

**RIYA INTERNATIONAL PTE. LTD.**

(Registration Number: 201525423R)

**DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2023**

# RIYA INTERNATIONAL PTE. LTD.

## DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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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 2023.

### 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 2023, and of the financial performance, changes in equity and cash flows of the company for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

### 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 interest in the shares of the Company and its related corporation as recorded in the register of directors' shareholding required to be kept by the Company under Section 164 of the Singapore Companies Act 1967 ("the Act") except as stated below:

<u>Names of Directors &amp; Corporation in which interests are held</u>	<u>Number of ordinary equity shares of Rs. 2.00 per share registered in the name of the director</u>	
	<u>At beginning of year</u>	<u>At end of year</u>
<u>(Ultimate holding company)</u>		
Thakkar Jayesh Kanubhai	14,512,379	14,512,379
Modi Shirishkumar Jagdishbhai	300	300

## 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: 3 May 2023

**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 2023, 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 1967 ("the Act") and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2023 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.



**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 PAAC*

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

Date: 3 May 2023



## RIYA INTERNATIONAL PTE. LTD.

### STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	<u>Note</u>	<u>2023</u> US\$	<u>2022</u> US\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	(7)	78,838	26,885
Investment property	(8)	3,565,281	-
Total non-current assets		3,644,119	26,885
<b>Current assets:</b>			
Trade and other receivables	(9)	11,404,369	4,511,813
Other current assets	(10)	2,043,307	196,773
Inventories	(11)	-	19,348,500
Derivative financial instruments	(12)	11,014	286,000
Cash and cash equivalents	(13)	11,811,160	19,198,550
Total current assets		25,269,850	43,541,637
<b>Total assets</b>		<b>28,913,969</b>	<b>43,568,521</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	(14)	5,200,000	4,350,000
Retained earnings		6,817,832	4,029,931
Total equity		12,017,832	8,379,931
<b>Non-current liabilities:</b>			
Long-term borrowing from financial institution	(15)	1,512,140	-
Lease liabilities – non-current portion	(16)	38,671	-
<b>Total non-current liabilities</b>		<b>1,550,811</b>	<b>-</b>
<b>Current liabilities:</b>			
Current portion of long-term borrowing from financial institution	(15)	422,035	-
Lease liabilities – current portion	(16)	44,332	26,577
Short-term borrowing from financial institutions	(17)	5,000,000	10,045,380
Trade and other payables	(18)	8,812,656	24,868,633
Derivative financial instruments	(12)	473,370	-
Income tax payable	(22)	592,933	248,000
Total current liabilities		15,345,326	35,188,590
Total liabilities		16,896,137	35,188,590
<b>Total equity and liabilities</b>		<b>28,913,969</b>	<b>43,568,521</b>

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 2023

	<u>Note</u>	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>
Revenue	(19)	505,511,889	395,966,860
Cost of sales		<u>(501,982,593)</u>	<u>(392,871,383)</u>
Gross profit		3,529,296	3,095,477
Other income	(20)	2,460,572	71,263
Administrative expenses		(1,741,642)	(991,684)
Finance costs	(21)	(675,576)	(433,464)
Other expenses		<u>(179,747)</u>	<u>(51,307)</u>
Profit before income tax		3,392,903	1,690,285
Income tax expenses	(22)	<u>(605,002)</u>	<u>(261,535)</u>
Profit for the year	(23)	2,787,901	1,428,750
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>2,787,901</u>	<u>1,428,750</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 2023

	<u>Note</u>	<u>Share capital US\$</u>	<u>Retained earnings US\$</u>	<u>Total US\$</u>
Balance as at 1 April 2021		4,350,000	2,601,181	6,951,181
Total comprehensive income for the year		-	1,428,750	1,428,750
Balance as at 31 March 2022		4,350,000	4,029,931	8,379,931
Transaction with owners directly recognised directly in equity:				
- Issue of new shares	(14)	850,000	-	850,000
Total comprehensive income for the year		-	2,787,901	2,787,901
Balance as at 31 March 2023		<u>5,200,000</u>	<u>6,817,832</u>	<u>12,017,832</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 2023

	<u>Note</u>	<u>2023</u> US\$	<u>2022</u> US\$
<b>Cash flows from operating activities:</b>			
Profit before income tax		3,392,903	1,690,285
Adjustment for:			
Depreciation on property, plant and equipment		45,558	51,307
Foreign currency exchange adjustment gain		64,014	255
Fair value (loss)/ gain on derivative		748,356	(132,245)
Interest income		(153,459)	(29,661)
Interest expenses		674,820	433,464
		4,772,192	2,013,405
Operating profit before working capital changes		(6,892,556)	27,808,947
Trade and other receivables		19,348,500	(19,348,500)
Inventories		(1,846,534)	88,081
Other current assets		(16,055,977)	(7,113,924)
Trade and other payables			
Cash from/ (used in) operations		(674,375)	3,448,009
Income tax paid		(260,069)	(167,929)
		(934,444)	3,280,080
<b>Net cash (used in) / from operating activities</b>			
<b>Investing activities:</b>			
Acquisition of property, plant and equipment		-	(968)
Acquisition of investment property		(3,565,281)	-
Interest received		153,459	29,661
		(3,411,822)	28,693
<b>Net cash (used in) / from investing activities</b>			
<b>Financing activities:</b>			
Proceeds from issue of new shares		850,000	-
Interest paid		(674,820)	(433,464)
Fixed deposits, restricted		(1,143,780)	1,678,940
Borrowings			
- Proceeds		256,654,942	285,986,174
- Repayment		(259,832,824)	(281,850,160)
Repayment of finance lease		(38,422)	(45,805)
		(4,184,904)	5,335,685
<b>Net cash (used in) / from financing activities</b>			
Net (decrease) / increase in cash and cash equivalents		(8,531,170)	8,644,458
Cash and cash equivalents at beginning of year		10,642,330	1,997,872
<b>Cash and cash equivalents at end of year</b>	<b>(13)</b>	<b>2,111,160</b>	<b>10,642,330</b>

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 2023

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 2023 were authorised for issue by the Board of Directors on 3 May 2023.

