

RIYA INTERNATIONAL PTE. LTD.

(Registration Number: 201525423R)

**DIRECTORS' STATEMENT AND
AUDITED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2020

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

RIYA INTERNATIONAL PTE. LTD.

(Registration Number: 201525423R)

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

RIYA INTERNATIONAL PTE. LTD.

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FOR THE YEAR ENDED 31 MARCH 2020

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RIYA INTERNATIONAL PTE. LTD.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited financial statements of **RIYA INTERNATIONAL PTE. LTD.** (the "company") for the financial year ended 31 March 2020.

1. **OPINION OF THE DIRECTORS**

- (a) the financial statements of the company are drawn up so as to give a true and fair view of the financial position of the company as at 31 March 2020, and of the financial performance, changes in equity and cash flows of the company for the financial year ended 31 March 2020; 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. **DIRECTORS**

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

Modi Shirishkumar Jagdishbhai
Thakkar Jayesh Kanubhai

3. **ARRANGEMENTS TO ENABLE DIRECTORS 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 directors to acquire benefits by means of acquisition of shares or debentures in the company or any other body corporate.

4. **DIRECTORS' INTERESTS IN SHARES OR DEBENTURES**

The directors 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 directors' shareholdings required to be kept by the company under Section 164 of the Singapore Companies Act, Chapter 50.

RIYA INTERNATIONAL PTE. LTD.

DIRECTORS' 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.

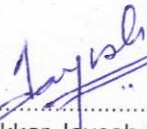
6. INDEPENDENT AUDITOR

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

On behalf of the Directors



.....
Modi Shirishkumar Jagdishbhai
Director



.....
Thakkar Jayesh Kanubhai
Director

Date: 22 May 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF RIYA INTERNATIONAL PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **RIYA INTERNATIONAL PTE. LTD.** (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2020, 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 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 2020 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

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

Other Information

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

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.

...2/-



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF RIYA INTERNATIONAL PTE. LTD. – cont'd

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level 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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
RIYA INTERNATIONAL 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 directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory 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 PAC

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

Date: 22 May 2020



RIYA INTERNATIONAL PTE. LTD.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	<u>Note</u>	<u>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>
ASSETS			
Non-current assets			
Property, plant and equipment	(7)	41,330	19,675
Total non-current assets		41,330	19,675
Current assets:			
Trade and other receivables	(8)	10,917,960	2,805,428
Other current assets	(9)	2,348,225	1,072,903
Derivative financial instruments	(10)	9,658	295,000
Cash and cash equivalents	(11)	12,039,722	1,919,049
Total current assets		25,315,565	6,092,380
Total assets		25,356,895	6,112,055
EQUITY AND LIABILITIES			
Equity			
Share capital	(12)	3,550,000	3,100,000
Retained earnings		1,703,430	1,173,195
Total equity		5,253,430	4,273,195
Current liabilities:			
Trade and other payables	(13)	14,895,184	1,386,981
Borrowings	(14)	5,051,617	-
Lease liabilities	(15)	27,466	-
Derivative financial instruments	(10)	49,198	416,879
Income tax payable	(20)	80,000	35,000
Total current liabilities		20,103,465	1,838,860
Total equity and liabilities		25,356,895	6,112,055

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

RIYA INTERNATIONAL PTE. LTD.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	<u>Note</u>	<u>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>
Revenue	(16)	186,552,564	119,491,319
Cost of sales		<u>(184,171,808)</u>	<u>(118,251,291)</u>
Gross profit		2,380,756	1,240,028
Other income	(17)	165,499	3,977
Administrative expenses		(1,675,724)	(880,752)
Finance cost	(18)	(199,338)	(10,750)
Other expenses		<u>(74,952)</u>	<u>(91,899)</u>
Profit before income tax		596,241	260,604
Income tax expense	(19)	<u>(66,006)</u>	<u>(27,596)</u>
Profit for the year	(20)	530,235	233,008
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>530,235</u>	<u>233,008</u>

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

RIYA INTERNATIONAL PTE. LTD.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	<u>Note</u>	<u>Share capital US\$</u>	<u>Retained earnings US\$</u>	<u>Total US\$</u>
Balance as at 1 April 2018		3,100,000	940,187	4,040,187
Total comprehensive income for the year		-	233,008	233,008
Balance as at 31 March 2019		3,100,000	1,173,195	4,273,195
Issue of new shares	(12)	450,000	-	450,000
Total comprehensive income for the year		-	530,235	530,235
Balance as at 31 March 2020		<u>3,550,000</u>	<u>1,703,430</u>	<u>5,253,430</u>

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

RIYA INTERNATIONAL PTE. LTD.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	<u>2020</u> US\$	<u>2019</u> US\$
Cash flows from operating activities:		
Profit before income tax	596,241	260,604
Adjustment for:		
Depreciation on plant and equipment	56,792	6,839
Foreign currency exchange adjustment gain	(2,084)	-
Fair value changes on derivative	(82,339)	339,758
Interest income	(163,871)	-
Interest expenses	199,338	10,750
	604,077	617,951
Operating profit before working capital changes	604,077	617,951
Trade and other receivables	(8,112,532)	4,120,095
Other current assets	(1,275,322)	3,042,898
Trade and other payables	13,508,203	(5,133,428)
	4,724,426	2,647,516
Cash from operations	4,724,426	2,647,516
Income tax paid	(21,006)	(27,596)
	4,703,420	2,619,920
Net cash from operating activities	4,703,420	2,619,920
Investing activities:		
Acquisition of plant and equipment	(391)	(1,063)
Interest received	163,871	-
	163,480	(1,063)
Net cash from/(used in) investing activities	163,480	(1,063)
Financing activities:		
Proceeds from issue of shares	450,000	-
Interest paid	(199,338)	(10,750)
Fixed deposits, restricted	(10,000,000)	-
Borrowings		
- Proceeds	40,133,210	-
- Repayment	(35,081,593)	-
Repayment of finance lease	(48,506)	-
Repayment to immediate holding company	-	(960,000)
	(4,746,227)	(970,750)
Net cash used in financing activities	(4,746,227)	(970,750)
Net increase in cash and bank balances	120,673	1,648,107
Cash and bank balances at beginning of year	1,919,049	270,942
Cash and bank balances at end of year	2,039,722	1,919,049

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

RIYA INTERNATIONAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2020

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

1. GENERAL

Riya International Pte. Ltd. (the “company”) (Registration number: 201525423R) 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 Road, #12-02
Paya Lebar Square
Singapore 409051

The principal activities of the company are those of general wholesale imports and exports of agricultural products.

