions***

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 translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between 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 year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated 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 translation are recognised in profit or loss.

**3.2 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.

***(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 period following the change in the business model.

**ION EXCHANGE ASIA PACIFIC PTE. LTD.**

(Incorporated in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.2 Financial instruments (cont'd)**

**(ii) Classification and subsequent measurement (cont'd)**

***Non-derivative financial assets (cont'd)***

***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.

***Debt investments at FVOCI***

A debt investment is measured at FVOCI 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 achieved by both collecting contractual cash flows and selling financial assets; 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.

***Equity investments at FVOCI***

On initial recognition of an equity investment that is not held-for-trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income (OCI). This election is made on an investment-by-investment basis.

***Financial assets at FVTPL***

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

***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:

- 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;



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.2 Financial instruments (cont'd)**

**(ii) Classification and subsequent measurement (cont'd)**

***Financial assets: Business model assessment (cont'd)***

- 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 periods, 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.

***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 period 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).

**ION EXCHANGE ASIA PACIFIC PTE. LTD.**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.2 Financial instruments (cont'd)**

**(ii) Classification and subsequent measurement (cont'd)**

***Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (cont'd)***

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.

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

**Financial assets at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

**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.

**Debt investments at FVOCI**

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

**Equity investments at FVOCI**

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

**ION EXCHANGE ASIA PACIFIC PTE. LTD.**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.2 Financial instruments (cont'd)**

**(ii) Classification and subsequent measurement (cont'd)**

***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.

**(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:
  - 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.

Transferred assets are not derecognised when 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.

***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.

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.2 Financial instruments (cont'd)**

**(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 balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Company's cash management are included in cash and cash equivalents.

**3.3 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.

**3.4 Plant and equipment**

**(i) Recognition and measurement**

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

If significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Any gain or loss on disposal of an item of plant and equipment is recognised in profit or loss.

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The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

**(iii) Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of the asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over their estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another assets.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

Computers	3 years
Office equipment	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

**3.5 Subsidiary**

The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiaries are accounted for at cost less impairment losses.

**3.6 Associates**

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Company holds 20% or more of the voting power of another entity.

Investment in associates are accounted for at cost less impairment losses.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 3.6 Associates (cont'd)

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with Note 3.7 (ii). An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

##### 3.7 Impairment

###### (i) *Non-derivative financial assets and contract assets*

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

- financial assets measured at amortised costs;
- debt investments measured at FVOCI;
- contract assets (as defined in FRS115);
- lease receivables; and
- intra-group financial guarantee contracts (FGC).

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 period 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 or contract asset

###### Simplified approach

The Company applies the simplified approach to provide for ECLs for all trade receivables and contract assets. 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 and FGCs. 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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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.7 Impairment (cont'd)**

**(i) *Non-derivative financial assets and contract assets (cont'd)***

*General approach (cont'd)*

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 assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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 90 days past due.

The Company considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

The Company considers a FGC to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Company in full, without recourse by the Company to actions such as realising security (if any is held).

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 and debt investments at FVOCI 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;
- a breach of contract such as a default or being more than 90 days past due;

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.7 Impairment (cont'd)**

**(i) *Non-derivative financial assets and contract assets (cont'd)***

*Credit-impaired financial assets (cont'd)*

- 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 and contract assets are deducted from the gross carrying amount of these assets.

For debt investments at FVOCI, loss allowances are charged to profit or loss and recognised in OCI.

Loss allowances for FGC are recognised as a financial liability to the extent that they exceed the initial carrying amount of the FGC less the cumulated income recognised.

*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.

**(ii) *Non-financial assets***

The carrying amounts of the Company's non-financial 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. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

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.



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**NOTES TO THE FINANCIAL STATEMENTS  
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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.7 Impairment (cont'd)**

**(ii) Non-financial assets (cont'd)**

Impairment losses are recognised in profit or loss. 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.

