

CLIENT'S COPY

**SUMEET GLOBAL PTE. LTD.**

(ACRA REGISTRATION NO.201229343C)

(Incorporated in the Republic of Singapore)

**REPORTS AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2015**

**SUMEET GLOBAL PTE. LTD.**  
(Incorporated in the Republic of Singapore)

**REPORTS AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2015**

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**SUMEET GLOBAL PTE. LTD.**  
(Incorporated in the Republic of Singapore)

**REPORT OF THE DIRECTORS**

The directors submit their report together with the audited financial statements of the Company for the financial year ended 31<sup>st</sup> March 2015.

**DIRECTORS**

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

Somani Sumeet Shankarlal  
Somani Shankerlal Sitaram  
Kalyanasundaram Maran

**DIRECTORS' CONTRACTUAL BENEFITS**

Except as disclosed in the accompanying financial statements, since the end of previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a Company in which the director has a substantial financial interest.

**ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES**

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

**DIRECTORS' INTERESTS IN SHARES AND DEBENTURES**

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter. 50 (the "Act"), particulars of interests of directors who held office at the beginning and end of the financial year in shares of the Company and related corporations are as follows:-

	<u>Holdings registered in name of director or nominee</u>		<u>Holdings in which director is deemed to have an interest</u>	
	<u>At 31<sup>st</sup> March 2015</u>	<u>At 1<sup>st</sup> April 2014</u>	<u>At 31<sup>st</sup> March 2015</u>	<u>At 1<sup>st</sup> April 2014</u>
<b>Company</b> (No. of ordinary shares)				
Somani Sumeet Shankarlal	-	-	1,144,000	1,144,000
Somani Shankerlal Sitaram	-	-	3,706,183	3,706,183
Kalyanasundaram Maran	-	-	-	-
<b>Immediate and Ultimate Holding Corporation</b> (No. of Ordinary Shares)				
Sumeet Industries Limited	3,000,000	1,600,001	-	-

**SUMEET GLOBAL PTE. LTD.**  
(Incorporated in the Republic of Singapore)

**REPORT OF THE DIRECTORS (CONTINUED)**

**DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)**

Directors who have interest in above company	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31 <sup>st</sup> March 2015	At 1 <sup>st</sup> April 2014	At 31 <sup>st</sup> March 2015	At 1 <sup>st</sup> April 2014
Somani Sumeet Shankarlal	1,144,000	1,144,000	-	-
Somani Shankarlal Sitaram	3,706,183	3,706,183	-	-
Kalyanasundaram Maran	-	-	-	-

The immediate and ultimate Holding Company of the Company is Sumeet Industries Limited (incorporated in the Republic of India).

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company or of related corporations either at the beginning of the financial year, or date of appointment, if later, or at the end of the financial year.

**SHARE OPTIONS**

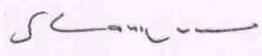
During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up un-issued shares. Further at the end of the financial year, there were no un-issued shares of the Company under option.

**INDEPENDENT AUDITORS**

The Independent auditor, Stamford Associates LLP, Chartered Accountants of Singapore, has expressed its willingness to accept re-appointment.

On behalf of the Board

  
.....  
**SOMANI SUMEET SHANKARLAL**  
Director

  
.....  
**SOMANI SHANKERLAL SITARAM**  
Director

SINGAPORE

Dated: 25 MAY 2015



**SUMEET GLOBAL PTE. LTD.**  
(Incorporated in the Republic of Singapore)

**STATEMENT BY THE DIRECTORS**

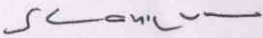
In the opinion of a director of **SUMEET GLOBAL PTE. LTD.**

- (a) the accompanying statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows together with the notes thereto set out on pages 5 to 43 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2015 and of the results of the business, changes in the equity and cash flows of the Company for the financial year ended on that date; and
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.
- (c) management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act Cap 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair statement of comprehensive income accounts and statement of financial positions and to maintain accountability of assets.

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

On behalf of the Board

  
.....  
**SOMANI SUMEET SHANKARLAL**  
Director

  
.....  
**SOMANI SHANKERLAL SITARAM**  
Director

SINGAPORE

Dated: 25 MAY 2015



**STAMFORD ASSOCIATES LLP**  
Chartered Accountants of Singapore  
(UEN No: T07LL0683E)



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF SUMEET GLOBAL PTE. LTD.**  
(Incorporated in the Republic of Singapore)  
(ACRA REGN. NO: 201229343C)

***Report on the Financial Statements***

We have audited the accompanying financial statements of the Company, which comprise the statement of financial position as at 31<sup>st</sup> March 2015 and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the financial year ended 31<sup>st</sup> March 2015, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 43.