### 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 1967 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. SUMMARY OF 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 2022. 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 statement.

###### 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 (Amendments)	Classification of Liabilities as Current or Non-Current	1 January 2024
FRS 1 (Amendments)	Non-Current Liabilities with Covenants	1 January 2024
FRS 1 Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
FRS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
FRS 12 (Amendments)	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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) Amendment to FRS 1 Classification of Liabilities as Current or Non-current

On 23 January 2021, the ASC has issued narrow-scope amendments to FRS 1 Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current.

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a Company might settle by converting it into equity.

The amendments clarify, not change, existing requirements, and so are not expected to affect Company's financial statements significantly. However, they could result in Companies reclassifying some liabilities from current to noncurrent, and vice versa; which could affect a company's loan covenants.

## 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

##### i) Amendment to FRS 1 Classification of Liabilities as Current or Non-current – cont'd

The Company has assessed and there is no material impact to its consolidated financial statements.

##### ii) FRS 1 (Amendments) – Non-current Liabilities with Covenants

FRS 1 *Presentation of Financial Statements* currently states that liabilities can only be classified as non-current if, at the reporting date, the entity has the right to defer settlement of that liability for at least twelve months. However, the covenants attached to long-term debt will impact an entity's right to defer settlement. The amendments clarify how an entity should assess the right to defer settlement where such covenants exist.

Where an entity is required to comply with the covenant on or before the end of the reporting period, the covenant affects whether the right to defer exists at the reporting date and therefore affects the classification of current or non-current. A covenant that an entity is required to comply with only after the reporting date does not affect whether the right to defer exists at the end of the reporting period. Therefore, it does not impact the classification of the liability at the reporting date as current or non-current. As a result, an entity might classify a liability as non-current even though it may become repayable within 12 months after the reporting date, if the company fails to comply with a covenant in that 12-month period.

Where liabilities are classified as non-current but the right to defer is subject to complying with covenants within twelve months of the reporting date, the amendments require additional disclosure. The disclosures are aimed at helping users to assess the risk of non-current liabilities becoming repayable within twelve months and include:

- the nature of the covenants and when the entity is required to comply with them;
- the carrying amount of the related liabilities; and
- the facts and circumstances that indicate the entity may have difficulty complying with the covenants.

The amendments are effective for annual periods beginning on or after 1 January 2024, with earlier application permitted.

##### iii) Amendments to FRS 1, Practice Statement 2, Disclosure of Accounting Policies

The amendments provide guidance and examples to help entities apply materially judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

## 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

##### iii) Amendments to FRS 1, Practice Statement 2, Disclosure of Accounting Policies – cont'd

The above amendments are effective for annual reporting period beginning on or after 1 January 2023, must best applied retrospectively and earlier application is permitted.

##### iv) Amendments to FRS 8, Definition of Accounting Estimates

The amendments introduce a definition of accounting estimates, by replacing the concept of change in accounting estimates. According with the new definition, accounting estimates are monetary items subject to uncertainty in measurement. Entities perform accounting estimates if the accounting standards require that financial statements' items are measured in a way that involve uncertainty in measurement. Also they clarified that a change in accounting estimates deriving from new information or new developments in not to be taken as the correction of a mistake. Furthermore, the effects of a change in inputs or in a measurement technique upon which an estimate is based are considered as changes in estimates if they do not result from mistakes done in the previous periods.

A change in accounting estimates could impact the net result of the current period or it could also impact the following periods: therefore, the impact on the current period must be booked through the present income statement, whilst the impact on the future periods must be booked in the respective income statements.

The above amendments are effective for annual reporting period beginning on or after 1 January 2023 and earlier application is permitted.

##### v) Amendment to FRS 12 – Deferred Tax related to Assets and Liabilities arising from a single transaction

This Amendment narrows the applicability of the exemption from recognition of deferred taxes as a result of temporary differences created on the date of the initial recognition of assets and/or liabilities, so that the exemption will not apply to transactions creating equal temporary differences on the date of recognition that may be offset.

Thus, the Company will recognise deferred tax assets and/or liabilities in the amount of the temporary differences on initial recognition of transactions creating equal off-settable temporary differences. Any accumulated effect of the initial implementation of the Amendment will be recognised as an adjustment to the surplus balance or other capital components on the initial implementation date.

The Amendment will enter into force in report periods starting 1 January 2023, early application is optional.,

In accordance with an initial assessment made by the Company, this Amendment is not expected to have a material impact on the Financial Statements.

The Company do not intend to early adopt any of the above new or revised standards, interpretations and amendments to the existing standards.

## RIYA INTERNATIONAL PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

##### 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.

###### (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.

##### 2.5 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.

###### 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.



## RIYA INTERNATIONAL PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

##### 2.4 Property, plant and equipment

###### 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.

###### d) Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expense in the statement of comprehensive income during the financial year in which it is incurred.