The financial statements of the company for the financial year ended 31 March 2020 were authorised for issue by the Board of Directors on 30 April 2020.

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.

RIYA INTERNATIONAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.2 Changes in Accounting Policies

a) Adoption of new 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 effective for annual periods beginning on or after 1 April 2019. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the company’s accounting policies and has no material effect on the financial statements, except as discussed below:

(i) FRS 116 Leases

FRS 116 replaces FRS 17 Leases, INT FRS 104 Determining whether an Arrangement Contains a Lease, INT FRS – 15 Operating Leases – Incentives and INT FRS – 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

FRS 116 requires a lessee to recognise leases on the statement of financial position but provides exemptions for leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (“lease liability”) and an asset representing the right to use the underlying asset during the lease term (“right-of-use asset”). The lessee will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The main effect of the implementation of the standard is the removal of the existing requirement of lessees to classify a lease as an operating (off-balance sheet) or a financial lease and to present a uniform model for lessees for the accounting treatment of all leases in a manner similar to that of financial leases in accordance with the previous standard. Until the date of implementation of the standard, the company classified most of the leases in which it is the lessee as operating leases, as it did not bear substantially all the risks and rewards of the assets.

The company has adopted this standard using the modified retrospective approach at the date of initial application, 1 April 2019. The company, as a lessee of office premises, has chosen on a lease-by-lease basis, to measure the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid lease payments relating to that lease recognised in the statement of financial position immediately before 1 April 2019.

In addition, the company elected the following practical expedients:

- not to reassess whether a contract is, or contains, a lease at the date of initial application and to apply this standard to all contracts that were previously identified as leases;
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months from 1 April 2019 and for leases of low-value assets; and
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

RIYA INTERNATIONAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.2 Changes in Accounting Policies – cont'd

a) Adoption of new revised FRSs and INT FRSs – cont'd

(i) FRS 116 Leases – cont'd

Accordingly, for leases of directors' and staff accommodation spaces previously classified as operating leases, the company recognised the right-of-uses assets of **US\$78,056** classified as right-of-use assets, and total lease liabilities of **US\$78,056**. No changes were made to the opening retained earnings on 1 April 2019.

(ii) INT FRS 123, Uncertainty over Income Tax Treatments

The Interpretation clarifies how to apply the recognition and measurement requirements of FRS 123 when there is uncertainty over income tax treatments. In accordance with the interpretation, in determining taxable income (loss) for tax purposes, tax bases, unused tax losses, unused tax credits and tax rates in the event of uncertainty, the entity should assess whether it is probable that the tax authority will accept the tax treatment it has taken. If it is probable that the tax authority will accept the tax position adopted by the entity, the entity shall recognise tax implications on the financial statements in accordance with the same tax position. On the other hand, if it is not probable that the tax position taken, the entity needs to reflect the uncertainty in the books by using one of the following methods: the most likely outcome or the expected value. The interpretation clarifies that when determining whether it is probable or not probable that the tax authority will accept the tax position adopted by the entity, it should be assumed that the tax authority will review the amounts to which it has a right and that it will have full knowledge of all relevant information in this examination. In addition, in accordance with the interpretation, changes in circumstances or new information which may change this judgement should be taken into account.

The implementation of the Interpretation did not have a material effect on the Financial Statements.

b) Standards issued but not yet effective

As at the date of the authorisation of these financial statements, the Company has not adopted the following FRSs and INT FRSs that have been issued but not yet effective:

<u>Reference</u>	<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
FRS 1 and FRS 8	Definition of Material (Amendments)	1 January 2020
FRS 103	Definition of a Business (Amendments)	1 January 2020
FRS 109, FRS 39 and FRS 107	Amendments to FRS 109, FRS 39 and FRS 107 – Interest Rate Benchmark Reform	1 January 2020

RIYA INTERNATIONAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.2 Changes in Accounting Policies – cont'd

b) Standards issued but not yet effective – cont'd

<u>Reference</u>	<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
FRS 117	Insurance Contracts	1 January 2021
Various	Amendments to Reference to the Conceptual Framework in FRS Standards	1 January 2020

The company expect that the adoption of the above standards, interpretations and improvements, if applicable, will have no material impact on the financial statements in the period of initial application, except as described below:

i) FRS 1, Presentation of Financial Statements and FRS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material (Amendments)

The amendments refine the definition of material in FRS 1 and align the definitions used in Conceptual Framework for Financial Reporting and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

An entity applies those amendments prospectively for annual reporting periods beginning on or after 1 January 2020, with earlier application permitted. The company does not expect any significant impact of adopting these amendments.

ii) FRS 103: Definition of a Business (Amendments)

The amendments to FRS 103 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

An entity applies those amendments prospectively for annual reporting periods beginning on or after 1 January 2020, with earlier application permitted.

These amendments will apply on future business combinations of the Company.

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.

RIYA INTERNATIONAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.3 Functional and Foreign currency

(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 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.

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.

2.5 Property, plant and equipment

a) Measurement

Property, plant and equipment are initially stated at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

RIYA INTERNATIONAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.5 Plant and equipment – cont'd

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.

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentive received.

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

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>
Computers	3
Furniture and fittings	5
Right-of-use assets	3

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 property, plant and equipment. Furniture and fittings includes artwork which mainly consists of canvas painting. Artwork is not depreciated and is stated at cost.