***Management's Responsibility 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 Singapore Companies Act Cap 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair statement of comprehensive income accounts and statement of financial positions and to maintain accountability of assets.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion:-

the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2015 and the results, changes in equity and cash flows of the Company for the financial year ended on that date;

***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.

Singapore  
Date: 25<sup>th</sup> May 2015  
7500A Beach Road #08-313 The Plaza Singapore 199591  
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Public Accountants, Singapore  
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**SUMEET GLOBAL PTE. LTD.**

(Incorporated in Singapore)

**STATEMENT OF FINANCIAL POSITION  
AS AT 31<sup>ST</sup> MARCH 2015**

	<u>Note</u>	<u>2015</u> <u>US\$</u>	<u>2014</u> <u>US\$</u>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	98,245	9,851
Bank fixed deposits	5	1,500,000	1,500,000
Trade and other receivables	6	16,006,353	9,162,346
		<u>17,604,598</u>	<u>10,672,197</u>
<b>Non-current assets</b>			
		-	-
<b>Total assets</b>		<u>17,604,598</u>	<u>10,672,197</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	(12,597,435)	(7,303,558)
Amount due to Holding Company	11	(270,426)	(348,170)
Bank borrowings	10	(887,280)	(1,132,200)
Provision for taxation	19	(65,528)	(15,415)
		<u>(13,820,669)</u>	<u>(8,799,343)</u>
<b>Non-current liabilities</b>			
Deferred income tax liabilities	18	-	-
<b>Total Liabilities</b>		<u>(13,820,669)</u>	<u>(8,799,343)</u>
<b>NET ASSETS</b>		<u>3,783,929</u>	<u>1,872,854</u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share Capital	3	3,000,000	1,600,001
Accumulated profit		783,929	272,853
<b>Total Equity</b>		<u>3,783,929</u>	<u>1,872,854</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements

**SUMEET GLOBAL PTE. LTD.**  
(Incorporated in Singapore)

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2015**

	<u>Note</u>	<u>01/04/2014</u> <u>TO</u> <u>31/03/2015</u> US\$	<u>30/11/2012</u> <u>TO</u> <u>31/03/2014</u> US\$
Sales	12	43,020,925	19,986,525
Cost of sales	13	(42,164,132)	(19,560,414)
Gross profit		856,793	426,111
Other income	14	68,073	17,250
		924,866	443,361
Less: Administrative Expenses		(66,990)	(20,327)
Profit from operations	15	857,876	423,034
- Finance costs	16	(276,163)	(134,766)
Profit before income tax		581,713	288,268
Income tax expense	19	(70,637)	(15,415)
Deferred Tax	18	-	-
<b>Profit from continuing operations</b>		511,076	272,853
Profit/ (loss) from discontinued operations		-	-
<b>Total Profit</b>		<b>511,076</b>	<b>272,853</b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Other comprehensive income, net of tax			
<b>Total Comprehensive income</b>		<b>511,076</b>	<b>272,853</b>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.



**SUMEET GLOBAL PTE. LTD.**  
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**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2015**

	→ <i>Attributable to equity holders of the Company</i> ←		
	<u>Share Capital</u> US\$	<u>Accumulated Profit</u> US\$	<u>Total Equity</u> US\$
Balance as at 30 <sup>th</sup> November 2012			
(Date of Incorporation)	1	-	1
Issue of new shares	1,600,000	-	1,600,000
Net comprehensive income for the financial year	-	272,853	272,853
Balance as at 31 <sup>st</sup> March 2014	1,600,001	272,853	1,872,854
Issue of new shares	1,399,999	-	1,399,999
Net comprehensive income for the financial year	-	511,076	511,076
<b>Balance as at 31<sup>st</sup> March 2015</b>	<b>3,000,000</b>	<b>783,929</b>	<b>3,783,929</b>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

**SUMEET GLOBAL PTE. LTD.**  
(Incorporated in Singapore)

**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2015**

	<u>Note</u>	<u>01/04/2014</u> <u>TO</u> <u>31/03/2015</u> US\$	<u>30/11/2012</u> <u>TO</u> <u>31/03/2014</u> US\$
<u>Cash flows from operating activities</u>			
Profit before income tax		581,713	288,268
Adjustments for:			
- Accrued interest on fixed deposits	5	(17,250)	(17,250)
- Interest paid on trust receipt		42,338	752
		<u>606,801</u>	<u>271,770</u>
<u>Changes in working capital:</u>			
- Trade and other receivables	6	(6,826,757)	(9,145,096)
- Trade and other payables	9	5,293,877	7,303,558
- Amount due to Holding Company	11	(77,744)	348,170
		<u>(1,610,624)</u>	<u>(1,493,368)</u>
Cash (used by) operations		(1,003,823)	(1,221,598)
Income tax refund / (paid)	19	(20,524)	-
Net cash (outflow) from operating activities		<u>(1,024,347)</u>	<u>(1,221,598)</u>
<u>Cash flows from investing activities</u>		-	-
<u>Cash flows from financing activities</u>			
Shares issued during the financial year	3	1,399,999	1,600,001
Bank fixed deposits	5	-	(1,500,000)
Interest paid		(42,338)	(752)
(Decrease) / Increase in Borrowings	10	(244,920)	1,132,200
Net cash inflow from financing activities		<u>1,112,741</u>	<u>1,231,449</u>
Net increase in cash and cash equivalents		<u>88,394</u>	<u>9,851</u>
Cash and cash equivalents at beginning of the financial year		<u>9,851</u>	<u>-</u>
<b>Cash and cash equivalents at end of the financial year</b>	<b>4</b>	<b><u>98,245</u></b>	<b><u>9,851</u></b>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2015**

**1. General information**

Sumeet Global Pte. Ltd. (Reg.No.201229343C) is a Company incorporated in Singapore with its registered office at 7500A Beach Road, #08-313 The Plaza, Singapore 199591 and principal place of business at 7500A Beach Road, #07-312 The Plaza Singapore 199591.