###### e) Disposal

On disposal of an item of 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.

##### 2.5. Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation, are measured initially at their cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value, determined annually by independent professional valuer on the highest and best use basis. Gains or losses arising from changes in the fair value of investment property is included in profit or loss for the period in which they arise.

Investment property is subject to renovations or improvements at regular intervals. The costs of major renovations and improvements are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The costs of maintenance, repairs and minor improvements are charged to profit or loss when incurred.

On disposal or retirement of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

## RIYA INTERNATIONAL PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

##### 2.6 Inventories

Inventories pertain to goods in transit. Inventories are stated at the lower of cost and net realisable value and are determined on a first-in, first-out basis. Cost comprises cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and conditions. Net realisable value represents the estimated selling price less all estimated costs of to be incurred for marketing, selling and distribution.

Management performs a detailed assessment of inventory at the end of each reporting period to establish provisions for excess and obsolete inventories. The evaluation includes a review of, among other factors, historical sales, current economic trends, forecasted sales demand requirements, product lifecycle and product development plans, quality issues, and current inventory levels. Allowance is made when necessary for obsolete, slow moving and defective inventories.

##### 2.7 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.

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.

## RIYA INTERNATIONAL PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

##### 2.8 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 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.

##### 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) Commission income

Commission income is recognised at a point in time when the related services are rendered.

##### d) Rental income

Rental income from operating leases on investment property is recognised on a straight-line basis over the lease term.

##### 2.9 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.

## RIYA INTERNATIONAL PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

##### 2.9 Government Grants- cont'd

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.

##### 2.10 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.

##### 2.11 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.

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.

## RIYA INTERNATIONAL PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

##### 2.11 Income Taxes – cont'd

###### (b) Deferred tax – cont'd

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.

##### 2.12 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.
- 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.

## RIYA INTERNATIONAL PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

##### 2.12 Related Party- cont'd

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.

##### 2.13 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.

##### 2.14 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.

## RIYA INTERNATIONAL PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

##### 2.15 Leases

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### As lessee

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

##### Right-of-use assets

The company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and 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 incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.5.

##### Lease liabilities

At the commencement date of the lease, the company recognises lease liabilities measured 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 incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the company and payments of penalties for terminating the lease, if the lease term reflects the company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because 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 the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The company's lease liabilities are disclosed in Note 16.

## RIYA INTERNATIONAL PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

##### 2.15 Leases- cont'd

###### Short-term leases and leases of low-value assets

The company applies the short-term lease recognition exemption to its short-term leases of assets (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

###### Company as a lessor

The company leases out its investment properties to third parties.

Leases in which the company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases.

Rental income arising from operating leases (net of any incentives given to lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

##### 2.16 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.

##### 2.17 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.

##### 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.

## 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– cont'd

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.

##### 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.

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 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.

## 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

##### Derivatives financial instruments – cont'd

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.

##### 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.

## 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- cont'd

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”.

##### 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.

## 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 – cont'd

##### 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.

##### 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.

## RIYA INTERNATIONAL PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 3. FINANCIAL INSTRUMENTS – cont'd

##### 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 are 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.

##### (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.

## 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

###### (c) Revenue – gross presentation

For the sale of palm oil, 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 19 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.

###### (b) Impairment of property, plant and equipment and investment property

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.

## 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

##### (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 2.15, 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.

##### (f) Net realizable value of inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles. Management will reassess the estimations at end of each reporting period. The carrying amounts of Goods-in-transit as at 31 March 2023 was Nil (2022: US\$19,348,500).



## 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

###### (g) Fair value of investment property

At the end of the reporting period, the fair value of investment property was determined based on the professional valuation carried out by independent professional valuer on the Direct Sale Comparison Approach. Appropriate adjustments are made for differences in location, area, age, condition, tenure, design and layout dates of transaction and the prevailing economic conditions affecting the property market, among others. The carrying amount of the Group's investment property at the end of the reporting period is disclosed in Note 8 to the financial statements.

###### (h) Provision

Provisions are recognised in accordance with the accounting policy in Note 2.13. 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.

###### (i) 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>2023</u> US\$	<u>2022</u> US\$
<b>Financial assets</b>		
<u>At Fair value through profit or loss</u>		
- Derivative financial instruments	11,014	286,000
<u>At amortised costs:</u>		
- Trade and other receivables	11,404,369	4,511,813
- Other current assets	1,800,417	179,532
- Cash and cash equivalents	11,811,160	19,198,550
	<u>25,026,960</u>	<u>24,175,895</u>
<b>Financial liabilities</b>		
<u>At Fair value through profit or loss:</u>		
- Derivative financial instrument	473,371	-
<u>At amortised costs:</u>		
- Borrowings	6,934,175	10,045,380
- Trade and other payables	8,812,656	24,868,633
- Lease liabilities	83,003	26,577
	<u>16,303,205</u>	<u>34,940,590</u>

## RIYA INTERNATIONAL PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

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

##### 5.1 Categories of Financial Assets and Liabilities – cont'd

Further quantitative disclosures are included throughout these financial statements.

##### 5.1 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 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 ultimate holding company which represents 21% (2022: 100%) 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 13 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 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rate had been 100 basis points lower/higher and all other variables were held constant, the company's profit for the year ended 31 March 2023 would increase/decrease by **US\$73,370** (2022: US\$71,457). This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings.

## 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

###### 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.

No sensitivity analysis has been prepared as the effect of changes foreign currency would be immaterial to the company.

