

MAURIGO PTE. LTD.
(Registration Number: 200612848E)

DIRECTOR'S STATEMENT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

MAURIGO PTE. LTD.

DIRECTOR'S STATEMENT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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MAURIGO PTE. LTD.

DIRECTOR'S STATEMENT

The sole director is pleased to present his statement to the member together with the audited financial statements of **MAURIGO PTE. LTD.** (the "company") for the financial year ended 31 March 2019.

1. OPINION OF THE DIRECTOR

- (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 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.

2. DIRECTOR

The director of the company in office at the date of this statement are:

Modi Rajesh Kumar

3. ARRANGEMENTS TO ENABLE DIRECTOR TO ACQUIRE BENEFITS BY MEANS OF ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object was to enable the director to acquire benefits by means of acquisition of shares or debentures in the company or any other body corporate.

4. DIRECTOR' INTERESTS IN SHARES OR DEBENTURES

The director who held office at the end of the financial year had no interests in the share capital of the company or its related corporations as recorded in the register of director' shareholdings required to be kept by the company under Section 164 of the Singapore Companies Act, Chapter 50.

MAURIGO PTE. LTD.

DIRECTOR'S STATEMENT – cont'd

5. SHARE OPTIONS

During the financial year, no share options were granted to subscribe for unissued shares of the company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued of the company.

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

6. INDEPENDENT AUDITOR

The independent auditor, Prudential Public Accounting Corporation, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.



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Modi Rajesh Kumar
Sole director

Date: - 2 MAY 2019

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
MAURIGO PTE. LTD.**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **MAURIGO PTE. LTD.** (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2019, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company 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 Director' Statement set out on pages 1 and 2.

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

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

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
MAURIGO PTE. LTD. – cont'd**

Responsibilities of Management and Director for the Financial Statements

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

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

The director' 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:

- (a) 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
MAURIGO PTE. LTD. – cont'd**

Auditor's Responsibilities for the Audit of the Financial Statements – cont'd

- (d) 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.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the director 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 Requirement

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.

Prudential P.A.C.

**PRUDENTIAL PUBLIC ACCOUNTING CORPORATION
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS
SINGAPORE**

Date: 2 May 2019



MAURIGO PTE. LTD.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	<u>Note</u>	<u>2019</u> US\$	<u>2018</u> US\$
ASSETS			
Non-current assets			
Investment in subsidiary	(7)	3,687,153	3,687,153
		3,687,153	3,687,153
Current assets:			
Trade receivables	(8)	603,750	648,714
Other current assets	(9)	-	961,915
Derivative financial instruments	(10)	-	116,500
Cash and cash equivalents	(11)	55,426	71,727
Total current assets		659,176	1,798,856
Total assets		4,346,329	5,486,009
EQUITY AND LIABILITIES			
Equity			
Share capital	(12)	2,000,001	2,000,001
Retained earnings		2,341,328	1,750,215
Total equity		4,341,329	3,750,216
Current liabilities:			
Trade and other payables	(13)	5,000	1,692,793
Derivative financial instruments	(10)	-	43,000
Income tax payable	(16)	-	-
Total current liabilities		5,000	1,735,793
Total equity and liabilities		4,346,329	5,486,009

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

MAURIGO PTE. LTD.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	<u>Note</u>	<u>2019</u> <u>US\$</u>	<u>2018</u> <u>US\$</u>
Revenue	(14)	17,583,212	28,907,188
Cost of sales		<u>(16,980,205)</u>	<u>(28,774,079)</u>
Gross profit		603,007	133,109
Other income	(15)	21	59,002
Administrative expenses		<u>(16,229)</u>	<u>(144,355)</u>
Profit before income tax		586,799	47,756
Income tax benefit/(expense)	(16)	<u>4,314</u>	<u>(4,060)</u>
Profit for the year		591,113	43,696
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>591,113</u>	<u>43,696</u>

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

MAURIGO PTE. LTD.