**3.8 Employee benefits**

**(i) Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

**(ii) Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

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

**3.9 Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.10 Revenue**

**(i) *Sales of goods and rendering of services***

Revenue from sale of goods and services in the ordinary course of business is recognised when the Company satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those POs.

Transaction price is the amount of consideration in the contract to which the Company expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Company does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

**Revenue from sales of goods**

Revenue from sales of goods are measured at the fair value of the consideration received or receivables which is usually the invoice price, net of returns and allowances, trade discounts and volume rebate given to customers. Sales of goods is recognised at a point in time upon the transfer of significant risks and rewards of ownership of the goods to the customers which generally coincides with delivery and acceptance of the goods sold.

**(ii) *Interest income***

Interest income is recognised as interest accrues using the effective interest method (“EIR”) that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.11 Finance costs**

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

**3.12 Income tax**

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 OCI.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial 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 assets and liabilities are offset only if certain criteria are met.

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 to the extent that it is probable that they will not reverse in the foreseeable future.

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.

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 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.

Deferred tax assets are 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 utilised. 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.

**3.13 Adoption of new and amended standards and interpretations**

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.14 New standards and interpretations not adopted**

A number of new standards, interpretations and amendments to standards are issued but effective for annual periods beginning on or after 1 April 2022, and have not been applied in preparing these financial statements. The Company does not plan to early adopt these standards. The Company is currently assessing the potential impact of adopting these standards and interpretations, on the financial statements of the Company. None of these are expected to have a significant effect on the financial statements of the Company.

**4. PLANT AND EQUIPMENT**

	<u>Computers</u> USD	<u>Office equipment</u> USD	<u>Total</u> USD
<u>Cost</u>			
Balance at 1/4/2020, 31/3/2021 and 31/3/2022	1,609	1,095	2,704
<u>Accumulated Depreciation</u>			
Balance at 1/4/2020, 31/3/2021 and 31/3/2022	1,609	1,095	2,704
<u>Net Carrying Amount</u>			
Balance at 31/3/2021 and 31/3/2022	-	-	-

**5. ASSOCIATES**

	<u>2022</u> USD	<u>2021</u> USD
<u>Unquoted equity shares</u>		
Balance at beginning and end of the financial year	143,574	143,574
<i>Less: Impairment losses</i>		
Balance at beginning and end of the financial year	(143,574)	(143,574)
	-	-

The details of associates are as follows:

<u>Name of associates</u>	<u>Principal activities</u>	<u>Place of incorporation</u>	<u>Ownership interest</u>	
			<u>2022</u> %	<u>2021</u> %
IEI Water - Tech (M) Sdn. Bhd.*	Providing new and improved engineering technical services in the water supply industry	Malaysia	30	30

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022****5. ASSOCIATES (CONT'D)**

The details of associates are as follows: (cont'd)

<u>Name of associates</u>	<u>Principal activities</u>	<u>Place of incorporation</u>	<u>Ownership interest</u>	
			<u>2022</u> %	<u>2021</u> %
Ion Exchange PSS Ltd <sup>+</sup>	Providing new and improved engineering technical services in the water supply industry	Thailand	49	49

\* Not required to be audited by the law of the country of incorporation

<sup>+</sup> Audited PKS Consultant Co., Ltd.**6. SUBSIDIARIES**

	<u>2022</u> USD	<u>2021</u> USD
<u>Unquoted equity shares</u>		
Balance at beginning and end of the financial year	256,602	256,602
<i>Less: Impairment losses</i>		
Balance at beginning and end of the financial year	(84,102)	(84,102)
	<u>172,500</u>	<u>172,500</u>

The details of subsidiaries are as follows:

<u>Name of subsidiaries</u>	<u>Principal activities</u>	<u>Place of incorporation and place of business</u>	<u>Ownership interest</u>	
			<u>2022</u> %	<u>2021</u> %
Ion Exchange Asia Pacific (Thailand) Ltd.*	Providing new and improved engineering technical services in the water supply industry	Thailand	100	100
PT Ion Exchange Asia Pacific <sup>+</sup>	Providing new and improved engineering technical services in the water supply industry	Indonesia	95	95

\* Audited by PKS Consultant Co., Ltd.