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.

RIYA INTERNATIONAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.5 Plant and equipment – cont'd

e) Disposal

On disposal of an item of property, 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.

2.6 Government Grants

Government grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. Government grants whose primary condition is that the company should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable.

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.

a) Sale of goods

Revenue from sale of palm oil, soya bean oil and soya bean meal are recognized when the company transfers control of the product. Control of the product transfers upon shipment of the product to the customer or when the product is made available to the customer, provided transfer of title to the customer occurs and the company has not retained any significant risks of ownership or future obligations with respect to the product shipped.

The transaction price is documented on the sales invoice and agreed to by the customer. Payment is generally due at the time of delivery, as such a receivable is recognized as the consideration is unconditional and only the passage of time is required before payment is due.

RIYA INTERNATIONAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.7 Revenue Recognition – cont'd

b) Interest income

Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

c) Government grants

Cash grants received from government are recognised as income upon receipt

2.8 Employee benefits

a) Defined Contribution Plan

Payments to defined contribution plans (including state - managed retirement benefit schemes such as Singapore Central Provident Fund) are charged as an expense as they fall due.

b) Employee Leave Entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. No provision is made for the estimated liability for annual leave as it is the company's policy to forfeit all unutilised annual leave as at the end of reporting period.

2.9 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.

RIYA INTERNATIONAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.9 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.

2.10 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.

RIYA INTERNATIONAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.10 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.

2.11 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.

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.

RIYA INTERNATIONAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.12 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.

2.13 Leases

a) Policy applicable before 1 April 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantial all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The company as lessee

Assets held under finance leases are recognised as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between financial charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

RIYA INTERNATIONAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.13 Leases – cont'd

a) Policy applicable before 1 April 2019 – cont'd

The company as lessee – cont'd

In the event that lease incentives are received to enter into operating lease, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

b) Policy applicable from 1 April 2019

The company as lessee

The company assesses whether a contract is or contains a lease, at inception of the contract. The company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

RIYA INTERNATIONAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.13 Leases – cont'd

b) Policy applicable from 1 April 2019 – cont'd

The company as lessee – cont'd

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The company measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change in due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Wherever the company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under FRS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfer ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

RIYA INTERNATIONAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.13 Leases – cont'd

b) Policy applicable from 1 April 2019 – cont'd

The company as lessee – cont'd

The right-of-use assets are presented as a separate line in the statement of financial position.

The company applies FRS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.5 to the financial statements.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other operating expenses' in the statement of profit or loss.

As a practical expedient, FRS 116 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The company has used this practical expedient.

2.14 Borrowing Costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalised if they are directly attributable to the acquisition, of a qualifying asset. Capitalisation of borrowing cost commences, when the activities to prepare the asset for its intended use and expenditure and borrowing costs are being incurred. Borrowings costs are capitalised until the assets are ready for their intended use.

2.15 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.

RIYA INTERNATIONAL 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

RIYA INTERNATIONAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

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 and other 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 and other receivables and cash and cash equivalents that are held within a business model, whose objective is collecting contractual cash flows. Trade and other 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 and other receivables

Trade and other 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. An allowance for impairment of other receivables is made on the expected credit loss, which are the present value of the cash short falls over the expected life of the other receivables.

ii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances, and fixed deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

c) Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss.

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

RIYA INTERNATIONAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.1 Financial Assets – cont'd

c) Financial assets at fair value through profit or loss – cont'd

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in the profit and loss account.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The changes in fair value of any derivative instrument that do not qualify for hedge accounting are recognised directly in the profit and loss statement.

Other than financial assets at amortised cost and financial assets at fair value through profit or loss, the company does not designate any financial assets under any other category under FRS 109.

d) 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.

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.

RIYA INTERNATIONAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.1 Financial Assets – cont'd

e) 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.

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 the Company becomes a party to the contractual provision for the financial instrument. The measurement of financial liabilities depends on their classification as either financial liabilities “at fair value through profit or loss” or “other financial liabilities at amortised costs”.

RIYA INTERNATIONAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.2 Equity and Financial Liabilities – cont'd

b) Financial liabilities – cont'd

i) 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.

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.

Borrowings

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

Borrowings which are due to be settled within twelve months after the end of the reporting period are included in current borrowings in the statement of financial position. Other loans due to be settled more than twelve months after the end of the reporting period are included in non-current liabilities in the statement of financial position.

ii) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in the profit and loss account.

Derivative Financial Instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The changes in fair value of any derivative instrument that do not qualify for hedge accounting are recognised directly in the profit and loss statement.

The Company uses derivative financial instruments to mitigate against risks associated with commodity price fluctuations. It is the Company's policy not to use derivative financial instruments for speculative purposes.

RIYA INTERNATIONAL 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.

RIYA INTERNATIONAL 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.

(c) Revenue – gross presentation

For the sale of palm oil, soya bean oil and soya bean meal, the company assesses its sales arrangements to determine if it acts as a principal or an agent. In determining whether the company acts as a principal, the company considers factors such as if the company has primary responsibility for providing the goods or services to the customer, bears inventory risks before or after the customer order during shipping or on return, has latitude in establishing prices either directly or indirectly, and bears the customer's credit risks for the amount receivable from the customers.

The company has determined, based on an evaluation of the terms and conditions of the sales arrangements, that the company acts as a principal and so accounts the revenue as gross presentation in the statement of profit or loss and other comprehensive income. The company's revenue from the sale of commodity products is disclosed in Note 16 to the financial statements.

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.

RIYA INTERNATIONAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

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

4.2 Key Sources of Estimation Uncertainties – cont'd

(b) Impairment of property, plant and equipment

The company reviews the carrying amounts of the assets as at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount or value in use is estimated. Determining the value in use of property, plant and equipment, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposal of such assets, require the company to make estimates and assumptions that can materially affect the financial statements. Any resulting impairment loss could have a material adverse impact on the company's financial condition and results of operations.