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

	Share capital US\$	Retained earnings US\$	Total US\$
Balance as at 1 April 2017	2,000,001	1,706,519	3,706,520
Total comprehensive income for the year	-	43,696	43,696
Balance as at 31 March 2018	2,000,001	1,750,215	3,750,216
Total comprehensive income for the year	-	591,113	591,113
Balance as at 31 March 2019	2,000,001	2,341,328	4,341,329

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

MAURIGO PTE. LTD.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	<u>2019</u> US\$	<u>2018</u> US\$
Cash flows from operating activities:		
Operating profit before working capital changes	586,799	47,756
Trade and other receivables	44,964	3,185,744
Other current assets	1,915	614,713
Trade and other payables	(1,687,793)	348,407
Financial derivative instruments	73,500	(73,500)
	<hr/>	<hr/>
Cash (used in)/from operations	(980,615)	4,123,120
Income tax refund/(paid)	4,314	(4,060)
	<hr/>	<hr/>
Net cash (used in)/from operating activities	(976,301)	4,119,060
	<hr/>	<hr/>
Financing activities:		
Investment in subsidiary	-	(3,687,153)
Advances to subsidiary	-	(960,000)
Repayment from subsidiary	960,000	-
	<hr/>	<hr/>
Net cash from/(used in) financing activities	960,000	(4,647,153)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(16,301)	(528,093)
Cash and cash equivalents at beginning of year	71,727	599,820
	<hr/>	<hr/>
Cash and cash equivalents balances at end of year	55,426	71,727
	<hr/> <hr/>	<hr/> <hr/>

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

MAURIGO PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019

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

1. GENERAL

Maurigo Pte. Ltd. (the “company”) (Registration number: 200612848E) is a private limited company incorporated and domiciled in the Republic of Singapore with its registered office and principal place of business at:

60 Paya Lebar,
#12-02, Paya Lebar Square,
Singapore 409051.

The principal activities of the company are those of general wholesale trade (including importers and exports).

The financial statements of the company for the year ended 31 March 2019 were authorised for issue by the Board of Director on 2 May 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up and in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (“FRS”).

Historical cost is generally based on the fair value of the consideration given in the exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these financial statements determined on such a basis are disclosed in Note 5.

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 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 Note 4.

MAURIGO PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.2 Changes in Accounting Policies

(a) Adoption of new and revised FRSs and INT FRSs

In the current financial year, the Company has adopted all the new and revised FRSs and Interpretations of FRS (“INT FRS”) that are relevant to its operations and are effective for financial periods beginning on or after 1 April 2018. The adoption of these new/ revised FRSs and INT FRSs does not result in substantial changes to the Company’s accounting policies and has no material effect on the amounts reported for the current or prior financial years, except as discussed below:

FRS 109: Financial Instruments

The Company adopted FRS 109 from 1 April 2018, which did not have any significant financial impact on the current period. Details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

(i) Classification and measurement of financial assets and financial liabilities

FRS 109 largely retains the existing requirements in FRS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous FRS 39 categories for financial assets held to maturity, loans and receivables and available for sale. The adoption of FRS 109 has not had a significant effect on the Company’s accounting policies related to financial liabilities and derivatives financial instruments. The impact of FRS 109 on the classification and measurement of financial assets is set out below.

Under FRS 109, on initial recognition, a financial asset is classified as measured at amortised cost, fair value to other comprehensive income (“FVOCI”), or fair value to profit or loss (“FVTPL”). Derivative financial instruments are typically measured at FVTPL. However, if these instruments qualify for hedge accounting under FRS 109, then the effective portion of changes in fair value of the instrument is recognised in other comprehensive income while the ineffective portion is recognised in profit or loss. The classification of financial asset under FRS 109 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

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

MAURIGO PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.2 Changes in Accounting Policies

(a) Adoption of new and revised FRSs and INT FRSs

(ii) Impairment of financial assets

FRS 109 replaces, the incurred loss' model in FRS 39 with an 'expected credit loss' (ECL) model. Under FRS 109, credit losses are recognised earlier than under FRS 39. The following financial assets have been subjected to the expected credit loss model under FRS 109,

- trade receivables recognised under FRS 115
- debt instruments carried at amortised cost; and
- other receivables at amortised costs.

There is no material change in the provision for impairment for the above financial assets from the application of the expected credit loss impairment model.

(b) Standards issued but not yet effective

At the date of authorisation of financial statements, the following FRSs that are relevant to the group were issued but not effective are as follows:

<u>Reference</u>	<u>Description</u>	<u>Effective date (annual periods) beginning on or after</u>
INT FRS 123	Uncertainty over Income Tax Treatments	1 January 2019
FRS 109	Amendments to FRS 109 Prepayment Features with Negative Compensation	1 January 2019

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

2.3 Functional and Foreign currency

(a) Functional currency and presentation currency

The management has determined that the currency of the primary economic environment in which the Company operates (ie. the "functional currency") to be United States dollar. The financial statements of the Company are presented in United States dollar, which is the functional currency of the Company.

MAURIGO PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.3 Functional and Foreign currency – cont'd

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and are recorded on initial recognition in the functional currencies 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 year. 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 determined. Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting year are recognised in profit or loss.