###### 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 it also uses firm commitments for the purchase or sale of palm 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 and 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.

## 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

	Effective interest rate (%)	Carrying amount	Contractual undiscounted cash flows		
			Within 1 year or repayable on demand	Within 2 to 5 years	Total
<b>2023</b>		US\$	US\$	US\$	US\$
<b>Financial liabilities</b>					
Non-derivative financial liabilities at amortised cost:					
- Lease liabilities	5	83,003	47,475	39,563	87,038
- Borrowings	6.25	6,934,175	5,422,035	1,512,140	6,934,175
- Trade and other payables	-	8,812,856	8,812,856	-	8,812,856
		<u>15,830,034</u>	<u>14,282,366</u>	<u>1,551,703</u>	<u>15,834,069</u>
Derivative financial liabilities:					
- Derivative financial instruments		473,370	473,370	-	473,370
<b>2022</b>		US\$	US\$	US\$	US\$
<b>Financial liabilities</b>					
Non-derivative financial liabilities at amortised cost:					
- Lease liabilities	3	26,577	26,843	-	26,843
- Borrowings	4.87	10,045,380	10,045,380	-	10,045,380
- Trade and other payables	-	24,868,633	24,868,633	-	24,868,633
		<u>34,940,590</u>	<u>34,940,856</u>	<u>-</u>	<u>34,940,856</u>
Derivative financial liabilities:					
- Derivative financial instruments		-	-	-	-

##### 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.

## 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

##### f) Fair Value of Financial Instruments – cont'd

##### 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).

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)
	2023		2022			
	Assets	Liabilities	Assets	Liabilities		
<b>Derivative financial instruments</b>						
Commodities forward agreements	11,014	473,370	286,000	-	Level 3	Forward price curve Premium or 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 lease liability, borrowings, 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.

## 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

	<u>2023</u> US\$	<u>2022</u> US\$
Lease liabilities	83,003	26,577
Trade and other payables	8,812,656	24,868,633
Borrowings	6,934,175	10,045,380
Less: Cash and cash equivalents	<u>(11,811,160)</u>	<u>(19,198,550)</u>
Net debt	4,018,674	15,742,040
Total equity	<u>12,017,832</u>	<u>8,379,931</u>
Total capital	<u>16,036,506</u>	<u>24,121,971</u>
Gearing ratio	<u>25%</u>	<u>65%</u>

The Company managed its capital by regularly monitoring its current and expected liquidity requirements. The Company is in compliance with all 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>2023</u> US\$	<u>2022</u> US\$
<u>Ultimate holding company</u>		
Reimbursement of freight charges	156,059	390,000
Sales	<u>425,816,144</u>	<u>370,795,415</u>

Sale of goods to the 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.

## RIYA INTERNATIONAL PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 6. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS – cont'd

##### b) Compensation of key management personal – cont'd

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

	<u>2023</u> US\$	<u>2022</u> US\$
<u>Directors' emoluments:</u>		
- directors' remunerations	130,774	111,002
- other benefits	28,454	23,784
	<u>159,228</u>	<u>134,786</u>

#### 7. PROPERTY, PLANT AND EQUIPMENT

<u>2023</u>	<u>Computer</u> US\$	<u>Furniture and fittings</u> US\$	<u>Office premises</u> US\$	<u>Total</u> US\$
<u>Cost</u>				
As at 1.4.2022	5,492	30,266	89,219	124,977
Additions	-	-	97,511	97,511
Disposals	-	-	(89,219)	(89,219)
<b>As at 31.3.2023</b>	<b>5,492</b>	<b>30,266</b>	<b>97,511</b>	<b>133,269</b>
<u>Accumulated depreciation</u>				
As at 1.4.2022	4,630	30,266	63,196	98,092
Charged for the year	862	-	44,696	45,558
Disposals	-	-	(89,219)	(89,219)
<b>As at 31.3.2023</b>	<b>5,492</b>	<b>30,266</b>	<b>18,673</b>	<b>54,431</b>
<u>Carrying amount</u>				
<b>As at 31.3.2023</b>	<b>-</b>	<b>-</b>	<b>78,838</b>	<b>78,838</b>
<u>2022</u>	<u>Computer</u> US\$	<u>Furniture and fittings</u> US\$	<u>Office premises</u> US\$	<u>Total</u> US\$
<u>Cost</u>				
As at 1.4.2021	4,524	30,266	89,219	124,009
Additions	968	-	-	968
<b>As at 31.3.2022</b>	<b>5,492</b>	<b>30,266</b>	<b>89,219</b>	<b>124,977</b>
<u>Accumulated depreciation</u>				
As at 1.4.2021	3,982	24,218	18,585	46,785
Charged for the year	648	6,048	44,611	51,307
<b>As at 31.3.2022</b>	<b>4,630</b>	<b>30,266</b>	<b>63,196</b>	<b>98,092</b>
<u>Carrying amount</u>				
<b>As at 31.3.2022</b>	<b>862</b>	<b>-</b>	<b>26,023</b>	<b>26,885</b>



## RIYA INTERNATIONAL PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 7. PROPERTY, PLANT AND EQUIPMENT – cont'd

Right-of-use assets acquired under leasing arrangements are presented as office premises together with the other assets. The fair value of the office lease is based on the present value of the remaining lease payments using the incremental borrowing rate from a market participant's perspective. (Note 16).

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.