The principal activities of the Company are relating to the business of general wholesale trade (including general importers and exporters) and Commission agents.

**2. Summary of significant accounting policies**

**2.1 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 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 assumptions and estimates are significant to the financial statements are disclosed in in accounting policies and notes.

***Interpretations and amendments to published standards effective in 2014***

On 1<sup>st</sup> April 2014, 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 accounting policies of the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

***Amendment to FRS 1 Presentation of Items of Other Comprehensive Income***

The Company has also adopted the amendment to FRS 1 Presentation of Items of Other Comprehensive Income on 1<sup>st</sup> April 2014. The amendment is applicable for annual periods beginning on or after 1<sup>st</sup> April 2014 (with early adoption permitted). It requires items presented in other comprehensive income to be separated into two groups, based on whether or not they may be recycled to profit or loss in the future.



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2015**

**2. Summary of significant accounting policies (continued)**

**2.1 Basis of preparation (continued)**

*Amendment to FRS 107 Disclosure-Offsetting Financial Assets and Financial Liabilities*

This amendment includes new disclosures to enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This amendment does not have any impact on the accounting policies of the Company. The Company has incorporated the additional required disclosures into the financial statements.

*FRS 113 Fair Value Measurement*

FRS 113 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across FRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within FRSs.

The adoption of FRS 113 does not have any material impact on the accounting policies of the Company. The Company has incorporated the additional disclosures required by FRS 113 into the financial statements.

**2.2 Revenue recognition**

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Company's activities. Sales are presented, net of goods and services tax, rebates and discounts.

The Company assesses its role as an agent or principal for each transaction and in an agency arrangement the amounts collected on behalf of the principal are excluded from revenue. The Company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Company's activities are met as follows:

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2015**

**2. Summary of significant accounting policies (continued)**

**2.2 Revenue recognition (continued)**

**(a) Sale of goods**

Revenue from these sales is recognized when the Company has delivered the goods to locations specified by its customers and the customers have accepted the goods in accordance with the sales contract.

These goods are sold to certain customers with volume discount and the customers also have the right to return faulty goods. Revenue from these sales is recorded based on the contracted price less the estimated volume discount and returns at the time of sale. Past experience and projections are used to estimate the anticipated volume of sales and returns.

**(b) Interest income**

Interest income, including income arising from fixed deposits and other financial instruments, is recognized using the effective interest method.

**(c) Commission is recognized on an accrual basis.**

**2.3 Government grants**

Grants from the government are recognized as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

Government grants receivable are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

**2.4 Property, plant and equipment**

**(a) Measurement**

**(i) Plant and equipment**

Plant and equipment are initially recognized at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2015**

**2. Summary of significant accounting policies (continued)**

**2.4 Property, plant and equipment (continued)**

**(a) Measurement (continued)**

**(ii) Component of costs**

The cost of an item of plant and equipment initially recognized includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition.

**(b) Depreciation**

Depreciation of plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives.

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each statement of financial position date. The effects of any revision are recognized in profit or loss when the changes arise.

**(c) Subsequent expenditure**

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

**(d) Disposal**

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognized in profit or loss within "Other gains/losses – net". Any amount in revaluation reserve relating to that item is transferred to retained profits directly.



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2015**

**2. Summary of significant accounting policies (continued)**

**2.5 Financial assets**

**(a) Classification**

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity and available-for sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each statement of financial position date.

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

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realized within 12 months after the statement of financial position date.

**(ii) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realized later than 12 months after the statement of financial position date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 6) on the statement of financial position.

**(iii) Held-to-maturity financial assets**

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. If the Company were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the statement of financial position date which are presented as current assets.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2015**

**2. Summary of significant accounting policies (continued)**

**2.5 Financial assets (continued)**

**(a) Classification (continued)**

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

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the statement of financial position date.

**(b) Recognition & Derecognition**

Regular way purchases and sales of financial assets are recognized on trade date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognized in profit or loss. Any amount previously recognized in other comprehensive income relating to that asset is reclassified to profit or loss.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Company are not derecognized until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

**(c) Initial measurement**

Financial assets are initially recognized at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognized at fair value. Transaction costs for financial assets at fair value through profit or loss are recognized immediately as expenses.



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FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2015**

**2. Summary of significant accounting policies (continued)**

**2.5 Financial assets (continued)**

**(d) Subsequent measurement (continued)**

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to-maturity financial assets are subsequently carried at amortized cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognized in profit or loss when the changes arise.

Interest and dividend income on available-for-sale financial assets are recognized separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analyzed into currency translation differences on the amortized cost of the securities and other changes; the currency translation differences are recognized in profit or loss and the other changes are recognized in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognized in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

**(e) Impairment**

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognizes an allowance for impairment when such evidence exists.

**(i) Loans and receivables/Held-to-maturity financial assets**

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized against the same line item in profit or loss.



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**2. Summary of significant accounting policies (continued)**

**2.5 Financial assets (continued)**

**(e) Impairment (continued)**

**(i) Loans and receivables/Held-to-maturity financial assets (cont'd)**

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortized cost had no impairment been recognized in prior periods.

