

**BELLEWAVE COSMETICS PTE. LTD.**  
*(Incorporated in Singapore)*

**(Company Registration No.: 200402006K)**

**DIRECTORS' STATEMENT  
AND  
AUDITED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
31 MARCH 2021**

# BELLEWAVE COSMETICS PTE. LTD.

## GENERAL INFORMATION

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### **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  
Oversea-Chinese Banking Corporation, Ltd

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# BELLEWAVE COSMETICS PTE. LTD.

## DIRECTORS' STATEMENT

*For the financial year ended 31 March 2021*

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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 2021.

### 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 2021 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
<b>Ordinary shares of the immediate holding company - Global Vantage Innovative Group Pte. Ltd. (no. of ordinary shares)</b>		
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.**

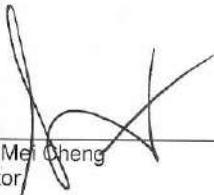
**DIRECTORS' STATEMENT**  
*For the financial year ended 31 March 2021*

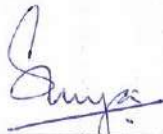
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**6. AUDITORS**

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,

**23 APR 2021**

**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 2021, 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 2021 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 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.

Singapore,  
23 April 2021



EVEREST ASSURANCE PAC  
Public Accountants and  
Chartered Accountants

**BELLEWAVE COSMETICS PTE. LTD.**

**STATEMENT OF FINANCIAL POSITION**

*As at 31 March 2021  
(Expressed in Singapore Dollars)*

	Note	2021 \$	2020 \$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant, and equipment	4	2,694,944	2,848,927
Investment in life insurance plan	5	81,861	81,766
		<u>2,776,805</u>	<u>2,930,693</u>
<b>Current assets</b>			
Inventories	6	55,669	135,298
Trade and other receivables	7	251,510	216,456
Amount due from related companies	8	2,826,086	2,821,215
Prepaid operating expenses		13,375	14,714
Cash and bank balances	9	186,742	37,985
		<u>3,333,382</u>	<u>3,225,668</u>
<b>Total assets</b>		<u><b>6,110,187</b></u>	<u><b>6,156,361</b></u>
<b>EQUITY</b>			
Share capital	10	2,071,561	2,071,561
Revaluation reserves	11	2,023,382	2,023,382
Retained earnings / (Accumulated losses)		143,562	(25,693)
<b>Total equity</b>		<u>4,238,505</u>	<u>4,069,250</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Term loans	12	1,477,595	1,548,864
<b>Current liabilities</b>			
Trade and other payables	13	66,838	132,927
Amount due to related companies	8	3,893	138,508
Term loans	12	271,356	266,812
Provision for income tax		52,000	-
		<u>394,087</u>	<u>538,247</u>
<b>Total liabilities</b>		<u>1,871,682</u>	<u>2,087,111</u>
<b>Total equity and liabilities</b>		<u><b>6,110,187</b></u>	<u><b>6,156,361</b></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 2021*

*(Expressed in Singapore Dollars)*

	Note	2021 \$	2020 \$
Revenue	14	1,918,325	3,070,923
Other income	15	168,657	120,443
		<b>2,086,982</b>	<b>3,191,366</b>
Cost of materials consumed	16	(773,922)	(1,478,114)
Employee benefits	17	(400,161)	(702,803)
Administrative and general expenses	18	(301,093)	(416,187)
Depreciation of property, plant and equipment	4	(158,901)	(154,472)
Finance costs	19	(44,401)	(43,753)
Impairment loss on financial assets	8	(187,249)	-
<b>Profit before tax and exceptional item</b>	20	<b>221,255</b>	<b>396,037</b>
Exceptional item	21	-	(578,047)
<b>Profit / (loss) before tax</b>		<b>221,255</b>	<b>(182,010)</b>
Income tax expense	22	(52,000)	(19,300)
<b>Profit / (loss) for the year, representing</b>			
<b>Total comprehensive income / (loss) for the year</b>		<b>169,255</b>	<b>(201,310)</b>

*(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 2021  
(Expressed in Singapore Dollars)*

