

MRF SG PTE. LTD.
(Company Registration No: 201421655R)
(Incorporated in the Republic of Singapore)

Audited Financial Statements For The
Financial Year Ended 31 March 2019

Directors : Kandathil Mammen Mammen
 Arun Mammen
 Rahul Mammen Mappillai
 Koyikal Thomas Easow @ Koikal Robin Thomas

Registered Office: 11 Collyer Quay
 #10-15 The Arcade
 Singapore 049317

Auditors: K.C. CHAN & CO PAC
 Public Accountants and Chartered Accountants of Singapore

CONTENTS	PAGE
Directors' Statement	2 - 3
Independent Auditor's Report	4 - 6
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11 - 39

MRF SG PTE. LTD.

**DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

The directors are pleased to present their statement to the member together with the audited financial statements of MRF SG PTE. LTD. (the "Company") for the financial year ended 31 March 2019.

1. Opinion of Directors

In the opinion of the directors,

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2019 and of the financial performance, changes in equity and cash flows of the Company for the financial year then ended; and
- (b) at the date of this statement, 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.

2. Directors

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

Kandathil Mammen Mammen
Arun Mammen
Rahul Mammen Mappillai
Koyikal Thomas Easow @ Koikal Robin Thomas

3. 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.

4. Directors' Interests in Shares or Debentures

According to the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), the directors of the Company who held office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations.

MRF SG PTE. LTD.

DIRECTORS' STATEMENT (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

5. Share Options

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

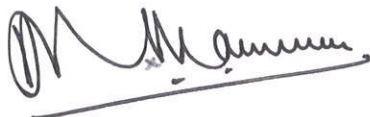
There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

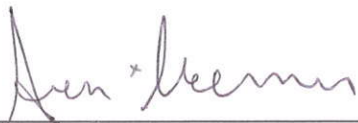
6. Auditors

The auditors, K.C. CHAN & CO PAC, Public Accountants and Chartered Accountants of Singapore, have expressed their willingness to accept re-appointment.

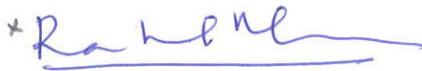
On behalf of the Board of Directors



Kandathil Mammen Mammen
Director



Arun Mammen
Director



Rahul Mammen Mappillai
Director

Dated: 26 APR 2019

Office address:
105 Cecil Street
#15-01 The Octagon
Singapore 069534

Telephone: (65) 6324 7718
Telefax : (65) 6225 9110

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
MRF SG PTE. LTD.
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MRF SG PTE. LTD. (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2019, the statement 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, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2019 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 2 to 3].

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 (CONT'D)
MRF SG PTE. LTD.

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.
- 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 overall financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

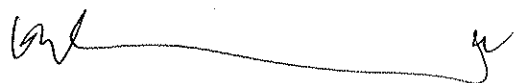
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF (CONT'D)
MRF SG PTE. LTD.**

Auditor's Responsibilities for the Audit of the Financial Statements. (Cont'd)

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.



K. C. CHAN & CO PAC
Public Accountants and
Chartered Accountants

Singapore, 26 APR 2019

MRF SG PTE. LTD.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	2019 US\$	2018 US\$
Turnover	12	233,867,244	204,082,327
Other income	13	220,153	46,251
		<hr/>	<hr/>
		234,087,397	204,128,578
Purchase of traded goods		(228,755,811)	(193,026,937)
Employee benefits expenses	14	(251,368)	(238,827)
Depreciation		(1,820)	(1,681)
Finance costs	15	(3,062,219)	(1,397,597)
Other expenses	16	(288,314)	(4,564,295)
Profit before tax		<hr/>	<hr/>
		1,727,865	4,899,241
Income tax expense	17	(168,246)	(482,680)
Profit for the year, representing total comprehensive income for the year		<hr/>	<hr/>
		1,559,619	4,416,561