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

In addition to the objective evidence of impairment described in Note 2.5 (e) (i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognized in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortization) and the current fair value, less any impairment loss previously recognized as an expense. The impairment losses recognized as an expense on equity securities are not reversed through profit or loss.

**(f) 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 realize the asset and settle the liability simultaneously.

**2.6 Financial liabilities**

Financial liabilities include trade payables, other amounts payable and interest-bearing loans. Financial liabilities are recognized on the Statement of Financial Position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

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**2. Summary of significant accounting policies (continued)**

**2.6 Financial liabilities (continued)**

Financial liabilities are initially recognized at fair value of consideration received less directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate method.

Gains and losses are recognized in the income and expenditures statement when the liabilities are derecognized as well as through the amortization process. The liabilities are derecognized when the obligation under the liability is discharged or cancelled or expired.

**2.7 Financial guarantees**

Financial guarantees are initially recognized at their fair values plus transaction costs in the Company's statement of financial position.

Financial guarantees are subsequently amortized to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortized amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's statement of financial position.

**2.8 Impairment of non-financial assets**

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized in the income and expenditure statement if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing the 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 cash-generating unit.



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**2. Summary of significant accounting policies (continued)**

**2.8 Impairment of non- financial assets (continued)**

Impairment losses recognized in prior years 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 revocable 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, if no impairment loss has been recognized. Reversal of impairment loss is recorded in income and expenditure statement. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

**2.9 Borrowings**

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

**(a) Borrowings**

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

**(b) Redeemable preference shares**

Preference shares which are mandatorily redeemable on a specific date are classified as liabilities. The dividends on these preference shares are recognized as finance expenses.

**2.10 Leases**

**(a) When the Company is the lessee:**

**(i) Lessee – Finance leases**

Leases where the Company assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases. The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognized on the statement of financial position as plant and equipment and borrowings respectively,



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**2. Summary of significant accounting policies (continued)**

**2.10 Leases (continued)**

*(b) When the Company is the lessor (continued):*

Initial direct costs incurred by the Company in negotiating and arranging finance leases are added to finance lease receivables and recognized as an expense in profit or loss over the lease term on the same basis as the lease income.

**(ii) Lessor – Operating leases**

Leases of investment properties where the Company retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognized in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred by the Company in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognized as an expense in profit or loss over the lease term on the same basis as the lease income. Contingent rents are recognized as income in profit or loss when earned.

**2.11 Income taxes**

Income tax for the year comprises current and deferred tax. Income tax is recognized in the income and expenditure statement except to the extent that it related to its items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized, using the Statement of Financial Position method, providing for all temporary differences at the Statement of Financial Position date between the tax bases of assets and liabilities and their carrying amount in the financial statements. Deferred tax is not recognized for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the tax rates and tax laws that have been enacted or substantively enacted by the Statement of Financial Position date.

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**2. Summary of significant accounting policies (continued)**

**2.10 Leases (continued)**

*(a) When the Company is the lessee (continued):*

**(i) Lessee – Finance leases**

at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognized in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

**(ii) Lessee – Operating leases**

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognized in profit or loss on a straight-line basis over the period of the lease. Contingent rents are recognized as an expense in profit or loss when incurred.

*(b) When the Company is the lessor:*

**(i) Lessor – Finance leases**

Leases where the Company has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees, are classified as finance leases.

The leased asset is derecognized and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognized on the statement of financial position and included in "trade and other receivables". The difference between the gross receivable and the present value of the lease receivable is recognized as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognized in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.



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**2. Summary of significant accounting policies (continued)**

**2.11 Income taxes (continued)**

A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each Statement of Financial Position date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**2.12 Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, which is probable of resulting in a future outflow of economic benefits that can be measured reliably.

**2.13 Employee Compensation**

Employee benefits are recognized as an expense, unless the cost qualifies to be capitalized as an asset.

**(a) Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

**(b) Termination benefits**

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after statement of financial position date are discounted to present value.

**2.14 Currency Translation**

**(a) Functional and presentation currency**

Items included in the financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United States Dollars, which is the functional currency of the Company.

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**2. Summary of significant accounting policies (continued)**

**2.14 Currency Translation (continued)**

**(b) Transactions and balances**

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the statement of financial position date are recognized in profit or loss.

However, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations are recognized in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance expense". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other losses – net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

**2.15 Related Parties**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

**2.16 Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, net of bank overdrafts. Bank overdrafts are presented as current borrowings on the statement of financial position.



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**2. Summary of significant accounting policies (continued)**

**2.17 Trade and other receivables**

Trade receivables and other receivables are classified and accounted for as loans and receivables under *FRS 39 Financial Instruments: Recognition and Measurement (FRS 39)*. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is recognized in the income and expenditure statement.

**2.18 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 recognized at fair value, and subsequently carried at amortized cost using the effective interest method.

**2.19 Share capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new equity instruments are taken to equity as a deduction, net of tax, from the proceeds.