<sup>+</sup> Audited by Kantor Akuntan Publik Drs. Adenan

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022****7. INVENTORIES**

	<u>2022</u>	<u>2021</u>
	USD	USD
Inventories, at cost	<u>243,000</u>	<u>4,725</u>

The cost of inventories recognised as expense and included in 'cost of sales' amounted to S\$4,561,108 (2020: S\$1,329,118).

**8. TRADE RECEIVABLES**

	<u>2022</u>	<u>2021</u>
	USD	USD
Trade receivables:		
- Associates	416,313	416,313
- A related company	64,642	64,642
- A subsidiary	668,295	668,295
- Holding company	-	13,823
- Third parties	863,508	1,047,026
	2,012,758	2,210,099
<i>Less: Expected credit losses</i>		
Balance at beginning of the financial year	(505,405)	(505,405)
Written off	89,092	-
Balance at end of the financial year	<u>(416,313)</u>	<u>(505,405)</u>
	1,596,445	1,704,694
Retention sum - Third parties	98,392	117,892
	<u>1,694,837</u>	<u>1,822,586</u>

The trade receivables are non-interest bearing, unsecured and generally on 30 days' (2021: 30 days') terms. They are recognised at their original invoice amounts which represents their fair value on initial recognition.

The Company's trade receivables and retention sum are unsecured, except for the balances amounting to USD1,568,761 and USD98,392 (2021: USD686,371 and USD117,892) respectively which are secured by corporate guarantee from the holding company.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022****9. OTHER RECEIVABLES**

	<u>2022</u> USD	<u>2021</u> USD
Advance to creditors:		
- Subsidiary	28,722	28,722
- Third parties	14,826	17,548
	43,548	46,270
<i>Less: Expected credit losses</i>		
Balance at beginning and end of the financial year	(14,361)	(14,361)
	29,187	31,909
Deposits	1,127	1,127
Goods and Services Tax receivables	-	15
Other receivables:		
- An associate	184,020	178,660
- A subsidiary	202,624	97,924
- A related company	110,110	66,410
- Third parties	29,558	29,464
	526,312	372,458
Work in progress	-	17,204
	<u>556,626</u>	<u>422,713</u>

Amounts due from an associate, a subsidiary, a related company and third parties are non-trade in nature, unsecured, recoverable on demand and interest-free, except for the balances amounting to USD520,044 (2021: USD382,508) which are secured by corporate guarantee from the holding company and amount due from an associate which bears interest of 3% (2021: 3%).

**10. FIXED DEPOSITS**

Fixed deposits are matured within three to six months (2021: six months). The effective interest rate is in the range of 0.20% to 0.30% (2021: 0.35%) per annum. The fixed deposits are pledged to bank for issue of bank guarantee and letter of credit.

**11. SHARE CAPITAL**

	<u>2022</u>	<u>2021</u>
<u>Issued and fully paid</u>		
2,603,211 (2021: 2,603,211) ordinary shares	<u>SGD2,603,211</u>	<u>SGD2,603,211</u>
Equivalent to United States Dollar	<u>USD1,977,037</u>	<u>USD1,977,037</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022****11. SHARE CAPITAL (CONT'D)**

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

**Capital management**

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

The Company manages 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, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the current financial year.

The capital structure of the Company comprises issued capital and reserves.

The Company manages capital by regularly monitoring its current and expected liquidity requirements.

The Company is not obliged to meet capital requirements, both internally and externally imposed.