2.4 Subsidiary

Subsidiaries are entities controlled by the company. Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

In the company's financial statements, investments in the subsidiaries are accounted for cost less any impairment losses.

These financial statements are separate financial statements of Maurigo Pte. Ltd. One set of consolidated financial statements of the company and its subsidiaries is not prepared as the company itself is a wholly-owned subsidiary of another corporation, which prepares consolidated financial statements available for public use. The registered office of the ultimate holding company, Gokul Agro Resources Limited preparing the consolidated financial statements, is B-402, Shapath Hexa, Near Ganesh Maridiyan, Opp. Gujarat High Court, Sola, Ahmedabad 380060, Gujarat, India.

2.5 Impairment of Non-Financial Assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

MAURIGO PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.5 Impairment of Non-Financial Assets – cont'd

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.6 Plant and equipment

a) Measurement

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

b) Components of costs

The cost of an item of plant and equipment 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. The projected cost of dismantlement, removal or restoration is also included as part of the cost of plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

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

c) Depreciation

Depreciation was calculated on the straight-line method and to write off the cost of the assets over their estimated useful lives as follows:-

	<u>Years</u>
Furniture and fittings	3
Office equipment	3
Renovation	5

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets. The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and year of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

MAURIGO PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.6 Plant and equipment – cont'd

d) Subsequent expenditure

Subsequent expenditure relating to 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 company and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expense in the statement of comprehensive income during the financial year in which it is incurred.

e) Disposal

On disposal of an item of plant and equipment, the difference between the net disposals proceeds and its carrying amount is taken to the statement of comprehensive income. Any amount in revaluation reserve relating to that asset is transferred to retained earnings directly.

2.7 Revenue Recognition

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

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

2.8 Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

(a) Current tax

The tax currently payable is based on taxable profits for the year. Taxable profits differ from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

(b) Deferred tax

Deferred tax is provided, using the balance sheet liability method on all 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.

MAURIGO PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.8 Income Taxes – cont'd

(b) Deferred tax – cont'd

Deferred tax liabilities are recognised for all temporary differences except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at that time of the transaction, affects neither accounting profit or loss nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arise from the initial recognition of an asset or liability in a transaction and at the time of transaction affects neither the accounting profit or loss nor taxable profit or loss.

The carrying amount of a deferred tax asset 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 to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

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

2.9 Related Party

A related party is defined as follows:

- a) A person or a close member of that person's family is related to the company if that person:
 - (i) has control or joint control over the company;
 - (ii) has significant influence over the company; or
 - (iii) is a member of the key management personnel of the company or of a parent of the company.

MAURIGO PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.9 Related Party – cont'd

- b) An entity is related to a company if any of the following conditions applies:
- (i) the entity and the company are members of the same group which means that each parent, subsidiary and fellow subsidiary is related to the others;
 - (ii) one entity is an associate or joint venture of the other entity or an associate or joint venture of a member of a group of which the other entity is a member;
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); or
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity or of a parent of the entity; or
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the company or to the parent of the company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependants of that person or that person's spouse or domestic partner.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Related party transactions and outstanding balances disclosed in the financial statements are in accordance with the above definition as per FRS 24 – Related Party Disclosures.

2.10 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 the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

MAURIGO PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.10 Provisions – cont'd

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.11 Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When changes in the probability of an outflow occur so that the outflow is probable, it will then be recognised as a provision.

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

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2.12 Event after the Reporting Period

Events after the reporting period that provide additional information about the company's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the end of reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

3. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or where appropriate, a shorter year.

MAURIGO PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.1. Financial Assets

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the financial instruments.

a) Classification of financial assets

Financial assets are classified, at initial recognition, as either measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets, at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party if the trade receivables do not contain a significant financing component at initial recognition.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchase or sales of financial assets that required delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Company commit to purchase or sell the asset.

For purpose of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost.
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss

MAURIGO PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. FINANCIAL INSTRUMENTS

3.1. Financial Assets – cont'd

b) Financial assets at amortised cost

The company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- The asset is held within a business model with the objective of collecting the contractual cash flows; and
- The contractual terms give rise on specified dates to cash flows that solely payments of principal and interest on the principal outstanding.

Financial assets at amortised cost include trade receivables, and other financial assets that held with the objective of collecting contractual cash flows. After initial measurement at fair value, the financial assets are measured at amortised cost using the effective interest rate (EIR) method, less impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in other income.