**3. Share capital**

	Issued share capital	
	No. of ordinary shares	Amount US\$
<b><u>As at 31<sup>st</sup> March 2015</u></b>		
Beginning of the financial year	1,600,001	1,600,001
Shares issued	1,399,999	1,399,999
End of the financial year	<u>3,000,000</u>	<u>3,000,000</u>
<b><u>As at 31<sup>st</sup> March 2014</u></b>		
Beginning of the financial year	-	-
Shares issued	1,600,001	1,600,001
End of the financial year	<u>1,600,001</u>	<u>1,600,001</u>

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**3. Share capital (continued)**

All issued Ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares carry one vote per share and a right to receive dividends as and when declared by the Company.

The Company is not exposed to any externally imposed capital requirements and there are no restrictions to issue shares

**4. Cash and cash equivalents**

	<u>2015</u> US\$	<u>2014</u> US\$
Cash in hand	-	-
Cash at bank	98,245	9,851
Cash and cash equivalents per statement of cash flows	<u>98,245</u>	<u>9,851</u>

The cash and cash equivalents are denominated in the following currencies:-

	<u>2015</u> US\$	<u>2014</u> US\$
<u>Currencies:</u>		
Singapore Dollars	-	-
United States Dollars	98,245	9,851
	<u>98,245</u>	<u>9,851</u>

**5. Bank fixed deposits**

	<u>2015</u> US\$	<u>2014</u> US\$
Bank fixed deposits	1,500,000	1,500,000
	<u>1,500,000</u>	<u>1,500,000</u>

The above bank fixed deposits are pledged to banks as security against various credit facilities granted by the banks and trade creditors. The fixed deposit is denominated in United States Dollars.

The interest rate earned on the fixed deposit is 0.65 % per annum.



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**6. Trade and other receivables**

	<u>2015</u> US\$	<u>2014</u> US\$
Trade receivables – third parties (Note 7)	15,989,103	9,145,096
Other receivables (Note 8)	17,250	17,250
	<u>16,006,353</u>	<u>9,162,346</u>

Trade & other receivables approximate its fair value as on the statement of financial position date.

**7. Trade receivables**

	<u>2015</u> US\$	<u>2014</u> US\$
Trade receivables	15,989,103	9,145,096
Less:- Provision for doubtful debts	-	-
Current year provision	-	-
Provision written back during the financial year	-	-
Balance at 31 <sup>st</sup> March	<u>15,989,103</u>	<u>9,145,096</u>

The average credit period of trade receivables is 60 - 120 days.

The trade debtors are denominated in the following currencies:-

	<u>2015</u> US\$	<u>2014</u> US\$
<u>Currencies:</u>		
Singapore Dollars	-	-
United States Dollars	15,989,103	9,145,096
	<u>15,989,103</u>	<u>9,145,096</u>

**8. Other receivables**

	<u>2015</u> US\$	<u>2014</u> US\$
Accrued interest on fixed deposits	17,250	17,250
	<u>17,250</u>	<u>17,250</u>

Other receivables are denominated in United States Dollars.

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**9. Trade and other payables**

	<u>2015</u> US\$	<u>2014</u> US\$
Trade payables – Non-related parties	12,567,386	7,294,976
Other payables:		
- Accruals for operating expenses	30,049	8,582
	<u>12,597,435</u>	<u>7,303,558</u>

The credit period of the trade payables is 60 to 120 days. The trade and other payables approximate its fair value as on statement of financial position date.

The trade and other payables are denominated in the following currencies:-

	<u>2015</u> US\$	<u>2014</u> US\$
Currencies:		
Singapore Dollars	30,049	8,582
United States Dollars	12,567,386	7,294,976
	<u>12,597,435</u>	<u>7,303,558</u>

**10. Bank borrowings**

	<u>2015</u> US\$	<u>2014</u> US\$
Bills payable – Trust Receipts (Trade Finance)	887,280	1,132,200
	<u>887,280</u>	<u>1,132,200</u>

The details of borrowings are as under:

- i. Trust receipts, Bills payables are payable to bank within 60 days and bears interest at LIBOR plus 1.00% to 4.50% p.a. The 3 months LIBOR rate at end of the financial year was 0.28% approximately.
- ii. The bank borrowings are secured by cash collaterals in the form of fixed deposits (Note 5) US\$ 1,500,000/- , hypothecation of goods, charge over the current assets of the Company, Corporate guarantee of Sumeet Industries Limited, India for US\$ 10,000,000/-.

Bank borrowings are denominated in United States Dollars.



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**11. Amount due to holding company**

	<u>2015</u> US\$	<u>2014</u> US\$
Amount due to holding company	270,426	348,170
	<u>270,426</u>	<u>348,170</u>

Amount due to Holding Company is trade in nature, payable under normal trade terms; and are denominated in United States Dollars.

**12. Revenue**

	<u>2015</u> US\$	<u>2014</u> US\$
Sale of goods	43,020,925	19,986,525
	<u>43,020,925</u>	<u>19,986,525</u>

Revenue represents the invoiced value net of discount for sales/services rendered during the financial year and recognized at the point of raising of invoice and when risks and rewards of the ownership of goods are transferred to buyer.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership of goods have been transferred to buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with goods and the amount of revenue can be measured reliably.

Transfer of risks and rewards vary depending on the individual terms of the contract of sale. For local sale of commodities, transfer usually occurs when the product is received at the customer's warehouse; however, for international shipments, transfer occurs upon loading of the goods on the relevant carrier.

