

BELLEWAVE COSMETICS PTE. LTD.
(Incorporated in Singapore)

(Company Registration No.: 200402006K)

**DIRECTORS' STATEMENT
AND
AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2020**

BELLEWAVE COSMETICS PTE. LTD.

GENERAL INFORMATION

DIRECTORS

Song Mei Cheng
Sandeep Ahuja
Karuppusamy Ramaswamy

COMPANY SECRETARY

Ang Siew Koon

REGISTERED OFFICE

237 Pandan Loop
#05-03 Westech Building
Singapore 128424

AUDITORS

EVEREST ASSURANCE PAC
7500A Beach Road
#14-302 The Plaza
Singapore 199591

BANKERS

United Overseas Bank Ltd

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BELLEWAVE COSMETICS PTE. LTD.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2020

The directors are pleased to present their statement to the members together with the audited financial statements of Bellewave Cosmetics Pte. Ltd. (the "Company") for the financial year ended 31 March 2020.

1. OPINION OF THE DIRECTORS

In the opinion of the directors:

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2020 and the financial performance, changes in equity and cash flows of the Company for the year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

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

Song Mei Cheng
Sandeep Ahuja
Karuppusamy Ramaswamy

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

4. DIRECTORS' INTEREST IN SHARES OR DEBENTURES

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

Name of Director	At the beginning of the financial year	At the end of the financial year
Ordinary shares of the immediate holding company - Global Vantage Innovative Group Pte. Ltd. (no. of ordinary shares)		
Song Mei Cheng	652,249	652,249

5. SHARE OPTIONS

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

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

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

BELLEWAVE COSMETICS PTE. LTD.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2020

6. AUDITORS

The auditors, Messrs Everest Assurance PAC, Public Accountants and Chartered Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,



Song Mei Cheng
Director



Sandeep Ahuja
Director

Singapore,

26 JUN 2020

**Independent Auditor's Report
To the Members of Bellewave Cosmetics Pte. Ltd.**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BELLEWAVE COSMETICS PTE. LTD. (the Company), which comprise the statement of financial position as at 31 March 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2020 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 29 to the financial statements in which management has described the possible financial impact of the COVID-19 outbreak on the Company in the next financial year. This note also indicates that uncertainties remains and that currently it is not reasonably possible to estimate the future financial impact. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 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 on the financial statement, 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 material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Patel Anand Rameshchandra.

Singapore,

26 June 2020



EVEREST ASSURANCE PAC
Public Accountants and
Chartered Accountants

BELLEWAVE COSMETICS PTE. LTD.**STATEMENT OF FINANCIAL POSITION***As at 31 March 2020**(Expressed in Singapore Dollars)*

	Note	2020 \$	2019 \$
ASSETS			
Non-current assets			
Property, plant, and equipment	4	2,848,927	2,977,562
Investment in life insurance plan	5	81,766	81,676
		<u>2,930,693</u>	<u>3,059,238</u>
Current assets			
Inventories	6	135,298	186,180
Trade and other receivables	7	216,456	438,814
Amount due from related companies	8	2,821,215	2,693,506
Prepaid operating expenses		14,714	12,970
Cash and bank balances	9	37,985	14,201
		<u>3,225,668</u>	<u>3,345,671</u>
Total assets		<u>6,156,361</u>	<u>6,404,909</u>
EQUITY			
Share capital	10	2,071,561	2,071,561
Revaluation reserves	11	2,023,382	2,023,382
(Accumulated losses)/Retained earnings		(25,693)	175,617
Total equity		<u>4,069,250</u>	<u>4,270,560</u>
LIABILITIES			
Non-current liabilities			
Term loans	12	1,548,864	1,573,042
Current liabilities			
Trade and other payables	13	132,927	200,913
Amount due to related companies	8	138,508	133,435
Term loans	12	266,812	226,959
		<u>538,247</u>	<u>561,307</u>
Total liabilities		<u>2,087,111</u>	<u>2,134,349</u>
Total equity and liabilities		<u>6,156,361</u>	<u>6,404,909</u>

(The accompanying accounting policies and explanatory notes form an integral part of the financial statements)

BELLEWAVE COSMETICS PTE. LTD.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2020

(Expressed in Singapore Dollars)

	Note	2020 \$	2019 \$
Revenue	14	3,070,923	3,383,118
Other income	15	120,443	280,256
		<u>3,191,366</u>	<u>3,663,374</u>
Cost of materials consumed	16	(1,478,114)	(1,633,742)
Employee benefits	17	(702,803)	(935,446)
Administrative and general expenses	18	(416,187)	(664,452)
Depreciation of property, plant and equipment	4	(154,472)	(157,661)
Finance costs	19	(43,753)	(47,270)
Profit before tax and exceptional item	20	<u>396,037</u>	<u>224,803</u>
Exceptional item	21	(578,047)	-
(Loss)/Profit before tax		(182,010)	224,803
Income tax (benefit)/expense	22	(19,300)	10,703
(Loss)/profit after tax, representing total comprehensive (loss)/income for the financial year		<u>(201,310)</u>	<u>235,506</u>