The Company has balances of trade receivables and cash and cash equivalents that are held within a business model, whose objective is collecting contractual cash flows. Trade receivables and cash and cash equivalents were classified as loans and receivables under FRS 39 are classified as financial assets at amortised cost under FRS 109.

i) Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequent measured at amortised cost using the effective interest rate method, less all allowances for impairment.

ii) Cash and cash equivalents

Cash and cash equivalents comprises the total amount of money held at the bank by the Company.

Other than financial assets at amortised cost, the company does not designate any financial assets under any other category under FRS 109.

c) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortised cost and FVOCI. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

MAURIGO PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.1. Financial Assets – cont'd

c) Impairment of financial assets – cont'd

ECLs are recognised in two stages:-

- i) For credit exposures for which there has not been a significant increase in credit risk since initial recognition. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 months ECL).
- ii) For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and other receivables and contract assets, the Company measures the loss allowance at an amount equal to the lifetime expected credit losses. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days due. However, in certain cases, the Company also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancement held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

d) Derecognition of financial assets

A financial asset is primary derecognised when:

- i) the rights to receive cash flows from the asset have expired or,
- ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

MAURIGO PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.1. Financial Assets – cont'd

d) Derecognition of financial assets – cont'd

Continuing involvement that takes form of guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

3.2. Equity and Financial Liabilities

Equity instruments issued by the company and financial liabilities are classified accordingly to the substance of the contractual arrangements entered into and the definitions of an equity instrument and a financial liability.

a) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue cost.

Ordinary share capital is classified as equity.

b) Financial liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the company becomes a party to the contractual provisions of the financial instruments. The company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Financial liabilities carried at amortised cost

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Financial liabilities at amortised cost are classified within "trade and other payables" and "borrowings" on the statement of financial position.

i) Trade and other payables

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

MAURIGO PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.2. Equity and Financial Liabilities – cont'd

c) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the carrying amounts is recognised in the profit and loss.

3.3. Offsetting Financial Instruments

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

4. CRITICAL JUDGEMENTS, ASSUMPTIONS AND KEY SOURCE OF ESTIMATION UNCERTAINTY

4.1 Critical judgement in applying the company's accounting policies

In the application of the company's accounting policies, which are described in Note 2 to the financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Income taxes

Significant judgement is required in determining the deductibility of certain expenses during the estimation of the provision for income taxes. 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 of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

MAURIGO PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

4. CRITICAL JUDGEMENTS, ASSUMPTIONS AND KEY SOURCE OF ESTIMATION UNCERTAINTY – cont'd

4.1 Critical judgement in applying the company's accounting policies – cont'd

(b) Determination of functional currency

The company measures foreign currency transactions in the functional currency of the company. In determining the functional currencies of the company, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currency is determined based on management's assessment of the economic environment in which the entity operates and the entity's process of determining sales prices.

4.2 Key Sources of Estimation Uncertainties

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

(a) Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

(b) Provision

Provisions are recognised in accordance with the accounting policy in Note 2.10. To determine whether it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made, the company takes into consideration factors such as the existence of legal/contractual agreements, past historical experience, external advisors' assessments and other available information.

MAURIGO PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS MANAGEMENT AND CAPITAL MANAGEMENT

5.1 Categories of Financial Assets and Liabilities

The carrying amount of financial assets and financial liabilities included in the statement of financial position, the categories and the headings in which they are included are as follows:

	<u>2019</u> US\$	<u>2018</u> US\$
Financial assets		
<u>Fair value through profit or loss</u>		
- Derivative financial instruments	-	73,500
<u>At amortised costs:</u>		
- Trade receivables	603,750	648,714
- Other current assets	-	961,915
- Cash and cash equivalents	55,426	71,727
	<u>659,176</u>	<u>1,755,856</u>
Financial liabilities		
<u>Fair value through profit or loss</u>		
- Derivative financial instruments	-	43,000
<u>At amortised costs:</u>		
- Trade and other payables	5,000	1,692,793
	<u>5,000</u>	<u>1,735,793</u>

Further quantitative disclosures are included throughout these financial statements.

5.2 Financial Risk Management Policies and Objectives

The Company's overall risk management policy seeks to minimise potential adverse effects on the financial performance of the company. The company, however, does not have any written risk management policies and guidelines. The management meet periodically to analyse, formulate and monitor the following risk management of the company and believe that the financial risks associated with these financial instruments are minimal. The Company adopt systematic approach towards risk assessment and management. This is carried out in three phases, i.e. identification and assessment of risks, formulation and implementation of risk treatment, and monitoring and reporting of risk profile.

There has been no change to the company's exposure to the financial risks or the manner in which it manages and measures the risk.