**13. Cost of sales**

The cost of sales comprise of the following:-

	<u>2015</u> US\$	<u>2014</u> US\$
Purchase of goods	42,164,132	19,560,414
	<u>42,164,132</u>	<u>19,560,414</u>

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**14. Other income**

	<u>2015</u> US\$	<u>2014</u> US\$
Commission received	68,073	-
Interest on fixed deposit	-	17,250
	<u>68,073</u>	<u>17,250</u>

**15. Profit from operations**

	<u>2015</u> US\$	<u>2014</u> US\$
Profit from operations is arrived after charging:-		
- Audit fees	12,000	7,500
- Insurance expense	12,642	-
- Professional charges	<u>38,295</u>	<u>10,710</u>

**16. Finance expenses**

	<u>2015</u> US\$	<u>2014</u> US\$
LC opening and commission	233,825	134,014
interest on Trust Receipt	42,338	752
	<u>276,163</u>	<u>134,766</u>

**17. Employee compensation**

	<u>2015</u> US\$	<u>2014</u> US\$
Wages and salaries	-	-
Employer's contribution to defined contribution plans	-	-
Termination benefits	-	-
Other long-term benefits	-	-
	<u>-</u>	<u>-</u>



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**17. Employee compensation (continued)**

Directors' remuneration (key management personnel compensation) not recognized within staff costs are as follows:-

	<u>2015</u> US\$	<u>2014</u> US\$
Wages and salaries	-	-
Employer's contribution to defined contribution plans	-	-
Termination benefits	-	-
Other long-term benefits	-	-
	<u>-</u>	<u>-</u>

**18. Deferred taxation**

Movement in deferred income tax account is as follows:-

	<u>2015</u> US\$	<u>2014</u> US\$
Beginning balance	-	-
Current year provision	-	-
Under / (Over) provision of deferred tax	-	-
Ending Balance	<u>-</u>	<u>-</u>

**19. Taxation**

Movement of current income tax liabilities are as follows:-

	<u>2015</u> US\$	<u>2014</u> US\$
<i>Based on profit for the financial year:-</i>		
Beginning balance	15,415	-
Previous year (over)/ under provision	5,109	-
Tax expense – current year	65,528	15,415
Income tax refund / (paid)	<u>(20,524)</u>	<u>-</u>
Ending Balance	<u>65,528</u>	<u>15,415</u>

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**19. Taxation (continued)**

The reconciliation of the tax expense and the product of accounting profit multiplied by the applicable rate are as follows:-

	<u>2015</u> US\$	<u>2014</u> US\$
Profit before income tax	581,713	288,268
Tax calculated at tax rate of 17%	98,891	49,006
<u>Effects of:</u>		
- expenses not deductible for tax purposes	-	-
- tax exemptions and rebates	(33,363)	(33,591)
- utilization of previously unrecognized:		
- tax losses	-	-
- capital allowances	-	-
Previous year (over)/ under provision	5,109	-
Tax expense	<u>70,637</u>	<u>15,415</u>

**20. Significant related party transactions**

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

	<u>2015</u> US\$	<u>2014</u> US\$
<u>Related party transactions:</u>		
- Sales	4,979,010	-
- Purchases	425,226	-
- Amount due to Holding Company (Trade)	270,426	348,170
- Key Management Personnel Compensation	-	-



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**21. Contingencies**

**21.1 Contingent liabilities**

As on the date of statement of financial position date the Company has Contingent liabilities amounting to US\$ 9,109,660/- (2014: US\$8,864,306/-) in respect of Letter of Credits issued by a bank.

**21.2 Capital commitments**

Capital expenditures contracted for at the statement of financial position date but not recognized in the financial statements, are none

**21.3 Operating lease commitments – where the Company is a lessee**

The future minimum lease payables under non-cancellable operating leases contracted for at the statement of financial position date but not recognized as liabilities, are as follows:

	<u>2015</u> US\$	<u>2014</u> US\$
Not later than 1 year	-	-
Between one and five years	-	-
Later than five years	-	-
	<u>-</u>	<u>-</u>

**22. Financial risk management**

*Financial risk factors*

The Company's activities expose it to market risk (including currency risk, interest rate risk, etc.), credit risk and liquidity risk. The Company's overall risk management strategy seeks to minimize any adverse effects from the unpredictability of financial markets on the Company's financial performance. The management continuously monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

**22.1 Market risk**

**(a) Currency risk (continued)**

The Company has limited exposure to foreign currency risk as part of its normal business. The functional currency of the Company is in United States Dollars. As such the Company's sales and purchase transacted in identical currencies are hedged naturally.