(c) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives after taking into account the estimated residual value. The company reviews the estimated useful lives of the assets regularly based on the factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information in order to determine the amount of depreciation expense to be recorded during any reporting period. Changes in the expected level of use of the assets and the company's historical experience with similar assets after taking into account anticipated technological changes could impact the economic useful lives and the residual values of the assets, therefore future depreciation charges could be revised. Any changes in the economic useful lives could impact the depreciation charges and consequently affect the company's result.

(d) Determining the lease term

As explained in Note 2.13, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the company, the company evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the company to exercise the option, including favourable terms leasehold improvements undertaken and the importance of that underlying asset to the company's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the company's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years

(e) Estimation of incremental borrowing rate

The company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the company "would have paid", which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The company estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain lease period specific estimates.

RIYA INTERNATIONAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

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

4.2 Key Sources of Estimation Uncertainties – cont'd

(f) Provision

Provisions are recognised in accordance with the accounting policy in Note 2.11. 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.

(g) Contingent liabilities

Determination of the treatment of contingent liabilities in the financial statements is based on management's view of the expected outcome of the applicable contingency. To determine whether there is objective evidence of contingent liability, the management considers factors such as probability of occurrence or non-occurrence of uncertain future events and also consults a legal counsel of matters related to litigations.

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>2020</u> US\$	<u>2019</u> US\$
Financial assets		
<u>Fair value through profit or loss</u>		
- Derivative financial instruments	9,658	295,000
<u>At amortised costs:</u>		
- Trade and other receivables	10,917,960	2,805,428
- Other current assets	2,348,225	977,758
- Cash and cash equivalents	<u>12,039,722</u>	<u>1,919,049</u>
	<u>25,315,565</u>	<u>5,997,235</u>
Financial liabilities		
<u>Fair value through profit or loss:</u>		
- Derivative financial instrument	49,198	416,879
<u>At amortised costs:</u>		
- Borrowings	5,051,617	-
- Trade and other payables	<u>14,895,184</u>	<u>1,386,981</u>
	<u>19,995,999</u>	<u>1,803,860</u>

Further quantitative disclosures are included throughout these financial statements.

RIYA INTERNATIONAL 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

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 risk that counterparty will default on their obligations to repay amounts owing to the company resulting in a loss to the company. The carrying amount of cash and bank balances, trade and other receivables represents the company's maximum exposure to credit risk in relation to financial assets.

i) Trade and other receivables

Trade receivables

The company manages its exposure to credit risk arising from sales of palm oil, soya bean oil and soya bean meal to its ultimate holding company and external parties through credit evaluation, credit limits and debt monitoring procedures on an ongoing basis. Where appropriate, the company obtains advance payment or letters of credits for all customers including related parties. The management regularly reviews collectability and aging of the outstanding receivables and allowances for doubtful debts will be made if there are doubts over collectability.

The significant concentration of credit risk arose from a ultimate holding company which represents 56% (2019: 99%) of the total gross trade receivables of the company at the end of the reporting period. The company adopts a pro-active approach in its credit evaluation process, credit policies and credit control as well as collection procedures to manage risk arising from the concentration of its credit exposure.

The company applies the FRS 109 simplified approach in measuring expected credit loss using a life time expected credit loss provision for all trade receivables. The expected credit loss rates are based on the company's historical credit losses experienced over the twelve months period prior to the current period end. Management has assessed that there is no requirement for disclosure of provision matrix to calculate expected credit loss on the trade receivables as at end of the reporting date, as there is no probability of insolvency or significant financial difficulties of the debtor or significant delay in payments.

RIYA INTERNATIONAL 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

i) Trade and other receivables – cont'd

Other receivables

The concentrations of credit risk from other receivables arose from third parties. Ongoing credit evaluation is performed on the financial condition of the related parties, credit exposure is controlled by counterparty limits that are reviewed and approved by the management. Based on the past experience the management believes that no impairment of allowances is necessary in respect of amounts due from related parties due to good payment track record of its related parties.

ii) Cash and cash equivalents

The company's cash and cash equivalents as detailed in Note 11 to the financial statements, are held in major financial institutions which are regulated and located in Singapore, which the management believes are of high credit quality. The management does not expect any losses arising from non-performance by these counterparties. The main purpose of these financial instruments is to finance the company's operations. All financial transactions with the banks are governed by banking facilities duly accepted with Board of Directors' resolutions, with banking mandates, which define the permitted financial instruments and facilities limits, all of which are approved by the Board of Directors. All financial transactions require dual signatories.

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 therefore has insignificant exposure to cash flow interest rate risk. The company has trust receipt that are at variable rate and therefore is exposed to cash flow interest rate risk.

The company's exposure to interest rate on financial assets and financial liabilities are detailed in the liquidity management section of this note.

Interest rate sensitivity

A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

RIYA INTERNATIONAL 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

b) Interest rate risk – cont'd

Interest rate sensitivity – cont'd

If interest rate had been 50 basis points lower/higher and all other variables were held constant, the company's profit for the year ended 31 March 2020 would increase/decrease by **US\$9,756** (2019: US\$1,608). This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings.

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 period and in the future years.

The company transacts mainly in United States dollars. Foreign currency exchange rate exposures are naturally hedged as both trade payments and receipts are denominated in the above currencies. This natural hedge reduces significantly the financial impact of movements in the foreign exchange rates. Management believes that the foreign exchange rate risk is manageable. Hence, the company does not use derivative financial instruments to mitigate this risk.