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	Share Capital \$	Accumulated Losses / Retained Earnings \$	Revaluation Reserve \$	Total \$
Balance as at 1 April 2019	2,071,561	175,617	2,023,382	4,270,560
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>
Total comprehensive income for the year	-	169,255	-	169,255
<b>Balance as at 31 March 2021</b>	<b><u>2,071,561</u></b>	<b><u>143,562</u></b>	<b><u>2,023,382</u></b>	<b><u>4,238,505</u></b>

*(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 2021  
(Expressed in Singapore Dollars)*

	2021 \$	2020 \$
<b>Cash Flows from Operating activities</b>		
Profit / (loss) before tax	221,255	(182,010)
<u>Adjustments for:</u>		
Government grants	(80,587)	-
Bad debts written off	-	578,047
Gain on disposal of property, plant and equipment	-	(27,146)
Unclaimed payable written back	(2,177)	(5,500)
Depreciation of property, plant and equipment	158,901	154,472
Allowance for expected credit losses	187,249	-
Fair value change of insurance plan	(95)	(90)
Interest expense	44,401	43,753
<b>Operating cash flows before movements in working capital</b>	<u>528,947</u>	<u>561,526</u>
<b>Movements in Working Capital</b>		
Inventories	79,629	50,882
Trade and other receivables	45,533	222,358
Amount due from related companies	(192,120)	(705,756)
Prepaid operating expenses	1,339	(1,744)
Trade and other payables	(63,912)	(62,486)
Amount due to related companies	(134,615)	5,073
<b>Cash generated from operations</b>	<u>264,801</u>	<u>69,853</u>
Income tax paid	-	(19,300)
<b>Net cash generated from operating activities</b>	<u>264,801</u>	<u>50,553</u>
<b>Cash Flows from Investing activities</b>		
Purchase of property, plant and equipment	(4,918)	(26,470)
Proceeds from disposal of property, plant and equipment	-	27,779
<b>Net cash (used in) / generated from investing activities</b>	<u>(4,918)</u>	<u>1,309</u>
<b>Cash Flows from Financing activities</b>		
Proceeds from term loan	-	250,000
Repayment of term loans	(66,725)	(234,325)
Interest paid	(44,401)	(43,753)
<b>Net cash used in financing activities</b>	<u>(111,126)</u>	<u>(28,078)</u>
<b>Net increase in cash and cash equivalents</b>	148,757	23,784
Cash and cash equivalents at the beginning of financial year	<u>37,985</u>	<u>14,201</u>
<b>Cash and cash equivalents at the end of financial year (Note 9)</b>	<u><u>186,742</u></u>	<u><u>37,985</u></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 2021

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 2020, 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

The Company has not adopted the following standards applicable to the Company that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendment to FRS 116 Leases: Covid-19-Related Rent Concessions	1 June 2020
Amendments to FRS 109 Financial Instruments, FRS 39 Financial Instruments: Recognition and Measurement, FRS 107 Financial Instruments: Disclosures, FRS 104 Insurance Contracts, FRS 116 Leases: Interest Rate Benchmark Reform - Phase 2	1 January 2021

# BELLEWAVE COSMETICS PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

### 2.3 Standards issued but not yet effective (Continued)

Amendments to FRS 16 Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to FRS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to FRSs 2018-2020	1 January 2022
Amendments to FRS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2023

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

### 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:

	Years
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.

# BELLEWAVE COSMETICS PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2021*

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### 2.5 Property, plant and equipment (Continued)

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.

### 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

#### a) Financial assets

##### Initial recognition and measurement

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

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL 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 collected on behalf of third party if the trade receivables do not contain a significant financing component at initial recognition.

# BELLEWAVE COSMETICS PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2021*

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### 2.9 Financial instruments (Continued)

#### a) Financial assets (Continued)

##### Subsequent measurement

###### *Investments in debt instruments*

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income (FVOCI) and FVPL. The Company only has debt instruments at amortised cost and investment at FVPL.

Financial assets 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. 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.

###### *Investments in equity instruments*

On initial recognition of an investment in equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income which will not be reclassified subsequently to profit or loss.

Dividends from such investments are to be recognised in profit or loss when the Company's right to receive payments is established. For investments in equity instruments which the Company has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

##### Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

#### b) 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 FVPL, directly attributable transaction costs.

##### Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL 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.