(a) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The company's exposure to credit risk arises primarily from loan to subsidiary, trade receivables and cash and cash equivalents. The company transacts only with recognised and creditworthy counterparties. The Company place its cash deposits with reputable banks and financial institutions.

MAURIGO PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS MANAGEMENT AND CAPITAL MANAGEMENT

5.2 Financial Risk Management Policies and Objectives – cont'd

(a) Credit risk – cont'd

The company considers the probability of default upon initial recognition of asset and at each reporting date, assesses whether there has been a significant increase in credit risk since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

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

- a) credit rating information supplied by publicly available financial information;
- b) existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations and
- c) significant changes in the expected performance and behaviour 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 the counterparty is more than 30 days past due in making contractual payment.

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

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

Low credit risk

The company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date.

A financial asset is considered to have low credit risk if:

- The financial instrument has a low risk of default;
- The counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations.

MAURIGO PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS MANAGEMENT AND CAPITAL MANAGEMENT

5.2 Financial Risk Management Policies and Objectives – cont'd

(a) Credit risk – cont'd

Credit impaired

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

- significant financial difficulty of the counterparty;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the company on terms that the company would not consider otherwise;
- it is probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Default event

The Company considers a financial asset in default when the counterparty fails to make contractual payments, within 90 days when they fall due, unless the company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

In certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the counterparty is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held).

Write-off

The Company categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 365 days past due.

Financial assets are written off (either partially or in full) to the extent that there is no reasonable expectation of recovery. However, financial assets that are written off could still be subject to enforcement activities to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

MAURIGO PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS MANAGEMENT AND CAPITAL MANAGEMENT

5.2 Financial Risk Management Policies and Objectives – cont'd

(a) Credit risk – cont'd

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

Category	Definition of category	Basis for recognising expected credit loss provision (ECL)	Basis for calculating interest revenue
Grade I (Performing)	Customers have a low risk of default and a strong capacity to meet contractual cash flows.	12 month expected credit losses.	Gross carrying amount.
Grade II (Under performing)	Loans for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due.	Lifetime expected credit losses.	Gross carrying amount.
Gross III (Default)	Interest and/or principal repayments are 90 days past due.	Lifetime expected credit losses.	Amortised cost of carrying amount (net of credit allowance)
Write-off	Interest and/or principal is more than 365 days past due or there is evidence indicating the counterparty is in severe financial difficulty and there is no reasonable expectation of recovery	Amount is written off	Amount is written off

There are no significant changes to estimation techniques or assumptions made during the reporting period.

The following are quantitative and qualitative information about amounts arising from expected credit losses for loan to related party and third party and cash and cash equivalents.

- Impairment on trade receivables – The Company assessed on 1 April 2018, the credit risk of trade receivables and decide that it is unfit to provide expected credit loss because the debt not yet past due. Therefore, it is concluded that there has been no change in the credit risk since the last assessment on 1 April 2018.

Trade receivables are considered to be a low credit risk and credit risk for these assets has not increased significantly since their initial recognition. Accordingly, the Company measured the impairment loss allowance using lifetime ECL and determined that the ECL is insignificant.

MAURIGO PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS MANAGEMENT AND CAPITAL MANAGEMENT – cont'd

5.2 Financial Risk Management Policies and Objectives – cont'd

(a) Credit risk – cont'd

Concentration of credit risk

At the reporting date, the company's concentration of credit risk is with 1 counter party (2018: 2) amounting to **US\$603,750** (2018: US\$605,714).

Financial assets that are neither past due nor impaired

Cash and cash equivalents that are neither past due or impaired are mainly deposits with banks with high credit ratings assigned by international credit-rating agencies.

Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

(b) Interest rate risk

Interest rate risk arises from the potential change in interest rate that may have an adverse effect on the company's results in the current reporting year and in future years. Interest rate risk is the risk that the fair value or future cash flows of the company's financial instruments will fluctuate because of changes in market interest rate.

The company has cash and cash equivalents that are non-interest bearing and therefore has no exposure to cash flow interest rate risk.

No interest rate sensitivity analysis is disclosed as the company's exposure to interest rate risk is not expected to be material.

(c) Foreign exchange risk

Foreign currency exchange rate risk arose from the change in foreign currency exchange rates that may have an adverse effect on the company in the current reporting year and in the future years.

The company transacts almost entirely in United States dollar.

Therefore, the company's exposure to foreign currency exchange rate risk is minimal and hence no sensitivity analysis has been prepared.