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

MRF SG PTE. LTD.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	2019 US\$	2018 US\$
ASSETS			
Non-Current Assets			
Property, plant and equipment	2	1,566	1,667
Sundry deposit		19,092	19,092
Total Non-Current Assets		<u>20,658</u>	<u>20,759</u>
Current Assets			
Trade receivables	3	93,827,273	73,111,875
Other receivables	4	757,050	3,451,035
Cash and cash equivalents	5	13,426,828	11,511,535
Total Current Assets		<u>108,011,151</u>	<u>88,074,445</u>
Total Assets		<u>108,031,809</u>	<u>88,095,204</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	6	1,008,005	1,008,005
Retained earnings		12,923,705	11,364,086
Total Equity		<u>13,931,710</u>	<u>12,372,091</u>
Current Liabilities			
Trade payables	7	1,509,033	4,023,019
Accruals	8	806,302	349,953
Amounts owing to bankers	9	91,609,009	70,607,268
Derivative	10	-	260,193
Provision for taxation	11	175,755	482,680
Total Current Liabilities		<u>94,100,099</u>	<u>75,723,113</u>
Total Equity and Liabilities		<u>108,031,809</u>	<u>88,095,204</u>

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

MRF SG PTE. LTD.

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

	Share Capital	Retained Earnings	Total Equity
	US\$	US\$	US\$
Balance at 1 April 2017	1,008,005	6,947,525	7,955,530
Total comprehensive income for the financial year	-	4,416,561	4,416,561
Balance at 31 March 2018	1,008,005	11,364,086	12,372,091
Total comprehensive income for the financial year	-	1,559,619	1,559,619
Balance at 31 March 2019	1,008,005	12,923,705	13,931,710

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

MRF SG PTE. LTD.

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

	Note	2019 US\$	2018 US\$
Cash flows from operating activities			
Profit after taxation		1,559,619	4,416,561
<u>Adjustments for:</u>			
Depreciation		1,820	1,681
Loss on foreign exchange		234	473,874
Income tax expense		175,755	482,680
Interest expenses		2,905,567	1,220,803
Interest income		(219,847)	-
Operating profit before working capital changes		4,423,148	6,595,599
Increase in receivables		(17,950,121)	(31,876,511)
(Decrease) / Increase in payables		(2,774,905)	453,748
Cash used in operations		(16,301,878)	(24,827,164)
Income tax paid		(490,189)	(333,345)
Income tax refund		7,509	-
Net cash used in operating activities		(16,784,558)	(25,160,509)
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,719)	-
Interest received		148,555	-
Net cash generated from investing activities		146,836	-
Cash flows from financing activities			
Proceeds from loan		224,481,494	192,042,327
Repayment of loan		(203,479,753)	(161,649,129)
Interest paid		(2,448,492)	(1,059,121)
Net cash generated from financing activities		18,553,249	29,334,077
Net increase in cash and cash equivalents		1,915,527	4,173,568
Cash and cash equivalents at the beginning of financial year	5	11,511,535	7,338,424
Effects of currency translation on cash and cash equivalents		(234)	(457)
Cash and cash equivalents at the end of financial year	5	13,426,828	11,511,535

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

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

1. Significant Accounting Policies

(a) Basis of Preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below:

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 22.

Interpretations and amendments to published standards effective in 2018

On 1 January 2018, the Company adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

New or amended Standards and Interpretation not yet effective

The following are the new or amended Standards and Interpretations issued that are not yet mandatorily for application. The Company does not plan to early adopt these standards.

<u>Effective for annual periods commencing on</u>	<u>Description</u>
---	--------------------

1 January 2019	<ul style="list-style-type: none">• FRS 116 <i>Leases</i>• INT FRS 123 <i>Uncertainty over income tax treatments</i>• Amendments to:<ul style="list-style-type: none">- FRS 28 <i>Investments in associates</i> (Long term interests in associates and joint ventures)- FRS 19 <i>Employee benefits</i> (Plan amendments, curtailment or settlement)- FRS 109 <i>Financial instruments</i> (Prepayment features with negative compensation)• Annual improvement 2018<ul style="list-style-type: none">- FRS 103 <i>Business combination</i> (Previously held interest in a joint operation)- FRS 111 <i>Joint arrangement</i> (Previously held interest in a joint operation)- FRS 12 <i>Income taxes</i> (Income tax consequences of payments on financial instruments classified as equity)- FRS 23 <i>Borrowing costs</i> (Borrowing costs eligible for capitalisation)
----------------	--