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**22. Financial risk management (continued)**

**22.1 Market risk (continued)**

**(a) Currency risk (continued)**

The Company's currency exposure based on the information provided to key management is as follows:

At 31 <sup>st</sup> March 2015	<u>Cash &amp; Cash equivalents</u>	<u>Trade &amp; Other receivables</u>	<u>Total</u>
<u>Financial assets:</u>	US\$	US\$	US\$
SGD	-	-	-
	-	-	-
		<u>Amount due to</u>	
	<u>Trade &amp; Other</u>	<u>Holding</u>	
<u>Financial liabilities:</u>	<u>payables</u>	<u>Company</u>	<u>Total</u>
	US\$	US\$	US\$
SGD	30,049	-	30,049
	30,049	-	30,049

**Foreign currency sensitivity**

If the relevant foreign currency change against US\$ by 10%, with all other variables including tax rate being held constant, the effects arising from the financial asset/liability position will be as follows:-

If the foreign currency strengthens by 10% against the functional currency of the Company, statement of comprehensive income and other equity will increase/ (decrease) by:



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**22. Financial risk management (continued)**

**22.1 Market risk (continued)**

**(a) Currency risk (continued)**

**Foreign currency sensitivity (continued)**

	<u>2015</u> US\$	<u>2014</u> US\$
<u>Financial assets (net of tax @ 17%):</u>		
Profit/ (loss)	-	-
Other equity	-	-
	<u>-</u>	<u>-</u>
	<u>2015</u> US\$	<u>2014</u> US\$
<u>Financial liabilities (net of tax @ 17%):</u>		
Profit/ (loss)	-	-
Other equity	(2,494)	(712)
	<u>(2,494)</u>	<u>(712)</u>

If the foreign currency weakens by 10% against the functional currency of the Company, statement of comprehensive income and other equity will increase/ (decrease) by:

	<u>2015</u> US\$	<u>2014</u> US\$
<u>Financial assets (net of tax @ 17%):</u>		
Profit/ (loss)	-	-
Other equity	-	-
	<u>-</u>	<u>-</u>
	<u>2015</u> US\$	<u>2014</u> US\$
<u>Financial liabilities (net of tax @ 17%):</u>		
Profit/ (loss)	-	-
Other equity	2,494	712
	<u>2,494</u>	<u>712</u>

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**22. Financial risk management (continued)**

**22.1 Market risk (continued)**

**(b) Interest rate risk**

The interest rate risk exposure is mainly on financial liabilities and financial assets. These financial instruments are both at fixed rate and floating rates.

The following table analyses the breakdown of the financial assets and liabilities (excluding derivatives) by the type of interest rate:

	<u>2015</u> US\$	<u>2014</u> US\$
<u>Financial assets:</u>		
Fixed rate (0.65 % p.a.)	1,500,000	1,500,000
Floating rate	-	-
	<u>1,500,000</u>	<u>1,500,000</u>
<u>Financial liabilities:</u>		
Fixed rate	-	-
Floating rate (LIBOR +4.5% p.a)	887,280	1,132,200
	<u>887,280</u>	<u>1,132,200</u>

**Interest rate sensitivity**

The sensitivity is estimated that an increase/decrease of 100 basis point in interest rate at the reporting date would lead to an increase/reduction in the profit before tax by approximately:-

	<u>2015</u> US\$	<u>2014</u> US\$
<b><u>Increase of 100 basis point</u></b>		
<u>Financial assets, net of tax @ 17%</u>		
Fixed rate	-	-
Floating rate	-	-
	<u>-</u>	<u>-</u>
<u>Financial liabilities net of tax@17%</u>		
Fixed rate	-	-
Floating rate (LIBOR +4.5% p.a)	(7,364)	(9,397)
	<u>(7,364)</u>	<u>(9,397)</u>



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**22. Financial risk management (continued)**

**22.1 Market risk (continued)**

**(b) Interest rate risk**

**Interest rate sensitivity (continued)**

A decrease in the basis point in the interest rate would have an equal but opposite effect which is:-

	<u>2015</u> US\$	<u>2014</u> US\$
<b>Decrease of 100 basis point</b>		
<u>Financial assets, net of tax @ 17%</u>		
Fixed rate	-	-
Floating rate	-	-
	<u>-</u>	<u>-</u>
 <u>Financial liabilities net of tax@17%</u>		
Fixed rate	-	-
Floating rate (LIBOR +4.5% p.a)	7,364	9,397
	<u>7,364</u>	<u>9,397</u>

**22.3 Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are bank deposits and trade receivables. For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit standing and history, and obtaining sufficient collateral or buying credit insurance where appropriate to mitigate credit risk. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored by management.

As the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

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**22. Financial risk management (continued)**

**22.3 Credit risk (continued)**

The credit risk for trade receivables based on the information provided to key management is as follows:-

	<u>2015</u> US\$	<u>2014</u> US\$
<u>By geographical areas:</u>		
India	-	-
Dubai U.A.E.	15,989,103	6,154,273
Singapore	-	2,990,823
	<u>15,989,103</u>	<u>9,145,096</u>
<u>By types of customers:</u>		
Related parties	-	-
Non-related parties	15,989,103	9,145,096
	<u>15,989,103</u>	<u>9,145,096</u>

**(a) Financial assets that are neither past due nor impaired**

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Company.

**(b) The age analysis of trade receivables is as follows:-**

	<u>2015</u> US\$	<u>2014</u> US\$
60 - 120 days	15,989,103	9,145,096
Past due (not impaired)	-	-
	<u>15,989,103</u>	<u>9,145,096</u>



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**22. Financial risk management (continued)**

**22.3 Credit risk (continued)**

The Company's top three customer sales during the financial year are as follows:-

	<u>2015</u> US\$	<u>2014</u> US\$
Top Customer 1	16,956,000	9,331,560
Top Customer 2	-	6,636,160
Top Customer 3	-	1,732,864

**22.4 Liquidity risk**

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions at a short notice. At the statement of financial position date, assets held by the Company for managing liquidity risk included cash and short-term deposits (Note 4, 5).