**12. TRADE AND OTHER PAYABLES**

	<u>2022</u> USD	<u>2021</u> USD
Trade payables:		
- An associate	668,295	668,295
- Holding company	1,975,168	611,649
- Third parties	87,426	171,966
	2,730,889	1,451,910
Accrued costs	-	728,771
Accruals	107,039	153,086
	<u>2,837,928</u>	<u>2,333,767</u>

**13. AMOUNT DUE TO HOLDING COMPANY**

Amount due to holding company is non-trade in nature, unsecured, repayable on demand and bears interest of 10% (2021: 11%).



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022****14. REVENUE**

	<u>2022</u> USD	<u>2021</u> USD
Revenue from contracts with customers:		
- Sale of goods	5,215,617	1,573,946
Timing of revenue:		
- At a point in time	5,215,617	1,573,946

**15. OTHER INCOME**

	<u>2022</u> USD	<u>2021</u> USD
Claim receivables	-	668,295
Foreign exchange gain	-	69
Interest income from:		
- Bank	-	915
- An associate	5,360	5,057
	5,360	5,972
Payable written-back (trade)	8,034	-
	13,394	674,336

**16. FINANCE COSTS**

	<u>2022</u> USD	<u>2021</u> USD
Interest on loans from holding company	21,826	21,629

**17. PROFIT BEFORE INCOME TAX**

In addition to those expenses disclosed elsewhere in the financial statements, profit before income tax is arrived at after charging the following:

	<u>2022</u> USD	<u>2021</u> USD
Bad debts written-off		
- Non-trade	34,752	-
- Trade	53,159	-
Claim expenses	-	668,295
Foreign exchange loss	105	-
Salaries and related costs	155,400	158,486
Travelling expenses	36,474	15,008

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022****18. INCOME TAX**

The tax expense on profit before income tax differs from the amount that would arise using the Singapore standard rate of income tax as follows:

	<u>2022</u> USD	<u>2021</u> USD
Profit before income tax	315,133	31,068
Tax calculated at a tax rate of 17% (2021: 17%)	53,573	5,281
Effect of expenses not deductible for tax purposes	9,618	-
Utilisation of deferred tax assets not recognised previously	(63,191)	(5,281)
	<u>-</u>	<u>-</u>

Subject to the approval from tax authority, the Company has unabsorbed losses of USD1,299,753 (2021: USD1,681,517), available for offsetting against future taxable profits.

Deferred tax assets not recognised

The components of deferred tax assets not recognised are as follows:

	<u>2022</u> USD	<u>2021</u> USD
Excess of tax base of qualifying assets over the corresponding net carrying amount	1,709	1,709
Unabsorbed tax losses	220,958	284,149
	<u>222,667</u>	<u>285,858</u>

The deferred tax assets have not been recognised in the financial statements as it is not probable that the future profits will be available to offset against these deferred tax assets. The realisation of deferred tax benefit arising from the above is available for unlimited period subject to there being no substantial changes in shareholders as required in the provisions of the Singapore Income Tax Act.

**19. RELATED PARTY TRANSACTIONS**

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

	<u>2022</u> USD	<u>2021</u> USD
<u>Income</u>		
Interest charged to an associate	5,360	5,057
<u>Expenses</u>		
Purchase from holding company	4,486,589	1,283,473
Interest charged by holding company	21,826	21,629

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**NOTES TO THE FINANCIAL STATEMENTS  
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	<u>2022</u> USD	<u>2021</u> USD
<u>Others</u>		
Advances paid to:		
- A subsidiary	104,700	-
- A related company	43,700	5,000
Advances received from a subsidiary	-	1,000
Payment on behalf by a subsidiary	-	7,136

**20. CONTINGENT LIABILITIES**

The Company's bank guarantee amounted to USD40,922 (2021: USDNil) as at 31 March 2022.

**21. FINANCIAL RISKS MANAGEMENT OBJECTIVES AND POLICIES**

The Company has no formal risk management policies and guidelines, which set out its overall business strategies, its tolerance for risk and its general risk management philosophy. It has however established informal processes to monitor and control such risks on a timely and accurate manner. Such policies are monitored and undertaken by the directors.