(The accompanying accounting policies and explanatory notes form an integral part of the financial statements)

BELLEWAVE COSMETICS PTE. LTD.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2020

(Expressed in Singapore Dollars)

	Share Capital \$	Accumulated Losses / Retained Earnings \$	Revaluation Reserve \$	Total \$
Balance as at 1 April 2018	2,071,561	(59,889)	2,023,382	4,035,054
Total comprehensive income for the year	-	235,506	-	235,506
Balance as at 31 March 2019	<u>2,071,561</u>	<u>175,617</u>	<u>2,023,382</u>	<u>4,270,560</u>
Total comprehensive loss for the year	-	(201,310)	-	(201,310)
Balance as at 31 March 2020	<u>2,071,561</u>	<u>(25,693)</u>	<u>2,023,382</u>	<u>4,069,250</u>

*(The accompanying accounting policies and explanatory notes form
an integral part of the financial statements)*

BELLEWAVE COSMETICS PTE. LTD.

STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2020
(Expressed in Singapore Dollars)

	2020	2019
	\$	\$
Cash Flows from Operating activities		
(Loss)/profit before tax	(182,010)	224,803
<u>Adjustments for:</u>		
Bad debts written off	578,047	-
Gain on disposal of property, plant and equipment	(27,146)	-
Unclaimed payable written off	(5,500)	-
Depreciation of property, plant and equipment	154,472	157,661
Fair value change of insurance plan	(90)	20,315
Interest expense	43,753	47,270
Write-back of retainer fees	-	(190,000)
Operating cash flows before movements in working capital	<u>561,526</u>	<u>260,049</u>
Movements in Working Capital		
Inventories	50,882	(85,312)
Trade and other receivables	222,358	(69,353)
Amount due from related companies	(705,756)	(327,322)
Prepaid operating expenses	(1,744)	(81)
Trade and other payables	(62,486)	166,395
Amount due to related companies	5,073	(57,307)
Advance payment by customers	-	(3,297)
Cash generated from / (used in) operations	<u>69,853</u>	<u>(116,228)</u>
Income tax paid	(19,300)	(13,260)
Net cash generated from / (used in) operating activities	<u>50,553</u>	<u>(129,488)</u>
Cash Flows from Investing activities		
Purchase of property, plant and equipment	(26,470)	(1,622)
Proceeds from disposal of property, plant and equipment	27,779	-
Purchase of keyman life insurance	-	(101,991)
Net cash generated from / (used in) investing activities	<u>1,309</u>	<u>(103,613)</u>
Cash Flows from Financing activities		
Proceeds from term loan	250,000	413,000
Repayment of term loans	(234,325)	(166,587)
Interest paid	(43,753)	(47,270)
Net cash (used in) / generated from financing activities	<u>(28,078)</u>	<u>199,143</u>
Net increase / (decrease) in cash and cash equivalents	23,784	(33,958)
Cash and cash equivalents at the beginning of financial year	14,201	48,159
Cash and cash equivalents at the end of financial year (Note 9)	<u>37,985</u>	<u>14,201</u>

(The accompanying accounting policies and explanatory notes form an integral part of the financial statements)

BELLEWAVE COSMETICS PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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

1 THE COMPANY AND ITS PRINCIPAL ACTIVITIES

Bellewave Cosmetics Pte. Ltd. (the "Company") is incorporated and domiciled in the Republic of Singapore with its registered office and principal place of business at:

237 Pandan Loop,
#05-03 Westech Building
Singapore 128424.

The principal activities of the Company are the manufacture and wholesale of cosmetics and toiletries.

The Company is a wholly owned subsidiary of Global Vantage Innovative Group Pte. Ltd., a company incorporated in the Republic of Singapore. The Company's ultimate holding company is VLCC Health Care Limited, a company incorporated in India.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Company have been drawn up in accordance with Financial Reporting Standards in Singapore (FRSs). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (S\$), which is the Company's functional currency. All financial information presented in Singapore Dollars has been rounded to the nearest dollar, unless otherwise indicated.

The preparation of financial statements in conformity with FRSs requires the management to exercise their judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement or complexity are disclosed in Note 3 below.

2.2 Adoption of new and amended standards and interpretation

On 1 April 2019, the Company adopted the new or amended FRSs and Interpretations of FRSs ("INT FRSs") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRSs and INT FRSs.

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

2.3 Standards issued but not yet effective

Certain new Singapore Financial Reporting Standards ("FRSs") and amendments to FRSs have been published as at the financial year-end date but are not yet effective.