#### 8. INVESTMENT PROPERTY

	<u>2023</u> US\$	<u>2022</u> US\$
Fair value at end of year	<u>3,565,281</u>	<u>-</u>

Details of investment property held by the company as at 31 March 2023 as set out below: -

<u>Location</u>	<u>Land area</u>	<u>Tenure</u>	<u>Use</u>
30 Cecil Street #24-02 Prudential Tower Singapore 049712	130 square meters	Leasehold	Leased to a third parties under operating leases.

The Investment property has been mortgaged to financial institution as security for banking facilities (Note 15).

#### Fair value

During the financial year, a firm of independent professional valuers, Asian Appraisal Company Pte Ltd, valued the leasehold properties to be S\$4,760,000, equivalent to US\$ 3,565,281 as at 2 November 2022 using the Direct Comparison Method. In this method, a comparison is made between recent sales of similar properties within the subject development and in the vicinity. Due adjustments have been made for any differences in location, size, Master Plan Zoning, design and layout, tenure, age and conditions of buildings, and dates of transactions, amongst other relevant factors which may affect value. The fair value measurement is categorised as Level 3 on the fair value hierarchy. In relying on valuation reports, management is satisfied that the valuation methods and estimates are reflective of current market conditions.

#### Impairment

No allowance for impairments are required as the carrying amount of the investment property is not expected to exceed its recoverable amount, which is the higher of the fair value less cost to sell and its value-in-use.

## RIYA INTERNATIONAL PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 8. INVESTMENT PROPERTY- cont'd

The following amounts are recognised in the income statement:

	<u>2023</u> S\$	<u>2022</u> S\$
Rental income	41,643	-
Direct operating expenses arising from Investment properties		
- Property tax and maintenance	<u>(15,596)</u>	<u>-</u>

#### 9. TRADE AND OTHER RECEIVABLES

	<u>2023</u> US\$	<u>2022</u> US\$
Trade receivables – ultimate holding company	2,399,869	4,500,000
Trade receivables – third parties	<u>8,892,807</u>	<u>-</u>
	11,292,676	4,500,000
Contract assets – advance to suppliers	100,000	120
Rental deposits	<u>11,693</u>	<u>11,693</u>
	<u>11,404,369</u>	<u>4,511,813</u>

Trade receivables are unsecured, non-interest bearing and are generally up to 30 days to 60 days' (2022: 30 to 60 days') credit terms. They are recognised at their original invoices amounts, which represent their fair value on recognition. The company does not hold any collateral over these balances as these receivables are mainly arising from customers that have a good payment record with the company. Based on the historical default rates the company believes the debts are collectible.

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

	<u>2023</u> US\$	<u>2022</u> US\$
Neither past due nor impaired	11,292,676	4,500,000
<u>Past due but no impaired</u>	-	-
Less than 30 days	-	-
31 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	<u>-</u>	<u>-</u>
	<u>11,292,676</u>	<u>4,500,000</u>

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 long outstanding. 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.

## RIYA INTERNATIONAL PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 9. TRADE AND OTHER RECEIVABLES – cont'd

Rental deposit represents the two months' rental caution deposit placed with the landlords of the office premises.

#### 10. OTHER CURRENT ASSETS

	<u>2023</u> US\$	<u>2022</u> US\$
Interest receivables	120,667	17,241
Deposits	1,800,417	179,532
Option money deposit	<u>122,223</u>	<u>-</u>
	<u><u>2,043,307</u></u>	<u><u>196,773</u></u>

Deposits refer to futures margin deposits held with a licensed financial institution to operate the futures commodity derivatives account. 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.

Option money deposit refers to advance amount paid to a third party for purchase of a leasehold property as stated in Note (24).

#### 11. INVENTORIES

	<u>2023</u> US\$	<u>2022</u> US\$
Goods-in-transit	<u>-</u>	<u>19,348,500</u>

Goods-in-transit refers to inventories that have been shipped by the supplier, but not received by the customer and still in transit as at 31 March 2023.

Cost of inventories sold recognised as expense and included in cost of goods sold amounting to **US\$501,982,593** (2022: US\$393,003,628).

#### 12. DERIVATIVE FINANCIAL INSTRUMENT

<u>2023</u>	<u>Contractual</u> <u>Notional value</u> US\$	<u>Asset</u> US\$	<u>Fair value</u> <u>Liability</u> US\$
Commodities forward			
- Sales	12,200,000	-	-
- Purchases	12,412,000	-	(212,000)
Commodities futures			
- Sales	12,420,722	11,014	-
- Purchases	2,422,901	-	(261,371)
		<u>11,014</u>	<u>(473,371)</u>

## RIYA INTERNATIONAL PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 12. DERIVATIVE FINANCIAL INSTRUMENT – cont'd

<u>2022</u>	<u>Contractual Notional value</u> US\$	<u>Fair value</u>	
		<u>Asset</u> US\$	<u>Liability</u> US\$
Commodities forward			
- Sales	31,140,000	286,000	-
- Purchases	30,854,000	-	-
		<u>286,000</u>	<u>-</u>

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. In 2022, the Company's derivative financial instruments consist of fixed-price swaps for commodities under the terms of the commodity price swaps, the Company received a fixed-price for its production and pay 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 were 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 financial institution / counter- party as at end of reporting period. The fair value loss of **US\$748,356** (2022: fair value gain of US\$132,245) has been recognised in the profit and loss statement.