##### Derecognition

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

# BELLEWAVE COSMETICS PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2021*

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### 2.10 Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. The measurement of ECL is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

ECLs 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. 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-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. 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 which could affect debtors' ability to pay.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may 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 enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### 2.11 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that 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.

### 2.12 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.

# BELLEWAVE COSMETICS PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2021*

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### 2.12 Revenue recognition (Continued)

#### 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.

### 2.13 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.

### 2.14 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 material items of income or expense that have been shown separately due to the significance of their nature or amount.

### 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.

#### **(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.



# BELLEWAVE COSMETICS PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2021*

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### 2.15 Leases (Continued)

#### a) As lessee (Continued)

##### 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 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.

### 2.16 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.

# BELLEWAVE COSMETICS PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2021*

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### 2.16 Taxes (Continued)

#### b) Deferred tax (Continued)

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.

### 2.17 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.

### 2.18 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, directly or indirectly, including any director (whether executive or otherwise) of the Company.

# BELLEWAVE COSMETICS PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2021*

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### 3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

#### (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.

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.

**BELLEWAVE COSMETICS PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2021  
(Expressed in Singapore Dollars)*

4	PROPERTY, PLANT AND EQUIPMENT	Leasehold properties \$	Plant and machinery \$	Computer and office equipment \$	Motor vehicles \$	Furniture and fittings \$	Renovation \$	Total \$
	<b>Valuation or Cost:</b>							
	Balance at 1 April 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
	Additions	-	-	4,918	-	-	-	4,918
	Balance at 31 March 2021	3,703,536	229,171	240,109	168,185	42,148	314,939	4,698,088
	<b>Accumulated Depreciation</b>							
	Balance at 1 April 2019	740,706	229,171	195,396	168,185	41,374	314,939	1,689,771
	Depreciation	148,143	-	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
	Depreciation	148,142	-	10,591	-	168	-	158,901
	Balance at 31 March 2021	1,036,991	229,171	212,070	168,185	41,788	314,939	2,003,144
	<b>Carrying Amount</b>							
	Balance at 31 March 2020	2,814,687	-	33,712	-	528	-	2,848,927
	Balance at 31 March 2021	2,666,545	-	28,039	-	360	-	2,694,944

The leasehold properties with carrying amount of S\$2,666,545 (2020: S\$2,814,687) is mortgaged to secure for term loans (Note 12).

## BELLEWAVE COSMETICS PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2021  
(Expressed in Singapore Dollars)*

#### 5 INVESTMENT IN LIFE INSURANCE PLAN

	2021	2020
	\$	\$
Investment in life insurance plan, at fair value	81,861	81,766
Movements in the investment in life insurance plan is as follows:		
	2021	2020
	\$	\$
Balance at beginning of financial year	81,766	81,676
Fair value change recognised in profit or loss	95	90
Balance at end of financial year	81,861	81,766

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

	2021	2020
	\$	\$
<b>Statement of financial position:</b>		
Packaging materials	6,648	8,417
Finished goods	49,021	126,881
	55,669	135,298
<b>Changes in inventories:</b>		
	2021	2020
	\$	\$
<u>Packaging materials consumed</u>		
Opening inventories	8,417	15,938
Purchases	3,077	5,880
	11,494	21,818
Less: Closing inventories	(6,648)	(8,417)
	4,846	13,401
<u>Movement in finished goods</u>		
Opening inventories	126,881	170,242
Closing inventories	(49,021)	(126,881)
	77,860	43,361
<b>Cost of sales:</b>		
	2021	2020
	\$	\$
Purchase of goods held for resale	694,293	1,421,352
Changes in inventories	79,629	56,762
Factory wages and benefits	140,030	160,951
Freight charges	2,674	2,191
	916,626	1,641,256

#### 7 TRADE AND OTHER RECEIVABLES

	2021	2020
	\$	\$
Trade receivables - Third parties	229,257	197,768
Deposits	3,670	4,660
Government grant receivable	3,288	-
GST receivable	13,904	11,842
Sundry receivables	1,391	2,186
	251,510	216,456

# BELLEWAVE COSMETICS PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021  
(Expressed in Singapore Dollars)

### 7 TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables are unsecured, non-interest bearing and are generally on average 60 days' (2020: 60 days') terms.