The Company will adopt the relevant new FRSs and amendments to FRSs on or after 1 April 2020. The implementation of those new FRSs and amendments to FRSs is not expected to have any material impact on the financial statements of the Company.

BELLEWAVE COSMETICS PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2.4 Foreign currency transactions and balances

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

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

2.5 Property, plant and equipment

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

Leasehold properties are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the leasehold properties at the end of the reporting period.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to accumulated profits or losses on retirement or disposal of the asset.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	<u>Years</u>
Leasehold properties	25
Plant and machinery	5
Computer and office equipment	5
Motor vehicles	10
Furniture and fittings	5
Renovation	5

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

The useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

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

BELLEWAVE COSMETICS PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2.6 Impairment of non-financial assets

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

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

Impairment losses are recognised in profit or loss.

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

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method and includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

When necessary, allowance is provided for damaged, obsolete, and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and are subject to an insignificant risk of changes in value.

2.9 Financial instruments

Financial assets -

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

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

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

Initial recognition and measurement

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

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

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

BELLEWAVE COSMETICS PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Debt instruments -

Debt instruments that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. These financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

The Company's financial assets measured at amortised cost comprise trade and other receivables, amount due from related companies and cash and bank balances in the statement of financial position.

Debt instrument that is held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other income/expense".

The Company's financial asset measured at fair value through profit or loss comprise investment in life insurance plan in the statement of financial position.

Impairment

Debt instruments -

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

For amount due from related companies and cash and bank balances, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

Financial liabilities -

Initial recognition and measurement

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

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

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. On derecognition, the difference between the carrying amounts is recognised in profit or loss.

BELLEWAVE COSMETICS PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2.10 Provisions

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

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

2.11 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 or 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.

Sales of goods

Revenue is recognised upon transfer of significant risks and rewards of ownership of the goods to the customer, which generally coincides with delivery and acceptance of the goods sold. No revenue is recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Rental Income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms.

Government grants

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

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

2.12 Employee benefits

Defined contribution pension scheme

The Company makes contributions to the Central Provident Fund Scheme in Singapore, a defined contribution pension scheme. These contributions are recognised as compensation expense in the same period as the employment that gives rise to the contributions.

2.13 Exceptional item

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company. They are materials items of income or expense that have been shown separately due to the significance of their nature or amount.

BELLEWAVE COSMETICS PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2.14 Leases

These accounting policies are applied on and after the initial application date of FRS 116, 1 April 2019:

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.

(a) 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 2.6.

As at financial year end date, the Company has no right-of-use assets presented within property, plant and equipment.

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.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (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 office equipment that are considered to be low value. Lease payments

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on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(b) As lessor

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 lease is accounted for on a straight-line basis over the lease terms.

These accounting policies are applied before the initial application date of FRS 116, 1 April 2019:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

2.15 Taxes

a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rate and tax law used to compute the amount are those that are enacted or substantively enacted at the reporting date.

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

b) Deferred tax

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by 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 income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

c) Goods and Services Tax (GST)

Revenue, expenses, and assets are recognised net of the amount of GST except:

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.16 Share capital

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

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For the financial year ended 31 March 2020

2.17 Related party

A related party is defined as follows:

- (i) A person or a close member of that person's family is related to the Company if that person:
 - a) Has control or joint control over the Company;
 - b) Has significant influence over the Company; or
 - c) Is a member of the key management personnel of the Company or of a parent of the Company.
- (ii) An entity is related to the Company if any of the following applies:
 - a) 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);
 - b) 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);
 - c) Both entities are joint ventures of the same third party;
 - d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - e) 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;
 - f) The entity is controlled or jointly controlled by a person identified in (i) above;
 - g) A person identified in (i)a) above has significant influence over the entity or is a member of the key management personnel or the entity (or of a parent of the entity).

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Estimated impairment of non-financial assets

Property, plant and equipment and other non-financial assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The Company assesses at each reporting date whether there is an indication that the property, plant and equipment and other non-financial assets may be impaired. This requires an estimation of the value in use of the cash-generating units.

Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

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

At each reporting date, the management analyses the provision for the expected credit losses (ECLs). The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The Company recognises a loss allowance based on lifetime expected credit losses at each reporting date.

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The management has established a provision policy that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors' ability to pay and the economic environment which could affect the debtors' ability to pay.

The Company evaluates the expected credit loss on customers in financial difficulties separately. The Company's credit risk exposure for trade receivables is set out in Note 25.

(c) Inventory valuation method

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines. The realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available and inherently involves estimates regarding the future expected realisable value.

(d) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over their respective useful lives. Management estimates that the useful lives of these property, plant and equipment to be 5-25 years. These are common life expectancies applied in the industry.