The table below analyses non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date (contractual and undiscounted cash flows):-

	<u>Trade &amp; Other payables</u> US\$	<u>Amount due to Holding Company</u> US\$	<u>Bank Borrowings (inc. interest)</u> US\$	<u>Total</u> US\$
Maturity < 1 year	12,597,435	270,426	929,618	13,797,479
Maturity 2 - 5 years	-	-	-	-
	<u>12,597,435</u>	<u>270,426</u>	<u>929,618</u>	<u>13,797,479</u>
Variable interest rate	<u>NIL</u>	<u>NIL</u>	<u>(LIBOR + 4.5% p.a)</u>	

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**22. Financial risk management (continued)**

**22.4 Liquidity risk (continued)**

Management monitors rolling forecasts of the liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents) of the Company on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group in accordance with the practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios and maintaining debt financing plans.

**22.5 Capital risk**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

	<u><b>2015</b></u> US\$	<u><b>2014</b></u> US\$
Net debt	12,156,896	7,229,492
Total equity	3,783,929	1,872,854
Total capital	<u>15,940,825</u>	<u>9,162,346</u>
<b>Gearing ratio (%)</b>	<u><b>76.26%</b></u>	<u><b>79.56%</b></u>



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**22. Financial risk management (continued)**

**22.5 Capital risk (continued)**

The Borrowers leverage ratio is calculated as total liability of the Company divided by tangible net worth of the Company.

	<u>2014</u> US\$	<u>2013</u> US\$
Total liability	13,820,669	8,799,343
Tangible net worth	<u>3,783,929</u>	<u>1,872,854</u>
<b>Leverage ratio (times)</b>	<u><b>3.65</b></u>	<u><b>4.70</b></u>

**22.6 Fair value measurements**

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	<u>Level 1</u>		<u>Level 2</u>		<u>Level 3</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	US\$	US\$	US\$	US\$	US\$	US\$
Financial assets	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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**22. Financial risk management (continued)**

**22.6 Fair value measurements (continued)**

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (e.g. over-the-counter derivatives) is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward currency rates at the statement of financial position date. These investments are classified as Level 2 and comprise debt investments and derivative financial instruments. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

The following table presents the changes in Level 3 instruments:

	<u>Financial Assets</u>		<u>Financial Liabilities</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	US\$	US\$	US\$	US\$
Beginning of financial year	-	-	-	-
Transfers / (purchases)	-	-	-	-
Fair value gains/ (loss)	-	-	-	-
End of financial year	-	-	-	-
Total gains/ (losses) for the period	-	-	-	-
	-	-	-	-



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**22. Financial risk management (continued)**

**22.6 Fair value measurements (continued)**

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments. The fair value of current borrowings approximates their carrying amount.

**23. Critical accounting estimates, assumptions and judgments**

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**23.1 Critical accounting estimates and assumptions**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have known significant risks of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are none.

**(a) Estimated impairment of non-financial assets**

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Intangible assets, property, plant and equipment and investments in subsidiaries, associates and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The recoverable amounts of these assets and, where applicable, cash-generating units, have been determined based on value-in-use calculations. These calculations require the use of estimates.

**(b) Uncertain tax positions**

The Company is subject to income taxes in Singapore jurisdiction. In determining the income tax liabilities, management has estimated the amount of capital allowances and the deductibility of certain expenses ("uncertain tax positions") at each tax jurisdiction.

The Company has some open tax assessments with the tax authority at the statement of financial position date. As management believes that the tax positions are sustainable, the Company has not recognized any additional tax liability on these uncertain tax positions.

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**23. Critical accounting estimates, assumptions and judgments (continued)**

(c) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgments as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgments as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

**23.2 Critical judgments in applying the entity's accounting policies**

The Company makes critical judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The critical judgments that have known significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are none.

**24. New or revised accounting standards and interpretations**

The following are the new or amended Standards and Interpretations (issued up to 31<sup>st</sup> March 2015) that are not yet applicable, but may be early adopted for the current financial year.

*Annual periods commencing on 1<sup>st</sup> April 2015*

Amendments to FRS 32 – Offsetting Financial Assets and Financial Liabilities  
FRS 27 (revised 2011) Separate Financial Statements  
FRS 28 (revised 2011) Investments in Associates and Joint Ventures  
FRS 110 Consolidated Financial Statements  
FRS 111 Joint Arrangements  
FRS 112 Disclosures of Interests in Other Entities



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**24. New or revised accounting standards and interpretations (continued)**

As at the statement of financial position date, none of the above FRS will result in any changes to the Company's accounting policies and any material impact to the financial statements.

**25. Comparatives**

The comparative information is for the period of 16 months from 11 November 2012 (Date of Incorporation) to 31<sup>st</sup> March 2014.

**26. Authorization of the financial statements**

These financial statements were authorized for issue in accordance with a resolution passed by the Board of Directors of Sumeet Global Pte. Ltd. on 25<sup>th</sup> May 2015.