Risk management is integral to the whole business of the Company. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

No derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Company does not apply hedge accounting.

The key financial risks include foreign currency risk, credit risk and liquidity risk. The following provide details regarding the Company's exposure to the risks and the objectives, policies and processes for the management of these risks.

**21.1 Foreign currency risk**

The Company's foreign currency exposures arise mainly from the exchange rate movements against the United States Dollar. There is no formal hedging policy with respect to foreign exchange exposure. Exposure to currency risk is monitored on an ongoing basis and the Company endeavours to keep the net exposure at an acceptable level.

The Company incurs foreign currency risk on that are denominated in currencies other than United States Dollar.

The Company has no significant transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Company.

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The Company's exposures to currency risk at the reporting date are as follows:

	<u>2022</u>		<u>2021</u>	
	<u>SGD</u>	<u>MYR</u>	<u>SGD</u>	<u>MYR</u>
	USD	USD	USD	USD
<u>Financial assets</u>				
Other receivables	-	1,976	16	1,976
Bank balances	949	-	1,053	-
	<u>949</u>	<u>1,976</u>	<u>1,069</u>	<u>1,976</u>
<u>Financial liability</u>				
Trade and other payables	<u>5,152</u>	<u>-</u>	<u>4,667</u>	<u>-</u>
Net exposures	<u>(4,203)</u>	<u>1,976</u>	<u>(3,598)</u>	<u>1,976</u>

Sensitivity analysis

The impact on the net exposure to a reasonable possible change in currencies is insignificant, accordingly the sensitivity analysis is not disclosed.

**21.2 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 trade and other receivables. For other financial assets (including bank balances and fixed deposits), the Company minimise credit risk by dealing with high credit rating counterparties.

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Company trades with recognised and creditworthy third parties. Receivable balances are monitored on an ongoing basis with the objective of reducing the Company's exposure to bad debts to an insignificant level.

At reporting date, the carrying amounts of trade and other receivables, fixed deposits and bank balances represent the Company's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk. There was no significant concentration of credit risk.

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**NOTES TO THE FINANCIAL STATEMENTS  
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The table below details the credit quality of the Company's financial assets, as well as maximum exposure to credit risk:

	<u>Note</u>	12-month or lifetime <u>ECL</u>	Gross carrying <u>amount</u> US\$	Loss <u>allowance</u> US\$	Net carrying <u>amount</u> US\$
<b>31 March 2022</b>					
Trade receivables	(8)	Lifetime ECL (simplified)	2,111,150	(416,313)	1,694,837
Other receivables	(9)	12-month ECL	570,987	(14,361)	556,626
Fixed deposits	(10)	12-month ECL	606,330	-	606,330
Bank balances		12-month ECL	148,140	-	148,140
				<u>(430,674)</u>	
<b>31 March 2021</b>					
Trade receivables	(8)	Lifetime ECL (simplified)	2,327,991	(505,405)	1,822,586
Other receivables	(9)	12-month ECL	419,855	(14,361)	405,494
Fixed deposits	(10)	12-month ECL	150,000	-	150,000
Bank balances		12-month ECL	7,789	-	7,789
				<u>(519,766)</u>	

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**21. FINANCIAL RISKS MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