#### 13. CASH AND CASH EQUIVALENTS

	<u>2023</u> US\$	<u>2022</u> US\$
Cash in hand	738	83
Cash at banks	2,110,422	10,642,247
Fixed deposits	9,700,000	8,556,220
	<u>11,811,160</u>	<u>19,198,550</u>

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 of 12 months (2022: 6 to 12 months) and earn interests at the rate ranging from 4.00 to 5.00% (2022: 0.30%) 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 17).

Bank balances in statement of cash flows are as follows:

	<u>2023</u> US\$	<u>2022</u> US\$
Cash and bank balances	11,811,160	19,198,550
Less: Fixed deposits, restricted	(9,700,000)	(8,556,220)
	<u>2,111,160</u>	<u>10,642,330</u>

## RIYA INTERNATIONAL PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 13. 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>2023</u> US\$	<u>2022</u> US\$
United States dollar	11,584,338	19,175,163
Singapore dollar	226,822	23,387
	<u>11,811,160</u>	<u>19,198,550</u>

#### 14. SHARE CAPITAL

	<u>2023</u> <u>Number of ordinary shares</u>	<u>2022</u>	<u>2023</u> US\$	<u>2022</u> US\$
Issued and fully paid:				
At beginning of year	4,350,000	4,350,000	4,350,000	4,350,000
Issue of new shares	850,000	-	850,000	-
At end of year	<u>5,200,000</u>	<u>4,350,000</u>	<u>5,200,000</u>	<u>4,350,000</u>

During the previous financial year, the company issued 850,000 ordinary shares for cash consideration of US\$850,000. The proceeds were used for working capital purposes.

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.

#### 15. LONG TERM BORROWINGS FROM FINANCIAL INSTITUTION

	<u>2023</u> US\$	<u>2022</u> US\$
Term loan	1,934,175	-
Less: Amount due for settlement within 12 months	(422,035)	-
Amount due for settlement after 12 months	<u>1,512,140</u>	<u>-</u>

##### a) Term loan

The Company obtained a long term loan amounting to S\$2,800,000 (equivalent to US\$2,041,200) from a financial institution to finance the purchase of investment property. The term loan bears interest at 1% per annum above the 3 months cost of funds with monthly basis and repayable over a period of 5 years from November 2022 by 59 equal monthly payment of S\$46,670 and a final bullet principal payment of S\$46,470.

The loan is secured as follows:

- i) First legal mortgage over the investment property (Note 8).
- ii) Corporate guarantee from immediate holding company.
- iii) Demand promissory Notes for S\$2,800,000 from the company.
- iv) Joint and several guarantee by a director and a related party.

## RIYA INTERNATIONAL PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 15. LONG TERM BORROWINGS FROM FINANCIAL INSTITUTION - cont'd

##### a) Term loan – cont'd

Based on the financial covenants imposed on the company by the bank, the company shall maintain the following covenants:

- i) a maximum loan to value security ratio of 40% at all times;
- ii) gearing ratio not exceeded 5:1 at all times; and
- iii) current ratio above 1:1.

There was no material change in the covenants related to the company's long-term loan. The company is regularly monitoring its compliance with its loan covenants.

Term loan denominated in Singapore dollars.

##### b) Note to statement of cash flows

	<u>2023</u> US\$	<u>2022</u> US\$
Balance at beginning of year	-	-
Proceeds	2,041,200	-
Repayments	(173,702)	-
Foreign currency exchange adjustment gain	66,677	-
	<u>1,934,175</u>	<u>-</u>

#### 16. LEASE LIABILITIES

	<u>Minimum lease payments</u>		<u>Present value of minimum lease payment</u>	
	<u>2023</u> US\$	<u>2022</u> US\$	<u>2023</u> US\$	<u>2022</u> US\$
<b>Amounts payables under finance leases:</b>				
Within one year	47,475	26,843	44,332	26,577
Within two to five years	39,563	-	38,671	-
	87,038	26,843	83,003	26,577
Less: Future charge	(4,035)	(266)		
Present value of lease obligations	83,003	26,577		
Less: Amount due for settlement within 12 months	(44,332)	(26,577)		
Amount due for settlement after 12 months	38,671	-		

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

#### 16. 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.

The lease liabilities are denominated in Singapore dollars.

The incremental borrowing rate applied for lease liabilities at the date of initial adoption was 5% per annum.

##### a) Amounts recognized in profit or loss

	<u>2023</u> US\$	<u>2022</u> US\$
Interest on lease liabilities	2,220	1,546
Depreciation charges for the year	44,696	44,611
	<u>44,916</u>	<u>46,157</u>

##### b) Movements of lease liabilities are as follows

	<u>2023</u> US\$	<u>2022</u> US\$
Balance at beginning of year	26,577	72,127
Additions for the year	97,511	-
Repayment of lease liabilities	(38,422)	(45,805)
Foreign currency exchange adjustments (loss)/ gain	(2,663)	255
Balance at end of year	<u>83,003</u>	<u>26,577</u>

#### 17. SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTION

	<u>2023</u> US\$	<u>2022</u> US\$
Trust receipts	<u>5,000,000</u>	<u>10,045,38</u>

The trust receipts are repayable in 90 (2022: 120) days and bearing interest at spread plus applicable SOFR per annum. Short-term borrowings are secured by charge on fixed deposit with banks (Note 13) and corporate guarantee from the immediate holding company.