1. Significant Accounting Policies (Cont'd)**(a) Basis of Preparation (Cont'd)**

<u>Effective for annual periods commencing on</u>	<u>Description</u>
1 January 2020	<ul style="list-style-type: none"> Amendments to FRS 103 Business Combinations (Definition of a business)
1 January 2021	<ul style="list-style-type: none"> FRS 117 Insurance contracts
To be determined	<ul style="list-style-type: none"> FRS 110 Consolidated financial statement and FRS Investment in associates and joint venture (Sale or contribution of assets between an investor and its associate or joint venture)

Except for FRS 116 and INT FRS 123, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of FRS 116 and INT FRS 123 are described below.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on the statement of financial position to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees - leases of 'low value' assets and short-term leases which do not contain any purchase options. The new standard is effective for annual periods beginning on or after 1 January 2019. The Company is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Company expects the adoption of the new standard to result in an increase in total assets and total liabilities, earnings before interest, taxes, depreciation and amortisation (EBITDA) and gearing ratio.

INT FRS 123 Uncertainty over income tax treatments

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- (i) how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
- (ii) that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;
- (iii) that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
- (iv) that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and
- (v) that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Company does not expect additional tax liability to be recognized arising from the uncertain tax positions on the adoption of the interpretation on 1 January 2019.

1. Significant Accounting Policies (Cont'd)

(b) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(c) Taxes

(i) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in Singapore where the Company operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

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

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

1. Significant Accounting Policies (Cont'd)

(c) Taxes (Cont'd)

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(iii) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

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

(d) Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Computers and printers	: 5 years
Office equipment	: 5 years

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

The residual value, useful lives and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

1. Significant Accounting Policies (Cont'd)

(e) Lease

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

(f) Revenue

The Company sells rubber and nylon commodities products to its customer. Sales are recognised when control of the products have transferred to its customer, being when the products are delivered to the customer. The customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. The risk of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provision have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied. No element of financing is deemed present as the sales are made with a credit term of 5 months, which is consistent with market practice.

Prior to 1 January 2018, sales comprise the fair value of the consideration received or receivable for the sale of rubber and nylon products in the ordinary course of the Company's activities. Sales are presented, net of goods and services tax, rebates and discounts.

Revenue from sale of rubber and nylon products is recognised when the Company has delivered the products to the customer, the customer have accepted the products and the collectability of the related receivables is reasonably assured.

(g) Employee Benefits

(i) Defined contribution plans

The Company participates in the national pension schemes as defined by the laws in Singapore in which it has operations. The Company make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leaves as a result of services rendered by employees up to the statement of financial position date, if any.

1. Significant Accounting Policies (Cont'd)

(g) Employee Benefits (Cont'd)

(iii) Termination benefit

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefits is recognised at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognises related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employment benefits, shortterm employee benefits, or other long-term employee benefits.

(h) Government Grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

(i) Foreign Currency

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

Transactions and balances - Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(j) Borrowings Costs

All borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

1. Significant Accounting Policies (Cont'd)

(k) Share Capital

Ordinary shares are classified as equity.

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

(l) Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

(m) Contingencies

A contingent liability is:

- (i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- (ii) a present obligation that arises from past events but is not recognised because: -
 - It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - The amount of the obligation cannot be measured with sufficient reliability.

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

Contingent liabilities and assets are not recognised on the statement of financial position of the Company.

1. Significant Accounting Policies (Cont'd)

(n) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(o) Financial Instruments

(i) Financial Assets

(a) The accounting for financial assets before 1 January 2018 under FRS 39 is as follows:

Initial recognition and measurement

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs

Subsequent measurement

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

i. Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

ii. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Company. Derivatives, including separated embedded derivatives are also classified as held for trading.

1. Significant Accounting Policies (Cont'd)

(o) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

(a) The accounting for financial assets before 1 January 2018 under FRS 39 is as follows (Cont'd):

Subsequent measurement (Cont'd)

ii. Financial assets at fair value through profit or loss (Cont'd)

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

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

iii. Held-to-Maturity Investment

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

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

1. Significant Accounting Policies (Cont'd)

(o) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

(b) The accounting for financial assets from 1 January 2018 under FRS 109 is as follows:

The Company classifies its financial assets into the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

The classification of debt instruments depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

i. Debt instrument

Debt instruments of the Company mainly comprise of cash and bank deposits, trade and other receivables.