(e) Functional currency

When determining the functional currency of the Company, the management considers factors such as the currency that influences the sales prices, the currency that influences the labour, material and other costs of providing the goods or services, the currency in which funds from financing activities are generated and the currency in which receipts from operating activities are usually retained. When the factors are mixed, the management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

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NOTES TO THE FINANCIAL STATEMENTS

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4 PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties	Plant and machinery	Computer and office equipment	Motor vehicles	Furniture and fittings	Renovation	Total
	\$	\$	\$	\$	\$	\$	\$
Valuation or Cost:							
Balance at 1 April 2018	3,703,536	229,171	208,721	168,185	41,160	314,939	4,665,712
Additions	-	-	-	-	1,621	-	1,621
Balance at 31 March 2019	3,703,536	229,171	208,721	168,185	42,781	314,939	4,667,333
Additions	-	-	26,470	-	-	-	26,470
Disposals	-	-	-	-	(633)	-	(633)
Balance at 31 March 2020	3,703,536	229,171	235,191	168,185	42,148	314,939	4,693,170
Accumulated Depreciation							
Balance at 1 April 2018	592,565	229,171	186,203	168,185	41,047	314,939	1,532,110
Depreciation	148,142	-	9,193	-	327	-	157,661
Balance at 31 March 2019	740,707	229,171	195,396	168,185	41,374	314,939	1,689,771
Depreciation	148,142	-	6,083	-	246	-	154,472
Balance at 31 March 2020	888,849	229,171	201,479	168,185	41,620	314,939	1,844,243
Carrying Amount							
Balance at 31 March 2019	2,962,829	-	13,325	-	1,407	-	2,977,562
Balance at 31 March 2020	2,814,687	-	33,712	-	528	-	2,848,927

The leasehold properties with carrying amount of \$2,814,687 (2019: \$2,962,829) is mortgaged to secure for term loans (Note 12).

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5 INVESTMENT IN LIFE INSURANCE PLAN

	2020	2019
	\$	\$
Investment in life insurance plan, at fair value	81,766	81,676

Movements in the investment in life insurance plan is as follows:

	2020	2019
	\$	\$
Balance at beginning of financial year	81,676	-
Full insurance premium paid	-	101,991
Fair value change recognised in profit or loss	90	(20,315)
Balance at end of financial year	81,766	81,676

The above pertains to an investment linked keyman life insurance policy purchased in respect of a director.

The fair value of the policy is based on the annual total cash surrender value of the insurance contract. The insurance contract is pledged to a bank to secure bank term loan granted to the Company (Note 12).

6 INVENTORIES

	2020	2019
	\$	\$
Statement of financial position:		
Packaging materials	8,417	15,938
Finished goods	126,881	170,242
	135,298	186,180

Changes in inventories:

	2020	2019
	\$	\$
<u>Packaging materials consumed</u>		
Opening inventories	15,938	22,175
Purchases	5,880	22,682
	21,818	44,857
Less: Closing inventories	(8,417)	(15,938)
	13,401	28,919
<u>Movement in finished goods</u>		
Opening inventories	170,242	78,693
Closing inventories	(126,881)	(170,242)
	43,361	(91,549)

Cost of sales:

	2020	2019
	\$	\$
Purchase of goods held for resale	1,421,352	1,696,372
Changes in inventories	56,762	(62,630)
Factory wages and benefits	160,951	150,278
Freight charges	2,191	6,733
	1,672,343	1,790,753

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7 TRADE AND OTHER RECEIVABLES

	2020	2019
	\$	\$
Trade receivables - Third parties	197,768	396,330
Deposits	4,660	9,785
GST receivable	11,842	32,699
Sundry receivables	2,186	-
	216,456	438,814

Trade receivables are unsecured, non-interest bearing and are generally on average 60 days' (2019: 60 days') terms.

Trade and other receivables are denominated in the following currencies:

	2020	2019
	\$	\$
Singapore Dollar	215,779	385,873
United States Dollar	677	52,941
	216,456	438,814

8 AMOUNT DUE FROM/(TO) RELATED COMPANIES

	2020	2019
	\$	\$
Amount due from related companies	2,404,215	2,090,432
Amount due from immediate holding company	417,000	603,074
	2,821,215	2,693,506
Amount due to related companies	138,507	133,435

Amount due from related companies and immediate holding company include non-trade amounts of \$1,386,814 (2019: \$1,119,160).

Amount due to related companies include non-trade amounts of \$Nil (2019: \$15,000).

The non-trade amounts are unsecured, interest-free and repayable on demand.

Amount due from related companies and immediate holding company are denominated in the following currencies:

	2020	2019
	\$	\$
Singapore Dollar	2,821,215	2,692,134
United States Dollar	-	1,372
	2,821,215	2,693,506

Amount due to related companies are denominated in the following currencies:

	2020	2019
	\$	\$
Singapore Dollar	9,540	43,620
United States Dollar	128,967	89,815
	138,507	133,435

9 CASH AND BANK BALANCES

	2020	2019
	\$	\$
Cash on hand	2,686	674
Cash at banks	35,299	13,527
	37,985	14,201

Cash and bank balances are denominated in Singapore dollars only.