Reconciliation of movements of bank borrowings to cash flows arising from financing activities:

	<u>2023</u> US\$	<u>2022</u> US\$
At beginning of year	10,045,380	5,909,366
Proceeds	254,613,742	285,986,174
Less: Repayments	(259,659,122)	(281,850,160)
At end of year	<u>5,000,000</u>	<u>10,045,380</u>

## RIYA INTERNATIONAL PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 18. TRADE AND OTHER PAYABLES

	<u>2023</u> US\$	<u>2022</u> US\$
Trade payables - third parties	8,318,683	24,617,626
Other payables:		
- third parties	445,763	233,839
- accruals	20,348	17,168
Tenant security deposit	<u>27,862</u>	<u>-</u>
	<u>8,812,656</u>	<u>24,868,633</u>

Trade payables are non-interest bearing and normally settled on 60 days (2022: 60 days). Trade payables and accruals comprise amounts outstanding for trade purchases and ongoing costs.

#### Tenant security deposits

Tenant security deposits are recognised at the fair value of the amount received. The liability is derecognised upon returning the deposit to the tenant at the end of the tenancy or transferred to profit or loss to the extent of rent owed when it has been established that a tenant will default on its rental payment obligations.

Trade and other payables are denominated in the following currencies:

	<u>2023</u> US\$	<u>2022</u> US\$
United States dollar	8,764,446	24,851,465
Singapore dollar	<u>48,210</u>	<u>17,168</u>
	<u>8,812,656</u>	<u>24,868,633</u>

#### 19. REVENUE

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

#### 20. OTHER INCOME

	<u>2023</u> US\$	<u>2022</u> US\$
Commission	2,260,964	-
Rental income	41,643	-
Government grants:		
- JSS scheme	-	2,738
- Wage credit scheme	86	262
- SEC grant	51	979
- Senior Employment Credit	29	-
- CPF grant	227	-
- MSF grant	1,322	-
Interest from banks	153,459	29,661
Foreign exchange adjustment gain	<u>-</u>	<u>37,623</u>
	<u>2,460,572</u>	<u>71,263</u>



## RIYA INTERNATIONAL PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 20. OTHER INCOME – cont'd

##### Jobs Support Scheme (“JSS”)

The JSS grant was announced at the Budget 2020 (the “Unity Budget”) in February 2020 for the purpose of providing wage support to employers to help them retain their local employees (Singapore citizens and permanent residents) during the period of economic uncertainty arising from the COVID-19 situation. The Unity Budget was subsequently enhanced in the two supplementary budgets (the “Resilience Budget” and the “Solidarity Budget”) and the MultiMinistry Taskforce on COVID-19 announcements on 26 March 2020, 6 April 2020 and 21 April 2020 respectively. Under the JSS, the government co-funds between 25% to 75% of the first S\$4,600 of gross monthly wages paid to each local employee in ten months period. The grants are recognised as grant income in the profit and loss on a systematic basis over the months in which the related salary costs are recognised as expense.

##### 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 co-funded 20%, for 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. In Budget 2020, the government co-funding ratios for wage increases in 2019 and 2020 were further raised from 15% and 10%, to 20% and 15% respectively. The qualifying gross wage ceiling was also raised from \$4,000 to \$5,000 for both years. In Budget 2021, the Scheme was further extended by one year with the government co-funding ratio remaining at 15% for wage increases given in 2022, and the qualifying gross wage ceiling maintained at \$5,000.

##### Senior Employment Credit (“SEC”) / Special Employment Credit (“SEC”)

The Special Employment Credit was introduced as a Budget Initiative in 2011 to support employers, and to raise the employability of older Singaporeans. It was enhanced in 2012 to provide employers with continued support to hire older Singaporean workers and Persons with Disabilities (PWDs). At Budget 2016, the Special Employment Credit was extended for three years (viz. 2017 to 2019) to provide wage offsets to employers hiring Singaporean workers aged 55 and above, and earning up to \$4,000. The Minister for Finance announced a further one-year extension of Special Employment Credit to end-2020 at Budget 2019 and the Special Employment Credit scheme was ended on 31 December 2020. On 1 January 2021, the Senior Employment Credit scheme was introduced to support senior workers’ employment and safeguard their employability and this scheme provides wage offsets to employers who hire Singaporean workers aged 55 and above and earning up to S\$4,000 per month.

#### 21. FINANCE COSTS

	<u>2023</u> US\$	<u>2022</u> US\$
Interest on term loan	39,923	-
Interest on bills discounting	127,314	83,640
Interest on lease liabilities	2,220	1,546
Interest on trust receipts	480,524	348,278
Interest on derivatives	25,595	-
	<u>675,576</u>	<u>433,464</u>

## RIYA INTERNATIONAL PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 22. INCOME TAX EXPENSE

	<u>2023</u> US\$	<u>2022</u> US\$
Current year's income tax	589,474	248,000
Under provision in prior year	15,528	13,535
	605,002	261,535

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

	<u>2023</u> US\$	<u>2022</u> US\$
Profit before income tax	3,392,903	1,690,285
Income tax expense at statutory rate at 17% (2022: 17%)	576,793	287,348
Effect of:		
-taxable / (deductible) expenses	13,811	(26,429)
- tax exemption	(1,130)	(12,919)
	589,474	248,000
Under provision in prior year	15,528	13,535
	605,002	261,535

#### Movement of income tax payables

	<u>2023</u> US\$	<u>2022</u> US\$
At beginning of year	248,000	154,394
Current year provision	589,474	248,000
Overprovision in prior year	15,528	13,535
Income tax paid (net)	(260,069)	(167,929)
	592,933	248,000

#### 23. PROFIT FOR THE YEAR

Profit for the year has been arrived after charging:

	<u>2023</u> US\$	<u>2022</u> US\$
Director's remuneration	130,774	111,002
Director's other benefits	28,454	23,784
Employee benefits (including director's emoluments)	354,496	226,976
Cost of defined contribution plans included in employee benefits	22,513	20,981
Brokerage expense	89,942	36,242
Foreign currency exchange adjustment loss	134,189	-
	134,189	-

## RIYA INTERNATIONAL PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 24. COMMITMENTS

##### a) Banker's guarantee

During the financial year, a bank guarantee amounting to S\$ 20,000 (Equivalent to US\$ 15,072) has been issued in favour of the Comptroller of Goods and Services tax for a period from 1 September 2022 to 25 September 2024.