Trade and other receivables are denominated in the following currencies:

	2021	2020
	\$	\$
Singapore Dollar	251,510	215,779
United States Dollar	-	677
	<u>251,510</u>	<u>216,456</u>

### 8 AMOUNT DUE FROM/(TO) RELATED COMPANIES

	2021	2020
	\$	\$
Amount due from related companies	3,013,335	2,404,215
Amount due from immediate holding company	-	417,000
	<u>3,013,335</u>	<u>2,821,215</u>
Less: Allowance for expected credit losses	(187,249)	-
	<u>2,826,086</u>	<u>2,821,215</u>
Amount due to related companies	<u>3,893</u>	<u>138,507</u>

Amount due from related companies and immediate holding company include non-trade amounts of S\$1,579,511 (2020: S\$1,386,814).

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

Amount due from related companies and immediate holding company are denominated in Singapore Dollars only.

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

	2021	2020
	\$	\$
Singapore Dollar	-	9,540
United States Dollar	3,893	128,967
	<u>3,893</u>	<u>138,507</u>

The movement in allowance for expected credit losses as follows:

	2021	2020
	\$	\$
Balance at 1 April	-	-
Allowance for expected credit losses	187,249	-
Balance at 31 March	<u>187,249</u>	<u>-</u>

### 9 CASH AND BANK BALANCES

	2021	2020
	\$	\$
Cash on hand	767	2,686
Cash at banks	185,975	35,299
	<u>186,742</u>	<u>37,985</u>

Cash and bank balances are denominated in Singapore dollars only.

## BELLEWAVE COSMETICS PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2021*

*(Expressed in Singapore Dollars)*

#### 10 SHARE CAPITAL

	2021		2020	
	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

	2021 \$	2020 \$
Current liabilities	271,356	266,812
Non-current liabilities	1,477,595	1,548,864
	1,748,951	1,815,676
Term loan 1 - UOB Bank - SGD	332,739	340,636
Term loan 2 - UOB Bank - SGD	585,805	597,463
Term loan 3 - UOB Bank - SGD	429,603	434,040
Term loan 4 - UOB Bank - SGD	135,529	163,784
Term loan 5 - UOB Bank - SGD	29,082	35,251
Term loan 6 - UOB Bank - SGD	236,193	244,502
	1,748,951	1,815,676

The details of the term loans are as follows:

	Term loan	Principal sum	Interest rate	Maturity	Securities
i)	Term loan 1	633,800	2.48% fixed	August 2030	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	2.48% fixed	March 2032	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	1.75% fixed	April 2041	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	2.37% below the Bank's Commercial Financing Rate of 6.25%	May 2022	1. Personal guarantee by director. 2. Leasehold properties of the Company (Note 4). 3. Corporate guarantee by immediate holding company - GVIG*.
v)	Term loan 5	73,000	1.00% per annum over the Bank's 3-month Cost of Funds as determined by the bank on the day of transaction	May 2022	1. Personal guarantee by director. 2. Corporate guarantee by immediate holding company - GVIG*.

## BELLEWAVE COSMETICS PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2021  
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#### 12 TERM LOANS (CONTINUED)

vi) Term loan 6	250,000	2.28% fixed	October 2027	<ol style="list-style-type: none"> <li>1. Personal guarantee by director.</li> <li>2. Leasehold properties of the Company (Note 4).</li> <li>3. Corporate guarantee by immediate holding company - GVIG*.</li> </ol>
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\*Global Vantage Innovative Group Pte. Ltd. (GVIG)

The weighted average effective interest rate of the term loan is 2.38% (2020: 2.75%) per annum.

#### 13 TRADE AND OTHER PAYABLES

	2021	2020
	\$	\$
Trade payables - Third parties	26,503	34,542
Accruals	19,626	67,676
Amount due to directors	20,709	30,709
	<u>66,838</u>	<u>132,927</u>

Amounts in trade payables are non-interest bearing. Trade payables are normally settled on average 60 days' (2020: 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:

	2021	2020
	\$	\$
Singapore Dollar	58,608	129,289
Malaysian Ringgit	8,230	3,638
	<u>66,838</u>	<u>132,927</u>