The company's exposure to foreign currency exchange rate are as follows:

	Malaysia ringgit 2020 US\$	Malaysia ringgit 2019 US\$
Financial assets		
Other current assets	<u>2,024,319</u>	<u>141,286</u>
Net exposure	<u>2,024,319</u>	<u>141,286</u>

Sensitivity analysis

The analysis is prepared assuming the amount of liability outstanding at the end of reporting period was outstanding for the whole year. A 10% increase or decrease is used when reporting foreign exchange rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

A 10% strengthening of United States dollar against the following currencies would increase/(decrease) profit or loss by the amount shown below:

	<u>2020 US\$</u>	<u>2019 US\$</u>
MYR impact	<u>202,432</u>	<u>14,129</u>

A 10% weakening of United States dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

RIYA INTERNATIONAL 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

d) Commodity price risk

Commodity price risk arose from the change in commodity prices that may have an adverse effect on the company in the current reporting period and in the future years.

The Company uses commodity derivative instruments from time to time to manage exposure to price volatility on a portion of its palm oil and soya bean oil, and it also uses firm commitments for the purchase or sale of palm oil and soya bean oil. These contracts meet the definition of a derivative instrument and all derivative financial instruments are recognized at their current fair value as either assets or liabilities in the statement of financial position. All derivatives are measured at fair value through profit or loss.

No commodity price sensitivity analysis is prepared as effect of changes in commodity prices would be immaterial to the Company.

e) 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.

2020	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:					
- Borrowings		5,051,617	5,051,617	-	5,051,617
- Trade and other payables	-	14,895,184	14,895,184	-	14,895,184
		<u>19,946,801</u>	<u>19,946,801</u>	<u>-</u>	<u>19,946,801</u>
Derivative financial liabilities:					
- Derivative financial instruments	-	49,198	49,198	-	49,198
		<u>49,198</u>	<u>49,198</u>	<u>-</u>	<u>49,198</u>

RIYA INTERNATIONAL 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

e) Liquidity risk – cont'd

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	-	<u>1,386,981</u>	<u>1,386,981</u>	<u>-</u>	<u>1,386,981</u>
Derivative financial liabilities:					
- Derivative financial instruments	-	<u>416,879</u>	<u>416,879</u>	<u>-</u>	<u>416,879</u>

f) Fair Value of Financial Instruments

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
- (b) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

RIYA INTERNATIONAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

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

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

f) Fair Value of Financial Instruments – cont'd

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)
	2020		2019			
	Assets	Liabilities	Assets	Liabilities		
Derivative financial instruments						
Commodities forward agreements	9,658	49,198	295,000	416,879	Level 3	Forward price curve Premium for quality and location Discount for quality and location

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>2020</u> US\$	<u>2019</u> US\$
Trade and other payables	14,895,184	1,386,981
Borrowings	5,051,617	-
Less: Cash and cash equivalents	<u>(12,039,722)</u>	<u>(1,919,049)</u>
Net debt/(cash)	7,907,079	(532,068)
Total equity	<u>5,253,430</u>	<u>4,273,195</u>
Total capital	<u>13,160,509</u>	<u>3,741,127</u>
Gearing ratio	<u>60%</u>	<u>N.M.</u>

N.M. – In the previous financial year, it was not meaningful to compute the gearing ratio as the cash and cash equivalents are greater than trade and other payables

RIYA INTERNATIONAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

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

5.3. Capital Risk Management Policies and Objectives – cont'd

The company is not subject to externally imposed capital requirements.

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

6. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

The company is the wholly owned subsidiary of Maurigo Pte. Ltd., a company incorporated in Singapore. The company's ultimate holding company is Gokul Agro Resources Ltd., incorporated in India.

Many of the company's transactions and arrangements are between members of the company and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured, interest free and repayable on demand.

a) During the financial year, the company entered into the following transaction with related parties:

	<u>2020</u> US\$	<u>2019</u> US\$
<u>Ultimate holding company</u>		
Purchases	-	3,732,947
Sales	<u>67,985,796</u>	<u>75,827,630</u>
 <u>Immediate holding company</u>		
Purchases	<u>-</u>	<u>(16,076,829)</u>

Sale of goods to the related parties, purchase of goods from related parties and freight expenses paid to related parties are made at prices, which are not materially different to those applicable to third party customers and suppliers

b) Compensation of key management personal

Key management personnel are directors, those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly.

The remuneration of key management personnel of the company during the financial year is as follows:

	<u>2020</u> US\$	<u>2019</u> US\$
<u>Directors' emoluments:</u>		
- directors' remunerations	<u>92,704</u>	87,822
- other benefits	<u>24,282</u>	<u>18,858</u>
	<u>116,986</u>	<u>106,680</u>

RIYA INTERNATIONAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

7. PROPERT, PLANT AND EQUIPMENT

2020	Computer	Furniture and fittings	Office premises	Total
	US\$	US\$	US\$	US\$
<u>Cost</u>				
As at 1.4.2019	2,988	30,266	-	33,254
Transition to FRS 116 right-of use assets	-	-	78,056	78,056
Adjusted balance as at 1.4.2019	2,988	30,266	78,056	111,310
Additions	391	-	-	391
As at 31.3.2020	3,379	30,266	78,056	111,701
<u>Accumulated depreciation</u>				
As at 1.4.2019	1,553	12,026	-	13,579
Depreciation for the year	1,435	6,058	49,299	56,792
As at 31.3.2020	2,988	18,084	49,299	70,371
<u>Carrying amount</u>				
As at 31.3.2020	391	12,182	28,757	41,330

2019	Computer	Furniture and fittings	Total
	US\$	US\$	US\$
<u>Cost</u>			
As at 1.4.2018	2,325	29,866	32,191
Addition	663	400	1,063
As at 31.3.2019	2,988	30,266	33,254
<u>Accumulated depreciation</u>			
As at 1.4.2018	767	5,973	6,740
Charged for the year	786	6,053	6,839
As at 31.3.2019	1,553	12,026	13,579
<u>Carrying amount</u>			
As at 31.3.2019	1,435	18,240	19,675

Right-of-use assets acquired under leasing arrangements are presented as office premises together with the other assets. Details of such leased assets are disclosed in Note 15 to the financial statements.

During the period, the company carried out a review of the recoverable amount of all property, plant and equipment. As a result, there were no allowances for impairment or revisions to the useful lives required for plant and equipment.