##### b) Operating lease commitments

The company leases its investment property to a third party under an operating lease for a period of two years. Rental income during the financial year amounted to **US\$41,643** (2022: Nil).

As at the end of the reporting period, the future minimum rental receivable under a non-cancellable operating lease contracted are as follows:

	<u>2023</u> US\$	<u>2022</u> US\$
Within one year	105,025	-
In the second to third year	<u>78,769</u>	<u>-</u>
	<u>183,794</u>	<u>-</u>

##### c) Commitments

On 7 March 2023, the Company entered into a sale and purchase agreement with an unrelated party to purchase of lease hold property situated at 60 Paya Lebar Road #12-02 Paya Lebar Square Singapore 409051 for a consideration of US\$1,512,916 (Equivalent to S\$ 2,007,640). The consideration was arrived on a willing- seller and willing- buyer basis, and will be satisfied wholly in cash. As at 15 March 2023, the company has paid a deposit of US\$ 122,223 as option money, with the balance to be paid upon completion, which is expected to be on or before 2 June 2023.

#### 25. THE RUSSIA –UKRAIN WAR AND ITS CORRESPONDING IMPACT ON THE COMAPNY

The Russia-Ukraine conflict escalated in February 2022 which resulted in the imposition of economic sanctions on Russia by various countries, including Singapore. The Company does not currently expect the Russia-Ukraine conflict to have any direct significant adverse impact on the Company's results in the coming financial year. As this is an event that is not under the Company's control, and factors such as continuing or stopping the conflict may affect the Company's operations, the Company continuously monitors changes in markets in Singapore and around the world and examines the implications for its business results. As of the date of approval of the Financial Statements, the Company cannot estimate the implications of this event, including its future impact on its future financial position. The Company will be monitoring the situation and may consider implementing appropriate measures to mitigate any adverse impact of the Russian-Ukraine conflict on the Company's operations.

#### 26. 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,

## RIYA INTERNATIONAL PTE. LTD.

### DETAILED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 MARCH 2023

	<u>2023</u> US\$	<u>2022</u> US\$
<b>Revenue</b>	505,511,889	395,966,860
<b>Less: Cost of sales</b>		
Inventories	19,348,500	-
Purchases	456,765,031	402,794,658
Commission	65,312	11,746
Freight charges	24,785,570	9,443,598
Fair value gain on commodity derivatives	748,356	(132,245)
Super vision charges	70,243	102,126
Quality and shortage claims	199,581	-
	501,982,593	412,219,883
Less: Inventories	-	(19,348,500)
	<b>(501,982,593)</b>	<b>(392,871,383)</b>
<b>Gross profit</b>	3,529,296	3,095,477
<b>Add: Other income</b>		
Interest income	153,459	29,661
Foreign exchange adjustment gain	-	37,623
Commission received	2,260,964	-
Miscellaneous income	2,791	-
Rental income	41,643	-
Government grants:		
- JSS scheme	-	2,738
- Wage credit scheme	86	262
- SEC grant	51	979
- Senior employment credit	29	-
- CPF grant	227	-
- MSF grant	1,322	-
	2,460,572	71,263
	5,989,868	3,166,740
<b>Less: Operating expenses</b>		
- Schedule 'A'	(2,596,965)	(1,476,455)
<b>Profit before income tax</b>	3,392,903	1,690,285

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 2023

	<u>2023</u> US\$	<u>2022</u> US\$
<b>Administrative expenses</b>		
Auditors' remuneration	15,000	12,000
Bank charges	355,946	288,893
Brokerage expense	89,942	36,242
Central provident funds contribution	22,513	20,981
Conveyance expenses	2,401	1,437
Courier charges	4,457	5,362
Directors' emoluments:		
- remuneration	130,774	111,002
- other benefits	28,454	23,784
Demurrage charge	709,254	163,662
Entertainment	10,442	596
Insurance	89,533	39,149
Legal and professional fee	56,256	59,423
Miscellaneous expenses	-	1,805
Office expenses	5,244	8,936
Office rent	935	-
Printing and stationary	1,742	2,347
Property maintenance expenses	4,395	-
Property tax	11,201	-
Salary and allowances	172,755	205,995
Subscription	1,194	947
Taxation fee	2,340	1,800
Telephone charges	4,127	4,052
Travelling expenses	21,573	2,569
Utilities	1,164	702
<b>Finance cost</b>		
Interest on trust receipts	480,524	348,278
Interest on term loan	39,923	-
Interest on hedging	25,595	-
Interest on lease liabilities	2,220	1,546
Interest on bill discounting	127,314	83,640
<b>Other expense</b>		
Depreciation on property, plant and equipment	45,558	51,307
Foreign currency exchange adjustment loss	134,189	-
	<b>2,596,965</b>	<b>1,476,455</b>

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