There are three prescribed subsequent measurement categories, depending on the Company's business model in managing the assets and the cash flow characteristic of the assets. The Company managed these group of financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal and interest. Accordingly, these group of financial assets are measured at amortised cost subsequent to initial recognition.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

The Company assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

I. Significant Accounting Policies (Cont'd)

(o) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

(b) The accounting for financial assets from 1 January 2018 under FRS 109 is as follows (Cont'd):

At subsequent measurement

i. Debt instrument (Cont'd)

For trade receivable, the Company applied the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other receivables and cash and bank deposits, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognized.

(ii) Derivative Financial Instruments

A derivative financial instrument for which no hedge accounting is applied is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Changes in its fair value are recognised in profit or loss. The Company does not apply hedge accounting for its derivative financial instruments.

(iii) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

(iv) Borrowings

Borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair values (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

NOTES TO FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

1. Significant Accounting Policies (Cont'd)

(o) Financial Instruments (Cont'd)

(v) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2. Property, Plant and Equipment

	Computer and printers US\$	Office equipment US\$	Total US\$
Cost			
At 01.04.2017	5,493	1,671	7,164
Additions	-	-	-
At 31.03.2018 and 01.04.2018	5,493	1,671	7,164
Additions	1,719	-	1,719
At 31.03.2019	7,212	1,671	8,883
Accumulated Depreciation			
At 01.04.2017	2,988	828	3,816
Depreciation for the year	1,260	421	1,681
At 31.03.2018 and 01.04.2018	4,248	1,249	5,497
Depreciation for the year	1,398	422	1,820
At 31.03.2019	5,646	1,671	7,317
Net Carrying Value			
At 31.03.2019	1,566	-	1,566
At 31.03.2018	1,245	422	1,667

3. Trade Receivable

	2019 US\$	2018 US\$
Holding company	93,827,273	73,111,875

The average credit period on sales of goods is 5 months (2018: 5 months). No interest is charged on the outstanding trade receivable.

NOTES TO FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

4. Other Receivables

	2019 US\$	2018 US\$
Advances paid to suppliers	685,758	3,451,035
Accrued interest income	71,292	-
	<u>757,050</u>	<u>3,451,035</u>

The average credit period are 60 days (2018: 60 days). No interest is charged on the outstanding receivables.

5. Cash and Cash Equivalents

	2019 US\$	2018 US\$
Cash at banks ¹	3,426,828	11,511,535
Fixed deposits ²	10,000,000	-
	<u>13,426,828</u>	<u>11,511,535</u>

¹Cash at bank earns no interest.

²Fixed deposits bear interest ranging from 2.24% - 2.95% per annum and have average maturity period of 70 - 162 days.

6. Share Capital

	2019		2018	
	Number of shares	US\$	Number of shares	US\$
Issued and fully paid:				
Ordinary shares	<u>1,273,200</u>	<u>1,008,005</u>	<u>1,273,200</u>	<u>1,008,005</u>

All issued ordinary share are fully paid. There is no par value for the ordinary shares.

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 restriction.

7. Trade Payables

	2019 US\$	2018 US\$
Third parties	<u>1,509,033</u>	<u>4,023,019</u>

Trade payables are non-interest bearing and are normally settled on 60 days (2018: 60 days). No interest is charged on the trade payables.

NOTES TO FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

8. Accruals

	2019	2018
	US\$	US\$
Accruals		
- Audit and tax fees	21,706	22,432
- Interest	784,596	327,521
	<u>806,302</u>	<u>349,953</u>

9. Amount Owing To Bankers

	2019	2018
	US\$	US\$
Loan from The Bank of Tokyo-Mitsubishi UFJ, Ltd ("MUFG")	36,824,910	30,498,179
Loan from Citibank N.A., Singapore Branch ("Citibank")	29,423,511	8,205,965
Loan from DBS Bank Ltd ("DBS")	25,360,588	31,903,124
	<u>91,609,009</u>	<u>70,607,268</u>

Loans from MUFG, Citibank and DBS are backed by way of letter of comfort from holding company, namely MRF Limited. The loans are repayable in full within 3 to 7 months (2018: 3 to 7 months) from the drawdown date.