MAURIGO PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT – cont'd

5.2 Financial Risks Management Policies and Objectives - cont'd

(d) Liquidity risk

Liquidity risk refer to risk that the company will not have sufficient funds to pay its debts as and when they fall due.

In the management of the liquidity risk, the company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the company's operations and mitigate the effects of fluctuations in cash flows.

The following table summarises the company's remaining contractual maturity for its non-derivative financial instruments at the end of the reporting period based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the company is expected to receive or pay.

2019	Effective interest rate (%)	Carrying amount US\$	Contractual undiscounted cash flows		
			Within 1 year or repayable on demand US\$	Within 2 to 5 years US\$	Total US\$
Financial liabilities					
Non-derivative financial liabilities at amortised cost:					
- Trade and other payables	-	5,000	5,000	-	5,000
Financial liabilities					
Non-derivative financial liabilities at amortised cost:					
- Trade and other payables	-	1,692,793	1,692,793	-	1,692,793
Derivative financial liabilities:					
- Derivative financial instruments	-	43,000	43,000	-	43,000

2018	Effective interest rate (%)	Carrying amount US\$	Contractual undiscounted cash flows		
			Within 1 year or repayable on demand US\$	Within 2 to 5 years US\$	Total US\$
Financial liabilities					
Non-derivative financial liabilities at amortised cost:					
- Trade and other payables	-	1,692,793	1,692,793	-	1,692,793
Derivative financial liabilities:					
- Derivative financial instruments	-	43,000	43,000	-	43,000

MAURIGO PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT – cont’d

5.2. Financial Risks Management Policies and Objectives - cont’d

(e) Fair value of financial assets and financial liabilities

i) Estimation of fair values

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm’s length transaction, other than in a forced or liquidation sale. Fair values are obtained through discounted cash flow models and option pricing models as appropriate.

Management considers that the carrying amounts of trade receivables, cash and cash equivalents, trade and other payables and long-term borrowings that are repriced to market rate, recorded at amortised cost in these financial statements approximate their fair values.

ii) Fair value measurement

The company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (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).

Cash-settled commodity contracts (“cash-settled contracts”), which include commodity futures, over-the-counter derivatives, and commodity forward agreements. In rare circumstances the company may deliver physical commodities to settle these contracts.

Financial assets / Financial liabilities	Fair Value (US\$)				Fair Value Hierarchy	Valuation technique(s) and key input(s)
	2019		2018			
	Assets	Liabilities	Assets	Liabilities		
Derivative financial instruments						
Commodities forward agreements	-	-	116,500	43,000	Level 3	Forward price curve Premium for quality and location Discount for quality and location

MAURIGO PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT – cont'd

5.3 Capital Risk Management Policies and Objectives

The company manages its capital to ensure that the company is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholder value.

In order to maintain or adjust the capital structure, the company may adjust the dividend payment to equity holders, issue new shares, return capital to the equity holders, obtain new borrowings or redemption of borrowings.

The company monitors capital using gearing ratio, which is net debt divided by total capital. Net debt is calculated as trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt. The company's overall strategy remains unchanged during the year.

	<u>2019</u> <u>US\$</u>	<u>2018</u> <u>US\$</u>
Trade and other payables	5,000	1,692,793
Less: Cash and cash equivalents	<u>(55,426)</u>	<u>(71,727)</u>
Net debt	<u>(50,426)</u>	1,621,066
Total equity	<u>4,341,329</u>	<u>3,750,216</u>
Total capital	<u><u>4,290,903</u></u>	<u><u>5,371,282</u></u>
Gearing ratio	<u><u>N.M</u></u>	<u><u>30%</u></u>

N.M: Not meaningful

The company is not subject to externally imposed capital requirements.

The company will continue to monitor economic conditions in which its operates and will make adjustments to its capital structure where necessary.

6. HOLDING COMPANY TRANSACTIONS

The company is a wholly owned subsidiary of Gokul Agro Resources Limited, incorporated in India.

In previous year, the company acquired a subsidiary, Riya International Pte. Ltd., a company incorporated in Singapore.

Some of the company's transactions and arrangements are between members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements.