RIYA INTERNATIONAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

8. TRADE AND OTHER RECEIVABLES

	<u>2020</u> US\$	<u>2019</u> US\$
Trade receivables – ultimate holding company	6,121,865	2,796,846
Trade receivables – third parties	<u>4,789,965</u>	<u>150</u>
	10,911,830	2,796,996
Other receivables	<u>6,130</u>	<u>8,432</u>
	<u>10,917,960</u>	<u>2,805,428</u>

Trade receivables are unsecured, non-interest bearing and are generally on 30 to 60 days' (2019: 30 to 60 days') credit terms. They are recognised at their original invoices amounts, which represent their fair value on recognition. The 56% (2019:99) of the company's trade receivables are due from ultimate holding company, who is also the company's most significant customer. 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.

The amount due from ultimate holding company is unsecured, interest free and repayable on demand.

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

	<u>2020</u> US\$	<u>2019</u> US\$
Neither past due nor impaired	9,787,994	2,760,510
<u>Past due but no impaired</u>		
Less than 30 days	-	-
31 to 60 days	1,087,500	-
61 to 90 days	-	150
More than 90 days	<u>36,336</u>	<u>36,336</u>
	<u>10,911,830</u>	<u>2,796,996</u>

9. OTHER CURRENT ASSETS

	<u>2020</u> US\$	<u>2019</u> US\$
Advance to suppliers	51,725	95,145
Interest receivables	157,730	-
Deposits	<u>2,138,770</u>	<u>977,758</u>
	<u>2,348,225</u>	<u>1,072,903</u>

RIYA INTERNATIONAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

9. OTHER CURRENT ASSETS – cont'd

Advances to suppliers are for procurement of physical commodities and services which are to be delivered in the next 12 months. Management always estimates the loss allowance on amounts due from suppliers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the industry. None of the amounts due from suppliers at the end of the reporting period is past due. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the advance to suppliers.

Deposits includes an amount of **US\$2,127,077** (2019: US\$941,833) as futures margin deposits held with a licensed financial institution to operate the futures commodity derivatives. Impairment of margin deposits has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The company considers that its margin deposit has low credit risk based on the external credit ratings of the counterparty.

Other current assets are denominated in the following currencies:

	<u>2020</u> US\$	<u>2019</u> US\$
United State dollar	312,213	919,924
Singapore dollar	11,693	11,693
Malaysia ringgit	<u>2,024,319</u>	<u>141,286</u>
	<u>2,348,225</u>	<u>1,072,903</u>

10. DERIVATIVE FINANCIAL INSTRUMENT

	<u>Contractual</u> <u>Notional value</u> US\$	<u>2020</u> <u>Fair value</u>	
		<u>Asset</u> US\$	<u>Liability</u> US\$
Commodities forward			
- Sales	5,085,000	9,658	-
- Purchases	5,081,000	<u>-</u>	<u>49,198</u>
		<u>9,658</u>	<u>49,198</u>
	<u>Contractual</u> <u>Notional value</u> US\$	<u>2019</u> <u>Fair value</u>	
		<u>Asset</u> US\$	<u>Liability</u> US\$
Commodities forward			
- Sales	24,360,250	295,000	-
- Purchases	4,133,562	<u>-</u>	<u>416,879</u>
		<u>295,000</u>	<u>416,879</u>

RIYA INTERNATIONAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

10. DERIVATIVE FINANCIAL INSTRUMENT – cont'd

The Company has entered into commodity derivatives to manage its exposure to fluctuation in fair value and the volatility of future cash flows caused by changes in commodity prices. The Company's derivative financial instruments consist of fixed-price swaps for commodities under the terms of the commodity price swaps, the Company receives a fixed-price for its production and pays a variable market price to the contract counterparty. These instruments generally mature within 12 months.

The Company has not elected to designate its derivative instruments as cash flow hedging instruments; therefore, the changes in fair value are recognized each period in profit and loss statement. The contracts are placed with major financial institutions deemed to be of high credit, each of which is a party to the credit facility .

The fair value of the commodity derivative is determined based on mark-to-market valuation provided by the bank as at end of reporting period. The value loss of **US\$39,540** (2019: fair value loss of US\$121,879) has been recognised in the profit and loss statement.

11. CASH AND CASH EQUIVALENTS

	2020 US\$	2019 US\$
Cash in hand	683	216
Cash at banks	2,039,039	1,918,833
Fixed deposits	10,000,000	-
	12,039,722	1,919,049

Bank balances comprise short-term bank deposits with an original maturity of three months or less. Cash at bank earn interest at floating rates based on daily bank deposit rates.

Fixed deposits are made for varying period periods between six months to twelve months and earn interests ranging from 2.05% to 2.40% per annum. Fixed deposits are all denominated in the functional currency of the company and they are pledged with licensed banks for banking facilities granted to the company (Note 14).

Bank balances in statement of cash flows are as follows:

	2020 US\$	2019 US\$
Bank balances	12,039,722	1,919,049
Less: Fixed deposits, restricted	(10,000,000)	-
	2,039,722	1,919,049

RIYA INTERNATIONAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

11. CASH AND CASH EQUIVALENTS – cont'd

Cash and cash equivalents held that are not available for use are classified as restricted deposits. Restricted fixed deposits are excluded from cash and cash equivalents. Cash and cash equivalents are denominated in the following currencies:

	<u>2020</u> US\$	<u>2019</u> US\$
United States dollar	12,013,186	1,905,348
Singapore dollar	26,536	13,701
	12,039,722	1,919,049

12. SHARE CAPITAL

	<u>2020</u> <u>Number of ordinary shares</u>	<u>2019</u> <u>Number of ordinary shares</u>	<u>2020</u> US\$	<u>2019</u> US\$
Issued and fully paid:				
At beginning of year	3,100,000	3,100,000	3,100,000	3,100,000
Issued during the year	450,000	-	450,000	-
At end of year	3,550,000	3,100,000	3,550,000	3,100,000

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.