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10 SHARE CAPITAL

	2020		2019	
	Number of shares	Amount \$	Number of shares	Amount \$
Issued and fully paid:				
Ordinary shares	482,690	2,071,561	482,690	2,071,561

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

11 ASSET REVALUATION RESERVE

Asset revaluation reserve represents increases in the fair value of the leasehold properties.

12 TERM LOANS

	2020 \$	2019 \$
Current liabilities	266,812	226,959
Non-current liabilities	1,548,864	1,573,042
	1,815,676	1,800,001

	2020 \$	2019 \$
Term loan 1 - UOB Bank - SGD	340,636	371,223
Term loan 2 - UOB Bank - SGD	597,463	643,088
Term loan 3 - UOB Bank - SGD	434,040	450,711
Term loan 4 - UOB Bank - SGD	163,784	275,713
Term loan 5 - UOB Bank - SGD	35,251	59,266
Term loan 6 - UOB Bank - SGD	244,502	-
	1,815,676	1,800,001

The details of the term loans are as follows:

	Term loan	Principal sum	Interest rate	Maturity	Securities
i)	Term loan 1	633,800	2.80% over the applicable 3 months SIBOR	December 2029	1. Personal guarantee by director. 2. Leasehold properties of the Company (Note 4). 3. Corporate guarantee by immediate holding company - GVIG*.
ii)	Term loan 2	980,435	2.80% over the applicable 3 months SIBOR	June 2031	1. Personal guarantee by director. 2. Leasehold properties of the Company (Note 4). 3. Corporate guarantee by immediate holding company - GVIG*.
iii)	Term loan 3	500,000	2.50% over the applicable 3 months SIBOR	August 2040	1. Personal guarantee by director. 2. Leasehold properties of the Company (Note 4). 3. Corporate guarantee by immediate holding company - GVIG*.
iv)	Term loan 4	340,000	2.18% fixed	August 2021	1. Personal guarantee by director. 2. Leasehold properties of the Company (Note 4). 3. Corporate guarantee by immediate holding company - GVIG*.

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v)	Term loan 5	73,000	2.18% fixed	August 2021	1. Personal guarantee by director. 2. Corporate guarantee by immediate holding company -GVIG*.
vi)	Term loan 6	250,000	2.18% fixed	January 2027	1. Personal guarantee by director. 2. Leasehold properties of the Company (Note 4). 3. Corporate guarantee by immediate holding company - GVIG*.

*Global Vantage Innovative Group Pte. Ltd. (GVIG)

The weighted average effective interest rate of the term loan is 2.75% (2019: 2.72%) per annum.

13 TRADE AND OTHER PAYABLES

	2020	2019
	\$	\$
Trade payables - Third parties	34,542	44,361
Accruals	67,676	113,783
Amount due to directors	30,709	42,769
	132,927	200,913

Amounts in trade payables are non-interest bearing. Trade payables are normally settled on average 60 days' (2019: 60 days') terms.

Amount due to directors are unsecured, interest-free and are repayable on demand.

Trade and other payables are denominated in the following currencies:

	2020	2019
	\$	\$
Singapore Dollar	129,289	200,913
Malaysian Ringgit	3,638	-
	132,927	200,913

14 REVENUE

	2020	2019
	\$	\$
Goods sold	3,070,923	3,383,118

Revenue represents invoiced net sales of trading goods after allowance and trade discounts. All the sales are recognised at a point in time.

15 OTHER INCOME

	2020	2019
	\$	\$
Government grant	2,206	4,931
Rental income	85,276	85,276
Gain on disposal of property, plant and equipment	27,146	-
Unclaimed payable written back	5,500	-
Write-back of retainer fees	-	190,000
Fair value change of insurance plan	90	-
Miscellaneous income	225	49
	120,443	280,256

16 COST OF MATERIALS CONSUMED

	2020	2019
	\$	\$
Opening stock	186,180	100,868
Add: Purchases	1,427,232	1,719,054
	1,613,412	1,819,922
Less: Closing stock	(135,298)	(186,180)
	1,478,114	1,633,742