#### 14 REVENUE

	2021	2020
	\$	\$
Goods sold	<u>1,918,325</u>	<u>3,070,923</u>

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

	2021	2020
	\$	\$
Government grant	80,587	2,206
Rental income	85,276	85,276
Gain on disposal of property, plant and equipment	-	27,146
Gain on foreign exchange	522	-
Unclaimed payable written back	2,177	5,500
Fair value change of insurance plan	95	90
Miscellaneous income	-	225
	<u>168,657</u>	<u>120,443</u>

#### 16 COST OF MATERIALS CONSUMED

	2021	2020
	\$	\$
Opening stock	135,298	186,180
Add: Purchases	<u>694,293</u>	<u>1,427,232</u>
	829,591	1,613,412
Less: Closing stock	<u>(55,669)</u>	<u>(135,298)</u>
	<u>773,922</u>	<u>1,478,114</u>



**BELLEWAVE COSMETICS PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2021  
(Expressed in Singapore Dollars)*

<b>17</b>	<b>EMPLOYEE BENEFITS EXPENSES</b>	<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
	<u>Direct cost</u>		
	Salaries	108,798	123,659
	Bonus	4,762	3,753
	Foreign worker levy	19,296	31,532
	Contributions to Central Provident Fund	5,168	1,549
	Medical fees	2,006	458
		<u>140,030</u>	<u>160,951</u>
	<u>Key management personnel</u>		
	Directors' salaries	71,897	135,000
	Bonus	5,000	8,525
	Contributions to Central Provident Fund	11,791	13,808
		<u>88,688</u>	<u>157,333</u>
	<u>Staff</u>		
	Salaries	150,627	320,492
	Bonus	272	17,070
	Contributions to Central Provident Fund	14,579	35,285
	Medical fees	5,044	5,659
	Staff welfare	714	2,363
	Other staff benefit	207	3,650
		<u>171,443</u>	<u>384,519</u>
	 Total employee benefits expenses	 <u>400,161</u>	 <u>702,803</u>
<b>18</b>	<b>ADMINISTRATIVE AND GENERAL EXPENSES</b>	<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
	Audit fees	4,500	5,001
	Bank charges	6,919	13,476
	Boarding and lodging expenses	-	7,270
	Consultancy charges	105,002	118,013
	Conveyance expenses	1,209	4,499
	Entertainment	56	70
	Fees and subscription	3,997	4,724
	Fines and penalties	36	443
	Freight charges	14,659	20,128
	Gift expenses	504	1,743
	Insurance expenses	21,404	21,596
	Internet and website expenses	233	2,622
	Listing and registration fees	11,278	35,180
	Loss on foreign exchange	-	1,369
	Office expenses	21,129	26,398
	Printing and stationery	3,270	11,544
	Professional fees	907	1,182
	Property tax	7,126	10,156
	Rental of premise	-	3,197
	Repair and maintenance of computers	1,336	9,313
	Sales commission	600	-
	Sales promotion, discount and scheme and marketing	80,801	63,793
	Secretarial fee	638	850
	Staff recruitment expense	359	1,158
	Tax filing fees	250	250
	Telephone expenses	6,486	21,422
	Travelling expenses	987	21,527
	Utilities charges	4,113	6,768
	Vehicle running and maintenance fees	3,294	2,495
		<u>301,093</u>	<u>416,187</u>

## BELLEWAVE COSMETICS PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2021  
(Expressed in Singapore Dollars)*

<b>19</b>	<b>FINANCE COSTS</b>	<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
	Interest on term loan	44,401	43,753

**20 PROFIT BEFORE TAX AND EXCEPTIONAL ITEM**

Profit before tax and exceptional item is arrived at after charging/(crediting) the following:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Gain on disposal of property, plant and equipment	-	(27,146)
Depreciation of property, plant and equipment	158,901	154,472
Employee benefits expenses (Note 17)	400,161	702,803
Allowance for expected credit losses (Note 8)	187,249	-

**21 EXCEPTIONAL ITEM**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Bad debts written off	-	578,047

In prior 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 EXPENSE**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Current income tax		
- Current year	52,000	-
- Under provision in respect of prior years	-	19,300
Income tax expense recognised in profit of loss	52,000	19,300