MAURIGO PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

6. HOLDING COMPANY TRANSACTIONS – cont'd

During the year the company has following transactions with holding company and subsidiary:

(a) Transactions with holding company

	<u>2019</u> US\$	<u>2018</u> US\$
Sales	-	684,979
Purchases	774,232	6,302,992

(b) Transactions with subsidiary

	<u>01 Apr 2018</u> to <u>31 Mar 2019</u> US\$	<u>10 Apr 2017</u> to <u>31 Mar 2018</u> US\$
Sales	16,076,829	16,527,071
Document by pass – sales	-	55,212
Document by pass – purchases	-	4,498

7. INVESTMENT IN SUBSIDIARY

	<u>2019</u> US\$	<u>2018</u> US\$
Unquoted equity shares at cost	3,687,153	3,687,153

<u>Name of subsidiary</u>	<u>Place of business and country of incorporation</u>	<u>Principal activity</u>	<u>Proportion of ownership interest</u>		<u>Proportion of voting power held</u>	
			<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
			%	%	%	%
Riya International Pte Ltd	Singapore	Imports and exports	100	100	100	100

Riya International Pte. Ltd. is audited by Prudential Public Accounting Corporation.

(a) Impairment test

As at the end of the reporting period, the Company carried out a review on the recoverable amount of its investment in subsidiary. The review revealed no impairment in value required during the financial year. The recoverable amount of the relevant investment in subsidiary has been determined on the basis of their net assets values at the end of the reporting period as in the opinion of the management of the Group, the net assets values of this subsidiary reasonably approximate the fair values less costs to sell.

MAURIGO PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

7. INVESTMENT IN SUBSIDIARY – cont'd

(b) Others

One set of consolidated financial statements of the company and its subsidiaries is not prepared as the company itself is a wholly-owned subsidiary of another corporation, which prepares consolidated financial statements available for public use. The registered office of the ultimate holding company, Gokul Agro Resources Limited preparing the consolidated financial statements, is B-402, Shapath Hexa, Near Ganesh Maridiyan, Opp. Gujarat High Court, Sola, Ahmedabad 380060, Gujarat, India.

8. TRADE RECEIVABLES

	<u>2019</u> US\$	<u>2018</u> US\$
Trade receivables	<u>603,750</u>	<u>648,714</u>

Trade receivables are unsecured, non-interest bearing and are generally on 30 to 60 days' (2018: 30 to 60 days') credit terms. They are recognised at their original invoices amounts, which represent their fair value on recognition. The company does not hold any collateral over these balances as these receivables are mainly arising from customers that have a good payment record with the company. Based on the historical default rates the company believes the debts are collectible.

Analysis of trade receivables as at end of the reporting period is as follows:

	<u>2019</u> US\$	<u>2018</u> US\$
Neither past due nor impaired	603,750	199,194
<u>Past due but no impaired</u>		
Less than 30 days	-	-
31 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	-	449,520
	<u>603,750</u>	<u>648,714</u>

9. OTHER CURRENT ASSETS

	<u>2019</u> US\$	<u>2018</u> US\$
Brokers deposit	-	501
Deposits	-	1,414
Loan to subsidiary	-	960,000
	<u>-</u>	<u>961,915</u>

MAURIGO PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

9. OTHER CURRENT ASSETS – cont'd

Loan to subsidiary is unsecured, interest free and repayable within 6months of drawdown date. The loan was settled during the financial year.

Other current assets are denominated in the following currencies:

	<u>2019</u> US\$	<u>2018</u> US\$
United States dollar	-	960,000
Malaysia ringgit	-	501
Singapore dollar	-	1,414
	<hr/>	<hr/>
	-	961,915
	<hr/> <hr/>	<hr/> <hr/>

10. DERIVATIVE FINANCIAL INSTRUMENT

<u>31 Mar 2018</u>	<u>Contractual</u> <u>Notional value</u> US\$	<u>Fair value</u>	
		<u>Asset</u> US\$	<u>Liability</u> US\$
Commodities forward			
Sales	3,331,500	116,500	-
Purchases	3,258,000	-	43,000
		<hr/>	<hr/>
		116,500	43,000
		<hr/> <hr/>	<hr/> <hr/>

There was no open derivative financial instrument as at the end of the current financial year.

11. CASH AND CASH EQUIVALENTS

	<u>2019</u> US\$	<u>2018</u> US\$
Cash in hand	622	622
Cash at banks	54,804	71,105
	<hr/>	<hr/>
	55,426	71,727
	<hr/> <hr/>	<hr/> <hr/>

Cash and cash equivalents are denominated in the following currencies:

	<u>2019</u> US\$	<u>2018</u> US\$
United States dollar	40,152	61,249
Singapore dollar	15,274	10,478
	<hr/>	<hr/>
	55,426	71,727
	<hr/> <hr/>	<hr/> <hr/>

MAURIGO PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

12. SHARE CAPITAL

	<u>2019</u> <u>Number of ordinary shares</u>	<u>2018</u> <u>Number of ordinary shares</u>	<u>2019</u> <u>US\$</u>	<u>2018</u> <u>US\$</u>
Issued and fully paid:				
At beginning of year and at end of year	<u>2,760,295</u>	<u>2,760,295</u>	<u>2,000,001</u>	<u>2,000,001</u>

The fully paid ordinary shares which have no par value, carry one vote per share and a right to dividend as and when declared by the company.