**21.2 Credit risk (cont'd)**

**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.

	<b>Trade receivables</b>					
	<b>Days past due</b>					
	Not past due US\$	≤ 30 days US\$	31 - 60 days US\$	61 - 90 days US\$	> 90 days US\$	Total US\$
<b>31 March 2022</b>						
Trade receivables	98,392	703,504	10,700	-	1,298,554	2,111,150
Individually impaired	-	-	-	-	(416,313)	(416,313)
Estimated total gross carrying amount at default	98,392	703,504	10,700	-	882,941	1,694,837
ECL rate	0%	0%	0%	0%	0%	
ECL	-	-	-	-	-	-
						<u>1,694,837</u>
<b>31 March 2021</b>						
Trade receivables	1,257,247	3,100	8,680	154,860	904,104	2,327,991
Individually impaired	-	-	-	-	(505,405)	(505,405)
Estimated total gross carrying amount at default	1,257,247	3,100	8,680	154,860	398,699	1,822,586
ECL rate	0%	0%	0%	0%	0%	
ECL	-	-	-	-	-	-
						<u>1,822,586</u>

Information regarding loss allowance movement of trade receivables is disclosed in Note 8.

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**21. FINANCIAL RISKS MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

**21.2 Credit risk (cont'd)**

**Other non-derivative financial assets**

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

**21.3 Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

To manage liquidity risk, the Company monitors its net operating cash flows and maintains an adequate level of cash and cash equivalents and funding facilities from the bank. In assessing the funding facilities, the management reviews its working capital requirements regularly.

The undiscounted contractual cash flows of trade and other payables, and amount due to holding company are equivalent to their carrying amounts and are repayable within one year.

**22. FINANCIAL INSTRUMENTS**

Fair value

The fair value of financial assets and liabilities is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in forced or liquidation sale.

***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value***

The carrying amounts of trade and other receivables, fixed deposits, bank balances, trade and other payables, and amount due to holding company are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

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**NOTES TO THE FINANCIAL STATEMENTS  
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The carrying amounts of financial instruments in each of the following categories are as follows:

	<u>2022</u>	<u>2021</u>
	USD	USD
Financial assets measured at amortised cost:		
- Trade receivables	1,694,837	1,822,586
- Other receivables	556,626	405,494
- Fixed deposits	606,330	150,000
- Bank balances	148,140	7,789
	<u>3,005,933</u>	<u>2,385,869</u>
Financial liabilities measured at amortised cost:		
- Trade and other payables	2,837,928	2,333,767
- Amount due to holding company	240,085	218,259
	<u>3,078,013</u>	<u>2,552,026</u>



THIS SCHEDULE HAS BEEN PREPARED FOR MANAGEMENT INFORMATION  
ONLY AND DOES NOT FORM PART OF THE  
AUDITED FINANCIAL STATEMENTS

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

	<u>2022</u> USD	<u>2021</u> USD
<b>Revenue</b>	5,215,617	1,573,946
Less: <u>Cost of sales</u>		
Opening inventory	4,725	-
Cost of sales	4,799,383	1,333,843
Less: Closing inventory	(243,000)	(4,725)
	<u>4,561,108</u>	<u>1,329,118</u>
 Gross profit	 654,509	 244,828
Add: <u>Other income</u>		
Claim receivables	-	668,295
Foreign exchange gain	-	69
Interest income	5,360	5,972
Payables written-back (trade)	8,034	-
	<u>13,394</u>	<u>674,336</u>
Less: <u>Distribution costs</u>		
Marketing and logistics expenses	-	374
Selling and distribution	15,000	9,000
Travelling expenses	36,474	15,008
	<u>51,474</u>	<u>24,382</u>
Less: <u>Administrative expenses</u>		
Audit fee	5,530	4,167
Legal fee and professional fee	1,091	5,120
	<u>6,621</u>	<u>9,287</u>
Less: <u>Other expenses</u>		
Bad debts written-off		
- Non-trade	34,752	-
- Trade	53,159	-
Bank charges	27,660	6,017
Claim payables	-	668,295
Foreign exchange loss	105	-
General expenses	1,773	-
Salaries and related costs	155,400	158,486
	<u>272,849</u>	<u>832,798</u>
Less: <u>Finance costs</u>		
Interest on loans from holding company	21,826	21,629
 <b>Profit before income tax</b>	 <u>315,133</u>	 <u>31,068</u>