Interest for loan from MUFG is chargeable at 0.25% per annum (2018: 0.25%) above the ICE USD LIBOR. During the financial year, interest charged at approximate 2.84% - 3.17% (2018: 1.60% - 2.66%) per annum.

Interest for loan from Citibank is chargeable at 0.20% per annum (2018: 0.20 and 0.25%) above the ICE USD LIBOR. During the financial year, interest charged at approximate 2.79% - 3.10% (2018: 1.43% - 2.65%) per annum.

Interest for loan from DBS is chargeable at 0.25% per annum (2018: 0.25%) above the ICE USD LIBOR. During the financial year, interest charged at approximate 2.87% - 3.15% (2018: 1.50% - 2.68%) per annum.

10. Derivative

	2019		2018	
	Contract Amount US\$	Liabilities US\$	Contract Amount US\$	Liabilities US\$
Forward currency contracts	<u>-</u>	<u>-</u>	<u>30,593,135</u>	<u>260,193</u>

Forward currency contracts are used to hedge foreign currency risk arising from the Company's sales denominated in Indian Rupee ("INR") for which firm commitments existed at the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

11. Provision for Taxation

	2019 US\$	2018 US\$
Balance at beginning of year	482,680	333,345
Tax charged to statement of comprehensive income:		
- Current year's tax expense on profit	175,755	482,680
Income tax paid	(490,189)	(333,345)
Income tax refund	7,509	-
Balance at end of year	<u>175,755</u>	<u>482,680</u>

12. Turnover

	2019 US\$	2018 US\$
Sale of goods	<u>233,867,244</u>	<u>204,082,327</u>

13. Other income

	2019 US\$	2018 US\$
Interest income	219,847	45,591
Government grants	306	660
	<u>220,153</u>	<u>46,251</u>

14. Employee Benefits Expenses

	2019 US\$	2018 US\$
CPF & other contribution	17,042	16,017
Salaries, bonus, allowances	234,326	222,810
	<u>251,368</u>	<u>238,827</u>

15. Finance Costs

	2019 US\$	2018 US\$
Bank charges	156,652	176,794
Loan interest	2,905,567	1,220,803
	<u>3,062,219</u>	<u>1,397,597</u>

NOTES TO FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

16. Other Expenses

	2019	2018
	US\$	US\$
This is determined after charging the following:-		
Director's fee	15,052	13,356
Loss on foreign exchange	102,906	4,388,313
Rental	65,157	65,989
Miscellaneous expenses	105,199	96,637
	<u>288,314</u>	<u>4,564,295</u>

17. Income Tax Expense

	2019	2018
	US\$	US\$
Income tax refund	(7,509)	-
Current year tax expense	175,755	482,680
	<u>168,246</u>	<u>482,680</u>

The income tax expense on the results for the financial year varies from the amount of income tax determined by applying the Singapore standard rate of income tax to profit before tax due to the following factors:-

	2019	2018
	US\$	US\$
Profit before tax	<u>1,727,865</u>	<u>4,899,241</u>
Tax expense on profit before tax at 17%	293,737	832,871
Adjustments:		
Tax effect on non-deductible expenses	394	88
Tax effect on change in temporary differences	309	286
Tax effect resulted from concessionary rate	(105,562)	(343,018)
Tax effect on exempt amount	(12,831)	(150)
Tax effect on tax rebate	-	(7,397)
Tax effect on unrecognised deferred tax	(292)	-
	<u>175,755</u>	<u>482,680</u>

18. Lease Commitments**Operating lease commitments – where the company is the lessee**

As at statement of financial position, the Company leases an office under lease agreement that is non-cancellable. Future minimum lease payable under non-cancellable operating lease as at year end are as follows:

	2019 US\$	2018 US\$
Not later than one year	64,607	28,398
Later than one year but not later than five years	26,919	-
	<u>91,526</u>	<u>28,398</u>

19. (a) Related Parties Transactions

During the financial year, the Company had significant transaction with related parties which is carried out on terms agreed between the parties concerned not disclosed elsewhere in the financial statements as follows :-

	2019 US\$	2018 US\$
Sales to holding company	<u>233,867,244</u>	<u>204,082,327</u>

(b) Key Management Compensation

Key management's remuneration includes salary and other emoluments computed based on the cost incurred by the company and where the company did not incur any costs, the value of the benefit is included. The key management's remuneration included in staff cost is as follow:

	2019 US\$	2018 US\$
Director's fee	<u>15,052</u>	<u>13,356</u>

The above staff costs include key management personnel. These key management personnel is holding managerial position and above.