13. TRADE AND OTHER PAYABLES

	<u>2019</u> <u>US\$</u>	<u>2018</u> <u>US\$</u>
Trade payables – holding company	-	1,663,548
Trade payables – third parties	-	22,245
	<u>-</u>	<u>1,685,793</u>
Accruals	<u>5,000</u>	<u>7,000</u>
	<u>5,000</u>	<u>1,692,793</u>

Trade and other payables are non-interest bearing and normally settled on 60 days (2018: 60 days). Trade payables and accruals comprise amounts outstanding for trade purchases and ongoing costs.

14. REVENUE

Revenue represents invoiced value of goods sold and delivered excluding goods and service tax and income from washout transactions.

15. OTHER INCOME

	<u>2019</u> <u>US\$</u>	<u>2018</u> <u>US\$</u>
Foreign currency exchange gain	21	321
Hedging income	-	58,681
	<u>21</u>	<u>59,002</u>

16. INCOME TAX (BENEFIT)/EXPENSE

	<u>2019</u> <u>US\$</u>	<u>2018</u> <u>US\$</u>
Current year's income tax -	-	-
Under provision of tax in prior year	-	4,060
Income tax refund	<u>(4,314)</u>	<u>-</u>
	<u>(4,314)</u>	<u>4,060</u>

MAURIGO PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

16. INCOME TAX (BENEFIT)/EXPENSE – CONT'D

Reconciliation between the tax (benefit)/expense and the product of accounting profit multiplied by the applicable tax rate is as follows:

	<u>2019</u> US\$	<u>2018</u> US\$
Profit before income tax	<u>586,799</u>	<u>47,756</u>
Income tax expense at statutory rate at 17% (2018: 17%)	99,756	8,119
Effect of:		
- Non-deductible expenses	-	1,207
- Utilisation of tax losses	<u>(99,756)</u>	<u>(9,326)</u>
Current year's income tax	-	-
Under provision in prior year	-	4,060
Income tax refund	<u>(4,314)</u>	<u>-</u>
	<u>(4,314)</u>	<u>4,060</u>

Movement of income tax payables

	<u>2019</u> US\$	<u>2018</u> US\$
At beginning of year	-	-
Under provision in prior year	-	4,060
Income tax paid	<u>-</u>	<u>(4,060)</u>
At end of year	<u>-</u>	<u>-</u>

At the end of the reporting period, the company has unutilised tax losses amounting to **US\$561,783** (2018: US\$1,148,582) available to offset against future taxable income. Tax losses not recognised as deferred tax asset as the company's management is of the opinion there may be insufficient future taxable income for the tax losses carry forward to be set-off.

The realisation of the future income tax benefits from unutilised trade loss are available for unlimited future year subject to the conditions imposed by law including the retention of majority shareholders as defined.

17. EVENTS AFTER REPORTING PERIOD

No items, transactions or events of material and unusual nature have arisen in the interval between the end of the financial period and the date of authorisation for the issue of the financial statements which are likely to affect substantially the results of operations of the company for the succeeding financial year.

MAURIGO PTE. LTD.

DETAILED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 MARCH 2019

	<u>2019</u> US\$	<u>2018</u> US\$
Revenue	17,583,212	28,907,188
Less: Cost of sales		
Purchases	(16,906,705)	(27,686,238)
Contract settlement loss	(73,500)	-
Freight expenses	-	(1,087,582)
Quality deduction	-	(259)
Total cost of sales	(16,980,205)	(28,774,079)
Gross profit	603,007	133,109
Add: Other income		
Foreign currency exchange gain	21	321
Hedging income	-	58,681
	21	59,002
	603,028	192,111
Less: Operating expenses		
Administrative expenses		
Audit fees	(4,000)	(6,000)
Bank charges	(8,418)	(26,903)
Brokerage expenses	(1,500)	-
Commission	-	(62,787)
General expenses	(941)	(691)
Inspection charges	-	(21,000)
Penalty	-	(7,099)
Printing and stationary	(300)	-
Professional fees	-	(7,950)
Rental expenses	-	(10,855)
Secretarial fee	(70)	(70)
Tax fee	(1,000)	(1,000)
	(16,229)	(144,355)
Profit before income tax	586,799	47,756

The schedule does not form part of the statutory financial statements.