**Relationship between tax expense and accounting profit / (loss)**

A reconciliation between tax expense and the product of accounting profit / (loss) multiplied by the applicable corporate tax rate for the financial years ended 31 March 2021 and 31 March 2020 were as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Accounting profit / (loss) before tax	221,255	(182,010)
Tax at the statutory tax rate	37,613	(30,942)
Tax effects of:		
Non-taxable income	(11,396)	-
Non-deductible expenses	26,215	-
Tax exemptions	(17,425)	-
Tax losses	-	30,942
Benefits from group relief	(14,840)	-
Deferred tax not recognised	31,833	-
Under provision in respect of prior years	-	19,300
Income tax benefit recognised in profit or loss	52,000	19,300

# BELLEWAVE COSMETICS PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021  
(Expressed in Singapore Dollars)

### 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	2021	2020
	\$	\$
Sales of goods	373,985	754,858
Purchase of goods	730,589	1,447,412
Rental income from a related company	85,276	85,276
Utility charges recharged to a related company	19,702	30,633
Exceptional item - Bad debts written off	-	578,047
Allowance for expected credit losses (Note 8)	187,249	-

#### 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:

	2021	2020
	\$	\$
Within one year	85,276	85,276
Within two to five years	255,828	341,104
	341,104	426,380

### 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

##### Risk management

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.

The Company has no significant concentration of credit risk in respect of trade receivables 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.

##### Impairment of financial assets

#### 1) Trade receivables

As at 31 March 2021, the gross amount of trade receivables from customers is S\$229,257 (2020: S\$197,768) (Note 7).

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

# BELLEWAVE COSMETICS PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021  
(Expressed in Singapore Dollars)

### 25 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

#### Credit risk (Continued)

##### 1) Trade receivables (Continued)

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.

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 2021 and 31 March 2020 are set out in the provision matrix as follows -

	-----Past due-----				
	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total
	\$	\$	\$	\$	\$
31 March 2021	149,336	21,801	2,872	55,248	229,257
	-----Past due-----				
	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total
	\$	\$	\$	\$	\$
31 March 2020	19,693	120,722	23,871	33,482	197,768

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.

##### 2) Amount due from related companies

As at 31 March 2021, the gross amount due from related companies is S\$3,013,335 (2020: S\$2,821,215) (Note 8).

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.

As at 31 March 2021, the Company measures the loss allowance at lifetime ECL due to significant increase in credit risk since initial recognition and the gross amount due from related companies of S\$1,433,823 (2020: S\$1,278,260) is considered credit-impaired. Hence, impairment of S\$187,249 (2020: S\$Nil) on amount due from related companies was provided by the Group for the year ended 31 March 2021.

#### 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.

# BELLEWAVE COSMETICS PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021  
(Expressed in Singapore Dollars)

### 25 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

#### Liquidity risk (Continued)

*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.

2021	Carrying amount	Contractual cash flows	One year or less	Two to five years	More than five years
	\$	\$	\$	\$	\$
<b>Financial assets:</b>					
Trade and other receivables	236,215	236,215	236,215	-	-
Amount due from related companies	2,826,086	2,826,086	2,826,086	-	-
Cash and bank balances	186,742	186,742	186,742	-	-
Total undiscounted financial assets	3,249,043	3,249,043	3,249,043	-	-
<b>Financial liabilities:</b>					
Term loans	1,748,951	1,975,577	309,114	683,820	982,643
Trade and other payables	47,212	47,212	47,212	-	-
Amount due to related companies	-	-	-	-	-
Total undiscounted financial liabilities	1,796,163	2,022,789	356,326	683,820	982,643
<b>Net undiscounted financial assets / (liabilities)</b>	<b>1,452,880</b>	<b>1,226,254</b>	<b>2,892,717</b>	<b>(683,820)</b>	<b>(982,643)</b>
<b>2020</b>					
	Carrying amount	Contractual cash flows	One year or less	Two to five years	More than five years
	\$	\$	\$	\$	\$
<b>Financial assets:</b>					
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	-	-
<b>Financial liabilities:</b>					
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
<b>Net undiscounted financial assets / (liabilities)</b>	<b>1,042,194</b>	<b>751,113</b>	<b>2,545,303</b>	<b>(736,426)</b>	<b>(1,057,764)</b>

#### 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.

# BELLEWAVE COSMETICS PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

(Expressed in Singapore Dollars)

### 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 2021 and 31 March 2020 -

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>2021</b>				
Financial assets, at Fair Value through Profit or Loss ("FVPL")	-	-	81,861	81,861
<b>2020</b>				
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.