20. Financial Risk Management

The Company's activities expose it to credit risk, liquidity risk, capital risk and market risk (pertaining to price risk, interest rate risk and currency risk). The Company's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Company's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Company.

(a) Capital Management

The Company's objectives when managing capital are:

- (a) To safeguard the Company's ability to continue as a going concern;
- (b) To support the Company's stability and growth;
- (c) To provide capital for the purpose of strengthening the Company's risk management capability; and
- (d) To provide an adequate return to shareholders.

The Company actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder return, taking into consideration the future capital requirements of the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital using a gearing ratio, which is net debt divided by total equity.

	2019	2018
	US\$	US\$
Trade payables	1,509,033	4,023,019
Derivatives	-	260,193
Amounts owing to bankers	91,609,009	70,607,268
	<u>93,118,042</u>	<u>74,890,480</u>
Cash and cash equivalents (Note 5)	(13,426,828)	(11,511,535)
	<u>79,691,214</u>	<u>63,378,945</u>
Total Equity	<u>13,931,710</u>	<u>12,372,091</u>
Gearing	<u>5.72</u>	<u>5.12</u>

20. Financial Risk Management (Cont'd)

(b) Credit Risk

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

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

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Company has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 60 days, default of interest due for more than 30 days or there is significant difficulty of the counterparty

To minimise credit risk, the Company has developed and maintained the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating;
- External credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- Significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Company categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

20. Financial Risk Management (Cont'd)**(b) Credit Risk (Cont'd)**

The Company's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognition of expected credit losses (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
III	Amount is >60 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

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

31 March 2019	Note	Category	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
Trade receivables	3	*	lifetime ECL (simplified)	93,827,273	-	93,827,273
Other receivables	4	I	12-month ECL	757,050	-	757,050
Cash and cash equivalents	5	I	12-month ECL	13,426,828	-	13,426,828
				<u>108,011,151</u>	-	<u>108,011,151</u>
01 April 2018	Note	Category	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
Trade receivables	3	*	lifetime ECL (simplified)	73,111,875	-	73,111,875
Other receivables	4	I	12-month ECL	3,451,035	-	3,451,035
Cash and cash equivalents	5	I	12-month ECL	11,511,535	-	11,511,535
				<u>88,074,445</u>	-	<u>88,074,445</u>

NOTES TO FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

20. Financial Risk Management (Cont'd)

(b) 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.

	0 - 30 days	31 - 60 days	61 - 90 days	91 - 180 days	More than 180 days	Total
<u>31 March 2019</u>	US\$	US\$	US\$	US\$	US\$	US\$
Expected loss rate	0%	0%	0%	0%	0%	
Trade receivables	33,058,091	17,399,397	21,118,731	22,251,054	-	93,827,273
Loss Allowances	-	-	-	-	-	-

	0 - 30 days	31 - 60 days	61 - 90 days	91 - 180 days	More than 180 days	Total
<u>31 March 2018</u>	US\$	US\$	US\$	US\$	US\$	US\$
Expected loss rate	0%	0%	0%	0%	0%	
Trade receivables	11,883,537	14,709,728	10,744,682	34,663,117	1,110,811	73,111,875
Loss Allowances	-	-	-	-	-	-

Excessive risk concentration

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

Exposure to credit risk

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

20. Financial Risk Management (Cont'd)

(b) Credit Risk (Cont'd)

Other receivables

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.

Cash and cash equivalents

The Company held cash and cash equivalents as stated in note 5. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA- to AA+, based on independent rating agencies.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

(c) Liquidity Risk

The Company monitors its liquidity risk and maintains a level of cash and bank balances deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. Such liquidity risks are minimised by the amount of cash and bank balances as stated in Note 5.

(d) Market Risk

(i) Price risk

The Company has no exposure to equity price risk as it does not hold equity financial assets that are exposed to price risk.

20. Financial Risk Management (Cont'd)**(d) Market Risk (Cont'd)****(ii) Interest rate risk**

Interest rate risk is the risk that changes in interest rates will have an adverse financial effect on the Company's financial conditions and / or results. The primary source of the Company's interest rate risk is its borrowings from banks in Singapore. The Company incurs net financing costs during the year.