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17	EMPLOYEE BENEFITS EXPENSES	2020	2019
		\$	\$
	<u>Direct cost</u>		
	Salaries	123,659	110,436
	Bonus	3,753	7,712
	Foreign worker levy	31,532	32,100
	Contributions to Central Provident Fund	1,549	-
	Medical fees	458	30
		160,951	150,278
	<u>Key management personnel</u>		
	Directors' salaries	135,000	277,033
	Bonus	8,525	8,525
	Contributions to Central Provident Fund	13,808	14,571
		157,333	300,129
	<u>Staff</u>		
	Salaries	320,492	398,800
	Bonus	17,070	21,548
	Contributions to Central Provident Fund	35,285	48,628
	Medical fees	5,659	3,578
	Staff welfare	2,363	6,727
	Other staff benefit	3,650	5,758
		384,519	485,039
	Total employee benefits expenses	702,803	935,446
18	ADMINISTRATIVE AND GENERAL EXPENSES	2020	2019
		\$	\$
	Audit fees	5,001	4,000
	Bank charges	13,476	9,590
	Boarding and lodging expenses	7,270	19,565
	Consultancy charges	118,013	117,749
	Conveyance expenses	4,499	4,241
	Discount and schemes	31,087	30,991
	Entertainment	70	54
	Fair value change of insurance plan	-	20,315
	Fees and subscription	4,724	6,892
	Fines and penalties	443	-
	Freight charges	20,128	31,304
	Gift expenses	1,743	3,470
	Insurance expenses	21,596	21,877
	Internet and website expenses	2,622	6,419
	Listing and registration fees	35,180	42,476
	Loss on foreign exchange	1,369	505
	Office expenses	26,398	26,425
	Printing and stationery	11,544	15,305
	Professional fees	1,182	4,127
	Property tax	10,156	9,890
	Rental of premise	3,197	-
	Repair and maintenance of computers	9,313	6,074
	Retainer fees	-	86,400
	Sales commission	-	25
	Sales promotion and marketing	32,706	93,569
	Secretarial fee	850	126
	Staff recruitment expense	1,158	23,397

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	2020	2019
	\$	\$
Tax filing fees	250	450
Telephone expenses	21,422	26,688
Travelling expenses	21,527	41,273
Utilities charges	6,768	6,983
Vehicle running and maintenance fees	2,495	4,272
	416,187	664,452
19 FINANCE COSTS		
	2020	2019
	\$	\$
Interest on term loan	43,753	47,270
20 PROFIT BEFORE TAX AND EXCEPTIONAL ITEM		
Profit before tax and exceptional item is arrived at after charging/(crediting) the following:		
	2020	2019
	\$	\$
Gain on disposal of property, plant and equipment	(27,146)	-
Depreciation of property, plant and equipment	154,472	157,661
Employee benefits expenses (Note 17)	702,803	935,446
21 EXCEPTIONAL ITEM		
	2020	2019
	\$	\$
Bad debts written off	578,047	-
During the financial year, pursuant to a compulsory winding up order by the High Court of Malaysia against a fellow subsidiary company, Wyann International (M) Sdn Bhd (the "debtor"), the debtor was wound up and the receivables from the debtor amounting to \$578,047 was fully written off as bad debts.		
22 INCOME TAX BENEFIT /(EXPENSE)		
	2020	2019
	\$	\$
Current income tax		
- Current year	-	-
- Under / (over) provision in respect of prior years	19,300	(10,703)
Income tax expense/(benefit) recognised in profit of loss	19,300	(10,703)
Relationship between tax benefit/(expense) and accounting (loss)/profit		
A reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the financial years ended 31 March 2020 and 31 March 2019 were as follows:		
	2020	2019
	\$	\$
Accounting (loss)/profit before tax	(182,010)	224,803
Tax at the statutory tax rate	(30,942)	38,217
Tax effects of:		
Tax losses	30,942	-
Tax exemptions	-	(38,217)
Under/(over) provision in respect of prior years	19,300	(10,703)
Income tax benefit/(expense) recognised in profit or loss	19,300	(10,703)

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23 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with related parties took place at terms agreed between the parties during the financial year:

Related companies	2020 \$	2019 \$
Sales of goods	754,858	960,457
Purchase of goods	1,447,412	1,706,164
Rental income from a related company	85,276	85,276
Utility charges recharged to a related company	30,633	32,888
Exceptional item - Bad debts written off	578,047	-
Retainer fees to related company	-	86,400

Compensation of key management personnel

The remuneration of key management personnel in the Company are disclosed in Note 17.

There are no other key management personnel in the Company other than the directors.

24 OPERATING LEASE COMMITMENTS - AS LESSOR

The future minimum lease receivables under non-cancellable operating leases contracted as at financial year-end but not recognised as receivables are as follows:

	2020 \$	2019 \$
Within one year	85,276	85,276
Within two to five years	341,104	255,827
	<u>426,380</u>	<u>341,103</u>

25 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's activities expose it to credit risk, effect of changes in foreign exchange rate risk and liquidity risk arising in the normal course of the Company's businesses.

Credit risk

(i) Risk management

The Company has no significant concentration of credit risk and surplus funds are placed with reputable banks.

The Company performs ongoing credit evaluations of its customers' financial condition and generally requires no collateral to secure trade receivables. Limits are established and are regularly monitored in respect of single customer exposures.