During the financial year, the company issued 450,000 ordinary shares for cash consideration of US\$450,000. The proceeds were used for working capital purposes.

13. TRADE AND OTHER PAYABLES

	<u>2020</u> US\$	<u>2019</u> US\$
Trade payables:		
- ultimate holding company (Note 6)	-	1,184,056
- third parties	14,552,235	-
	14,552,235	1,184,056
Other payables:		
- immediate holding company (Note 6)	200,000	-
- third parties	-	68,558
- accruals	142,949	134,367
	14,895,184	1,386,981

Trade and other payables are non-interest bearing and normally settled on 60 days (2019: 60 days). Trade payables and accruals comprise amounts outstanding for trade purchases and ongoing costs.

RIYA INTERNATIONAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

13. TRADE AND OTHER PAYABLES – cont'd

Trade and other payables are denominated in the following currencies:

	<u>2020</u> US\$	<u>2019</u> US\$
United States dollar	14,892,158	1,383,487
Singapore dollar	3,026	3,494
	14,895,184	1,386,981

14. BORROWINGS

	<u>2020</u> US\$	<u>2019</u> US\$
Trust receipts	5,051,617	-

The trust receipts are repayable in 180 (2019: Nil) days and bore interest at spread plus applicable LIBOR per annum. Bank borrowings are secured by charge on fixed deposit with banks (Note 11) and corporate guarantee from the immediate holding company.

15. LEASE LIABILITIES

	<u>Minimum lease payments</u>		<u>Present value of minimum lease payment</u>	
	<u>2020</u> US\$	<u>2019</u> US\$	<u>2020</u> US\$	<u>2019</u> US\$
Amounts payable under finance leases:				
Within one year	27,667	-	27,466	-
Within two to five years	-	-	-	-
	27,667	-	27,466	-
Less: Future charge	(201)	-		
Present value of lease obligations	27,466	-		
Less: Amount due for settlement within 12 months	(27,466)	-		
Amount due for settlement after 12 months	-	-		

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentive receivable.

RIYA INTERNATIONAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

15. LEASE LIABILITIES – cont'd

In calculating the present value of lease payments, the company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying based on the initial application of asset.

At the end of reporting period, there were no commitments on leases which had not yet commenced .

The lease liabilities are denominated in Singapore dollars.

a) The following table show a reconciliation of total operating lease commitments as at 31 March 2019 to the lease liabilities as at 1 April 2019:

	<u>2019</u> US\$
Operating lease commitments disclosed as at 31 March 2019	79,482
Recognition of exemption for leases with remaining lease term of less than 12 months	-
Operating lease liabilities before discounting	79,482
Effect from discounting at the incremental borrowing rate as at 1 April 2019	(1,426)
Lease liabilities recognised based on the initial application of FRS 116 as at 1 April 2019	78,056

The incremental borrowing rate applied for lease liabilities at the date of initial adoption was 2.18% per annum.

b) Amounts recognized in profit or loss

	<u>2020</u> US\$
Interest on lease liabilities	1,214
Depreciation charges for the year	49,299
	50,513

c) Movements of lease liabilities are as follows

	<u>2020</u> US\$
Balance at beginning of year	-
Adoption of FRS 116	78,056
Repayment lease liabilities	(48,506)
Foreign currency exchange adjustment loss	(2,084)
	27,466

FRS 116 Leases has been applied using the modified retrospective transition approach. Therefore, no comparative amounts for the year ended 31 March 2020 are presented.

RIYA INTERNATIONAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

16. REVENUE

The company derives revenue from the transfer of goods at a point in time in the following major revenue streams.

	2020	2019
	US\$	US\$
Sale of soya bean oil	2,047,500	-
Sales of soya bean meal	205,920	4,026,472
Sales of palm oil	184,299,144	115,389,960
Castor oil	-	74,887
	186,552,564	119,491,319

17. OTHER INCOME

	2020	2019
	US\$	US\$
Government grants:		
- Temporary employment credit	-	309
- Wage credit scheme	1,628	-
Interest from banks	163,871	-
Miscellaneous income	-	3,668
	165,499	3,977

Temporary Employment Credit (“TEC”)

The Temporary Employment Credit (TEC) was introduced as a 2015 Budget initiative to help alleviate the rise in business costs due to the increase in Medisave contribution rates in 2015. It also provides additional support to help employers adjust to cost increases associated with the CPF changes which take effect in 2016. The TEC will apply for 3 years from 2015 to 2017.

Wage Credit Scheme (“WCS”)

The WCS was introduced as a 2013 Budget Initiative to help businesses which may face rising wage costs in a tight labour market. It was extended in Budget 2015 and 2018. Under this scheme, the Singapore Government will co-fund 20%, 15% and 10% of qualifying wage increases given to the company’s Singaporean employees earning a gross monthly wage of S\$4,000 and below in the years 2016 to 2018, 2019 and 2020 respectively.

18. FINANCE COSTS

	2020	2019
	US\$	US\$
Interest on bills discounting	86,240	-
Interest on lease	1,214	-
Trust receipt interest	111,884	10,750
	199,338	10,750

RIYA INTERNATIONAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

19. INCOME TAX EXPENSE

	<u>2020</u> US\$	<u>2019</u> US\$
Current year's income tax	80,000	35,000
Income tax refund	-	-
Overprovision in prior year	<u>(13,994)</u>	<u>(7,404)</u>
	<u>66,006</u>	<u>27,596</u>

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

	<u>2020</u> US\$	<u>2019</u> US\$
Profit before income tax	<u>596,241</u>	<u>260,604</u>
Income tax expense at statutory rate at 17% (2019: 17%)	101,361	44,303
Effect of:		
- non-deductible expenses	1,473	1,163
- tax exemption	(12,271)	(10,285)
- tax rebate	(10,563)	-
- Utilisation of capital allowance	<u>-</u>	<u>(181)</u>
Current year's income tax	80,000	35,000
Income tax refund	-	-
Overprovision in prior year	<u>(13,994)</u>	<u>(7,404)</u>
	<u>66,006</u>	<u>27,596</u>