The Company ensures that it obtains borrowings at competitive interest rates.

The following table sets out the carrying amount of the Company's financial instruments, that are exposed to interest rate risk:

	2019	2018
	US\$	US\$
<u>Floating rates</u>		
Amounts owing to bankers	91,609,009	70,607,268

Interest in financial instruments subject to floating interest rates is repriced regularly. Interests on financial instruments at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Company that are not included in the above table are not subject to interest rate risks.

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting periods in the case of instruments that have floating rates. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If the interest rates had been 1% higher / lower and all other variables were held constant, the Company's profit for the year ended 31 March 2019 would decrease / increase by an average of US\$1,047,709 (2018: US\$734,822). This is attributable to the Company's exposure to interest rates on its variable rates on the average outstanding amounts owing to bankers over 12 months.

(iii) Foreign currency risk

The Company is exposed to currency risk on sales that are denominated in a currency other than the functional currency of the Company. The currencies in which these transactions primarily are denominated are the Singapore dollar (SGD) and Indian Rupee (INR).

At any point in time, the Company hedges 100% of all trade receivables denominated in a foreign currency. The Company uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. Such contracts generally are designated as fair value hedges.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

20. Financial Risk Management (Cont'd)**(d) Market Risk (Cont'd)****(iii) Foreign currency risk (Cont'd)**

The summary of quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

Denominated in: US\$ equivalents	SGD	2019 US\$	Total
	US\$	US\$	US\$
<u>Financial Assets</u>			
Sundry deposit	19,092	-	19,092
Trade receivables	-	93,827,273	93,827,273
Other receivables	-	71,292	71,292
Cash and cash equivalents	8,113	13,418,715	13,426,828
	27,205	107,317,280	107,344,485
<u>Financial Liabilities</u>			
Trade payables	-	1,509,033	1,509,033
Accruals	21,706	784,596	806,302
Amounts owing to bankers	-	91,609,009	91,609,009
	21,706	93,902,638	93,924,344
Net financial assets	5,499	13,414,642	13,420,141
Less : Net financial assets denominated in the Company's functional currency	-	(13,414,642)	(13,414,642)
Net currency exposure	5,499	-	5,499
Exposure based on 10%	550	-	550

NOTES TO FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

20. Financial Risk Management (Cont'd)

(d) Market Risk (Cont'd)

(iii) Foreign currency risk (Cont'd)

Denominated in: US\$ equivalents	2018			Total US\$
	INR US\$	SGD US\$	US\$ US\$	
Financial Assets				
Trade receivables	30,958,929	-	42,152,946	73,111,875
Sundry deposit	-	19,092	-	19,092
Cash and cash equivalents	-	8,387	11,503,148	11,511,535
	30,958,929	27,479	53,656,094	84,642,502
Financial Liability				
Trade payables	-	-	4,023,019	4,023,019
Other payable and accruals	-	22,432	327,521	349,953
Amounts owing to bankers	-	-	70,607,268	70,607,268
Derivative	-	-	260,193	260,193
	-	22,432	75,218,001	75,240,433
Net financial assets/(liabilities)	30,958,929	5,047	(21,561,907)	9,402,069
Less : forward currency contracts	(30,593,135)	-	-	(30,593,135)
Add : Net financial liabilities denominated in the Company's functional currency	-	-	21,561,907	21,561,907
Net currency exposure	365,794	5,047	-	370,841
Exposure based on 10%	36,579	505	-	37,084

21. Fair Value of Assets and Liabilities

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties.

(a) Fair value hierarchy

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

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

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

(b) Cash and cash equivalents, other receivables and accruals

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

(c) Trade receivables and trade payables

The carrying amounts of these receivables and payables approximate their fair values as they are subject to normal trade credit terms.

(d) Property, plant & equipment

Fair value information has not been disclosed for property, plant and equipment that are carried at cost because fair value cannot be measured reliably.