The carrying amount of cash and bank balances, trade receivables, amount due from related companies and other receivables represent the Company's maximum exposure to credit risk in relation to financial assets.

(ii) Impairment of financial assets

The Company has applied the simplified approach by using the provision matrix to measure the lifetime expected credit losses for trade receivables from customers.

To measure the expected credit losses, these receivables have been grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Company considers historical loss rates for each category of customers and adjusts for forward-looking macroeconomic data and factors specific to the debtors' ability to pay.

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Receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company or there is significant difficulty of the debtor or it is becoming probable that the debtor will enter bankruptcy or other financial reorganization. Where receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The Company's credit risk exposure in relation to trade receivables as at 31 March 2020 and 31 March 2019 are set out in the provision matrix as follows -

	Past due				Total \$
	1 to 30 days \$	31 to 60 days \$	61 to 90 days \$	More than 90 days \$	
31 March 2020	19,693	120,722	23,871	33,482	197,768
31 March 2019	297,253	24,175	81,379	(6,477)	396,330

The management determines the expected loss rates for debts past due for 90 days and below is low and no loss allowances are made accordingly. Full provision has been made for debts past due more than 180 days.

Other receivables and amount due from related companies

The Company assessed the latest performance and financial position of the related companies, adjusted for the future outlook of the industry in which the related companies operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Company's objective is to maintain a balance between continuity of funding and flexibility using stand-by credit facilities. The Company finances its working capital requirements through a combination of funds generated from operations. The directors are satisfied that funds are available to finance the operations of the Company.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligation.

	Carrying amount \$	Contractual cash flows \$	One year or less \$	Two to five years \$	More than five years \$
2020					
Financial assets:					
Trade and other receivables	202,428	202,428	202,428	-	-
Amount due from related companies	2,821,215	2,821,215	2,821,215	-	-
Cash and bank balances	37,985	37,985	37,985	-	-
Total undiscounted financial assets	3,061,628	3,061,628	3,061,628	-	-
Financial liabilities:					
Term loans	1,815,676	2,106,757	312,567	736,426	1,057,764
Trade and other payables	65,251	65,251	65,251	-	-
Amount due to related companies	138,507	138,507	138,507	-	-
Total undiscounted financial liabilities	2,019,434	2,310,515	516,325	736,426	1,057,764
Total net undiscounted financial assets/(liabilities)	1,042,194	751,113	2,545,303	(736,426)	(1,057,764)

BELLEWAVE COSMETICS PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2020
(Expressed in Singapore Dollars)*

	Carrying amount \$	Contractual cash flows \$	One year or less \$	Two to five years \$	More than five years \$
2019					
Financial assets:					
Trade and other receivables	406,115	406,115	406,115	-	-
Amount due from related companies	2,693,506	2,693,506	2,693,506	-	-
Cash and bank balances	14,201	14,201	14,201	-	-
Total undiscounted financial assets	3,113,822	3,113,822	3,113,822	-	-
Financial liabilities:					
Term loans	1,800,001	2,116,354	273,864	725,124	1,117,366
Trade and other payables	87,130	87,130	87,130	-	-
Amount due to related companies	133,435	133,435	133,435	-	-
Total undiscounted financial liabilities	2,020,566	2,336,919	494,429	725,124	1,117,366
Total net undiscounted financial assets/(liabilities)	1,093,256	776,903	2,619,393	(725,124)	(1,117,366)

Foreign exchange risk

The Company has exposure to changes in foreign exchange rate risk as a result of transactions denominated in foreign currencies arising mainly from sales and purchase of goods.

Exposure to currency risk is monitored on an on-going basis and the Company endeavours to keep the net exposure at an acceptable level.

The impact of changes in foreign exchange rates to profit after tax has been assessed by the Company and not expected to be significant.

Interest rate risk

The Company is exposed to interest rate risk for changes in interest rates primarily for the term loans.

The impact of changes in interest rates to profit after tax has been assessed by the Company and not expected to be significant.

26 FAIR VALUES OF FINANCIAL INSTRUMENTS

The table below represents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy as at 31 March 2020 -

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets, at Fair Value through Profit or Loss ("FVPL")	-	-	81,766	81,766

The financial assets at FVPL represents investment in life insurance plan. The fair value of the investment in life insurance plan is based on the cash value provided by the insurer without adjustment.

The carrying value less impairment provision of current trade receivables, trade payables and borrowings are approximate to their fair values due to the relatively short-term maturity of these financial instruments.