Movement of income tax payables

	<u>2020</u> US\$	<u>2019</u> US\$
At beginning of year/period	35,000	35,000
Income tax expenses	80,000	35,000
Income tax paid	(21,006)	(27,596)
Overprovision in prior year	<u>(13,994)</u>	<u>(7,404)</u>
	<u>80,000</u>	<u>35,000</u>

20. PROFIT FOR THE YEAR

Profit for the year has been arrived after charging:

	<u>2020</u> US\$	<u>2019</u> US\$
Director's remuneration	92,704	87,822
Directors other benefits	24,282	18,858
Employee benefits (including director's emoluments)	211,059	234,664
Cost of defined contribution plans included in employee benefits	19,953	21,349
Bank charges	393,820	144,675
Brokerage expense	<u>444,748</u>	<u>238,693</u>

RIYA INTERNATIONAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

21. CONTINGENT LIABILITY

	<u>2020</u> US\$	<u>2019</u> US\$
Letter of credits	4,797,056	-

22. OPERATING LEASE COMMITMENTS

	<u>2020</u> US\$	<u>2019</u> US\$
Rental paid under operating lease for the year	-	50,172

As at the end of the reporting period, the company has commitments in respect of its operating lease as follows:

	<u>2020</u> US\$	<u>2019</u> US\$
Within one year	-	50,610
In the second to fifth years	-	27,446
	-	78,056

As at 31 March 2020 the company leases office premises under non-cancellable operating lease arrangement. With the adoption of FRS 116 – Leases, the company has recognised the lease liabilities representing the present value of the minimum lease payments on the statement of financial position as disclosed in Note 15 to the financial statements.

As at 31 March 2019, the lease commitments relate to office premises. The lease was made for an initial period of two years, with an option to renew the lease terms as at the expiry date based on the mutual agreement between the company and the landlords. There were no restrictions placed upon the lessee by entering into these leases and there was no contingent rental under these leases.

23. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the company's liabilities arising from financing activities, including both cash and non-cash changes.

Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities.

	<u>Trust receipt</u> <u>2020</u> US\$	<u>Holding company</u> <u>2019</u> US\$
At beginning of year	-	960,000
Proceeds	40,133,210	-
Less: Repayments	(35,081,593)	(960,000)
At end of year	5,051,617	-

RIYA INTERNATIONAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

24. 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, except. The emergence of coronavirus disease (“COVID-19”) since early 2020, the world is experiencing an event that has macroeconomic implications, originating from the spread of the Corona Virus. Many countries around the world, including Singapore, are taking significant steps in an attempt to prevent the spread of the virus, such as restrictions on civilian movement, restrictions on gatherings, closing borders between Countries, and more.

The company will stay alert on the development and situation of the COVID-19, continuing to assess its impact on the financial position and operating results of the company and take necessary action to maintain stability of the business. The company is in the midst of evaluating reliefs as announced under Singapore Budget 2020 as well as the latest Resilience Budget and Solidarity Budget that it can avail .Up to the date of this report, given the dynamic nature of these circumstances, the impact on the company’s results of operations, cash flows and financial condition could not be reasonably estimated.

The Directors believe that with the cost saving measures being taken, the company’s strong vendor and customer relationships, as well as the company’s liquidity position and availability of sources of funds, the company will remain a going concern.

RIYA INTERNATIONAL PTE. LTD.

DETAILED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2020

	<u>2020</u> US\$	<u>2019</u> US\$
Revenue	186,552,564	119,491,319
Less: Cost of sales		
Purchases	177,125,162	113,279,913
Commission	46,120	26,848
Freight charges	6,920,008	4,781,756
Fair value (loss)/gain on commodity derivatives	39,540	121,879
Quality and shortage claims	-	5,300
Supervision charges	40,978	35,595
	<u>(184,171,808)</u>	<u>(118,251,291)</u>
Gross profit	2,380,756	1,240,028
Add: Other income		
Government grant	1,628	309
Interest on bank deposits	163,871	-
Miscellaneous income	-	3,668
	<u>165,499</u>	<u>3,977</u>
	2,546,255	1,244,005
Less: Operating expenses		
- Schedule 'A'	<u>(1,950,014)</u>	<u>(983,401)</u>
Profit before income tax	<u>596,241</u>	<u>260,604</u>

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

RIYA INTERNATIONAL PTE. LTD.

Schedule 'A'

OPERATING EXPENSES

FOR THE YEAR ENDED 31 MARCH 2020

	<u>2020</u> US\$	<u>2019</u> US\$
Administrative expenses		
Allowances	24,282	25,553
Audit fees	8,500	7,000
Bank charges	393,820	144,675
Bonus	23,522	23,605
Brokerage expense	444,748	238,693
Business promotion	-	359
Central provident funds contribution	19,953	21,349
Conveyance expenses	709	2,342
Courier charges	3,680	4,962
Demurrage gain)/charges	228,272	49,140
Entertainment	12,216	8,638
Insurance	76,578	15,852
Other expenses	159,000	-
Internet and mobile expenses	5,572	4,674
Legal and professional fee	55,111	64,795
Miscellaneous expenses	1,731	1,362
Office expenses	2,874	2,717
Printing and stationary	3,185	2,768
Rental	-	50,172
Salary and allowances	190,466	189,710
Secretarial fee	-	520
Staff welfare	640	1,093
Surveyor expenses	10,490	11,394
Tax fee	2,000	2,000
Travelling	7,074	6,334
Utilities	1,301	1,045
Finance cost		
Interest on bills discounting	86,240	-
Trust receipt interest	111,884	10,750
Interest on leases	1,214	-
Other expense		
Depreciation on plant and equipment	56,792	6,839
Foreign currency exchange loss	18,085	20,037
Penalty	75	65,023
	1,950,014	983,401

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