(e) Amount owing to bankers

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

21. Fair Value of Assets and Liabilities (Cont'd)**(f) Liabilities measured at fair value**

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

	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Unobservable inputs (Level 3)	Total
	US\$	US\$	US\$	US\$
2019				
<u>Derivatives</u>				
Forward currency contracts	-	-	-	-
2018				
<u>Derivatives</u>				
Forward currency contracts	-	260,193	-	260,193

22. Critical Accounting Estimates, Assumptions and Judgments

Estimates, assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Expected credit losses (ECL) on trade receivables

ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Company has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward looking information, including significant changes in external market indicators which involved significant estimates and judgements.

In determining the ECL of trade receivables, the Company has used one year of historical losses data to determine the loss rate and applied an adjustment against the historical loss rate based on the change in Gross Domestic Product (GDP) and unemployment rate to reflect the current and forward-looking information.

As at reporting date, no ECLs for trade receivables are being recognised.

22. Critical Accounting Estimates, Assumptions and Judgments (Cont'd)**(b) Uncertain tax positions**

Significant judgment is involved in determining the capital allowance and deductibility of certain expenses during the estimation of the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax issues based on estimates whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amount of the Company's income tax liabilities at 31 March 2019 was approximately US\$175,755 (2018: US\$482,680).

23. Financial Instruments by Category

At the reporting date, the aggregate carrying amounts of financial assets and financial liabilities were as follows:-

	2019 US\$
Financial assets, at amortised cost	<u>107,344,485</u>
Financial liabilities, at amortised cost	<u>93,924,344</u>
	2018 US\$
<i>Loans and receivables</i>	
Sundry deposit	19,092
Trade receivables	73,111,875
Cash and cash equivalents	<u>11,511,535</u>
Total loans and receivables	<u>84,642,502</u>
<i>Financial liabilities at amortised cost</i>	
Amounts owing to bankers	70,607,268
Trade payables	4,023,019
Accruals	349,953
Derivative	<u>260,193</u>
Total financial liabilities measured at amortised cost	<u>75,240,433</u>

24. Holding Company

The immediate and ultimate holding company is MRF Limited, a company incorporated in India.

MRF SG PTE. LTD.

NOTES TO FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

25. General

The Company is incorporated in the Republic of Singapore with its registered office and principal place of business at situated 11 Collyer Quay, #10-15 The Arcade, Singapore 049317.

The principal activities of the Company are those of sourcing and supplying materials.

There have been no significant changes in the nature of these activities during the financial year.

26. Authorisation of Financial Statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of MRF SG PTE. LTD. on 26 APR 2019

MRF SG PTE. LTD.
(Registration No.: 201421655R)
DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	2019 US\$	2018 US\$
TURNOVER	233,867,244	204,082,327
OTHER INCOME	220,153	46,251
	<u>234,087,397</u>	<u>204,128,578</u>
LESS: EXPENSES		
Purchase of traded goods	(228,755,811)	(193,026,937)
Employee benefits expenses		
Salaries, bonus and allowances	(234,326)	(222,810)
CPF & other contributions	(17,042)	(16,017)
	<u>(251,368)</u>	<u>(238,827)</u>
Depreciation	(1,820)	(1,681)
Finance costs		
Bank charges	(156,652)	(176,794)
Loan interest	(2,905,567)	(1,220,803)
	<u>(3,062,219)</u>	<u>(1,397,597)</u>
Other expenses		
Auditor remuneration	(18,016)	(20,081)
Director's fee	(15,052)	(13,356)
Insurance	(3,091)	(3,055)
Loss on foreign exchange	(102,906)	(4,388,313)
Miscellaneous expenses	(49,183)	(40,564)
Personnel selection expense	(2,516)	(6,361)
Postage & courier	(5,006)	(5,243)
Rental	(65,157)	(65,989)
Stamp & registration fees	(512)	-
Tax fees	(3,637)	(3,512)
Telecommunication	(3,712)	(3,177)
Travelling expenses	(19,526)	(14,644)
	<u>(288,314)</u>	<u>(4,564,295)</u>
PROFIT BEFORE TAX	1,727,865	4,899,241
INCOME TAX EXPENSE		
Income tax refund	7,509	-
Current year tax expense	(175,755)	(482,680)
	<u>(168,246)</u>	<u>(482,680)</u>
PROFIT FOR THE YEAR, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>1,559,619</u>	<u>4,416,561</u>

This statement does not form part of the audited statutory financial statements of the Company