BELLEWAVE COSMETICS PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

(Expressed in Singapore Dollars)

27 FINANCIAL INSTRUMENTS BY CATEGORY

At the reporting date, the aggregate carrying amounts of the different categories of financial instruments were as follows:

	2020	2019
	\$	\$
Financial assets measured at amortised cost		
Trade and other receivables	202,428	406,115
Amount due from related companies	2,821,215	2,693,506
Cash and bank balances	37,985	14,201
Total financial assets measured at amortised cost	<u>3,061,628</u>	<u>3,113,822</u>
Financial assets measured at fair value through profit or loss (FVPL)		
Investment in life insurance plan	81,766	81,676
Total financial assets measured at FVPL	<u>81,766</u>	<u>81,676</u>
Financial liabilities measured at amortised cost		
Term loan	1,815,676	1,800,001
Trade and other payables	65,251	87,130
Amount due to related companies	138,507	133,435
Total financial liabilities measured at amortised cost	<u>2,019,434</u>	<u>2,020,566</u>

28 CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of debt, which includes the amounts due to related companies (Note 8) and equity attributable to equity holders, which comprises share capital (Note 10) net of accumulated losses.

29 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Due to the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented across the globe. The degree of impact will depend on the duration of this epidemic outbreak, the effectiveness of related prevention and control and the implementation of various regulatory policies.

The Company expects reduced sales and lower profits in the first half of 2020 and gradual recovery in the second half if the COVID-19 outbreak recedes by then. Given the dynamic nature of the COVID-19 outbreak, it is not practicable to provide a reasonable estimate of the overall impact on the Company's financial position, cash flows and operating results at the authorisation date of this financial statements. The Company will pay constant and close attention to the development of the situation, evaluate and actively respond to its potential impact on the Company.

30 COMPARATIVE FIGURES

With effect from the current financial year, the Company analysed its expenses recognised in the Statement of Profit or Loss using a classification based on their nature instead of by their function as in prior financial years. This change was made to be consistent with group companies' presentation.

The comparative financial year's expenses in the Statement of Profit or Loss have been reclassified to conform with the current financial year's presentation.

31 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 March 2020 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 26 June 2020.

THE FOLLOWING SCHEDULES DO NOT FORM PART OF THE STATUTORY FINANCIAL STATEMENTS

BELLEWAVE COSMETICS PTE. LTD.

DETAILED STATEMENT OF PROFIT OR LOSS

For the financial year ended 31 March 2020

(Expressed in Singapore Dollars)

		2020 \$
Revenue		3,070,923
Add: <u>Other Income:</u>		
Government grant	2,206	
Rental income	85,276	
Gain on disposal of property, plant and equipment	27,146	
Unclaimed payable written back	5,500	
Fair value change of insurance plan	90	
Miscellaneous income	225	
	<u>120,443</u>	<u>3,191,276</u>
Less: <u>Cost of material consumed</u>		
Opening stock	(186,180)	
Add: Purchases	(1,427,232)	
Less: Closing stock	<u>135,298</u>	<u>(1,478,114)</u>
<u>Employee benefits expenses</u>		
Salaries	(579,151)	
Bonus	(29,348)	
Contributions to Central Provident Fund	(50,642)	
Foreign worker levy	(31,532)	
Medical fee	(6,117)	
Staff welfare and training	(2,363)	
Other staff benefits	<u>(3,650)</u>	<u>(702,803)</u>
<u>Administrative and general expenses</u>		
Audit fees	(5,001)	
Bank charges	(13,476)	
Boarding and lodging expenses	(7,270)	
Consultancy charges	(118,013)	
Conveyance expenses	(4,499)	
Discount and scheme	(31,087)	
Entertainment	(70)	
Fees and subscription	(4,724)	
Fines and penalties	(443)	
Freight charges	(20,128)	
Gift expenses	(1,743)	
Insurance expenses	(21,596)	
Internet and website expenses	(2,622)	
Listing and registration fees	(35,180)	
Loss on foreign exchange	(1,369)	
Office expenses	(26,398)	
Printing and stationery	(11,544)	
Professional fees	(1,182)	
Property tax	(10,156)	
Rental of premise	(3,197)	
Repair and maintenance of computers	(9,313)	
Sales promotion and marketing	(32,706)	
Secretarial fee	(850)	
Staff recruitment expense	(1,158)	
Tax filing fees	(250)	
Telephone expenses	(21,422)	
Travelling expenses	(21,527)	
Utilities charges	(6,768)	
Vehicle running and maintenance fees	<u>(2,495)</u>	<u>(416,187)</u>
<u>Depreciation</u>		
Depreciation of property, plant and equipment		(154,472)

BELLEWAVE COSMETICS PTE. LTD.

DETAILED STATEMENT OF PROFIT OR LOSS

*For the financial year ended 31 March 2020**(Expressed in Singapore Dollars)*

	2020
	\$
<u>Finance costs</u>	
Interest on term loan	(43,753)
Profit before tax and exceptional item	395,947
<u>Exceptional item</u>	
Bad debts written off	(578,047)
Loss before tax	(182,010)
Less: Income tax expense	(19,300)
Loss after tax	(201,310)