### 27 FINANCIAL INSTRUMENTS BY CATEGORY

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

	2021	2020
	\$	\$
<b>Financial assets measured at amortised cost</b>		
Trade and other receivables	236,215	202,428
Amount due from related companies	2,826,086	2,821,215
Cash and bank balances	186,742	37,985
Total financial assets measured at amortised cost	3,249,043	3,061,628
<b>Financial assets measured at fair value through profit or loss (FVPL)</b>		
Investment in life insurance plan	81,861	81,766
Total financial assets measured at FVPL	81,861	81,766
<b>Financial liabilities measured at amortised cost</b>		
Term loan	1,748,951	1,815,676
Trade and other payables	47,212	65,251
Amount due to related companies	-	138,507
Total financial liabilities measured at amortised cost	1,796,163	2,019,434

### 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) and retained earnings.

### 29 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 March 2021 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 23 April 2021.

*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 2021

(Expressed in Singapore Dollars)

	2021 \$	2020 \$
Revenue	1,918,325	3,070,923
Add: <u>Other Income:</u>		
Government grants	80,587	2,206
Rental income	85,276	85,276
Gain on disposal of property, plant and equipment	-	27,146
Gain on foreign exchange	522	-
Unclaimed payable written back	2,177	5,500
Fair value change of insurance plan	95	90
Miscellaneous income	-	225
	<u>168,657</u>	<u>120,443</u>
	<b>2,086,982</b>	<b>3,191,366</b>
Less: <u>Cost of material consumed</u>		
Opening stock	(135,298)	(186,180)
Add: Purchases	(694,293)	(1,427,232)
Less: Closing stock	<u>55,669</u>	<u>135,298</u>
	<u>(773,922)</u>	<u>(1,478,114)</u>
<u>Employee benefits expenses</u>		
Salaries	(331,322)	(579,151)
Bonus	(10,034)	(29,348)
Contributions to Central Provident Fund	(31,538)	(50,642)
Foreign worker levy	(19,296)	(31,532)
Medical fee	(7,050)	(6,117)
Staff welfare and training	(714)	(2,363)
Other staff benefits	<u>(207)</u>	<u>(3,650)</u>
	<u>(400,161)</u>	<u>(702,803)</u>
<u>Administrative and general expenses</u>		
Audit fees	(4,500)	(5,001)
Bank charges	(6,919)	(13,476)
Boarding and lodging expenses	-	(7,270)
Consultancy charges	(105,002)	(118,013)
Conveyance expenses	(1,209)	(4,499)
Entertainment	(56)	(70)
Fees and subscription	(3,997)	(4,724)
Fines and penalties	(36)	(443)
Freight charges	(14,659)	(20,128)
Gift expenses	(504)	(1,743)
Insurance expenses	(21,404)	(21,596)
Internet and website expenses	(233)	(2,622)
Listing and registration fees	(11,278)	(35,180)
Loss on foreign exchange	-	(1,369)
Office expenses	(21,129)	(26,398)
Printing and stationery	(3,270)	(11,544)
Professional fees	(907)	(1,182)
Property tax	(7,126)	(10,156)
Rental of premise	-	(3,197)
Repair and maintenance of computers	(1,336)	(9,313)
Sales commission	(600)	-
Sales promotion, discount and scheme and marketing	(80,801)	(63,793)
Secretarial fee	<u>(638)</u>	<u>(850)</u>



## BELLEWAVE COSMETICS PTE. LTD.

## DETAILED STATEMENT OF PROFIT OR LOSS

For the financial year ended 31 March 2021

(Expressed in Singapore Dollars)

	2021 \$	2020 \$
<u>Administrative and general expenses (Continued)</u>		
Staff recruitment expense	(359)	(1,158)
Tax filing fees	(250)	(250)
Telephone expenses	(6,486)	(21,422)
Travelling expenses	(987)	(21,527)
Utilities charges	(4,113)	(6,768)
Vehicle running and maintenance fees	(3,294)	(2,495)
	<u>(301,093)</u>	<u>(416,187)</u>
<u>Depreciation</u>		
Depreciation of property, plant and equipment	<u>(158,901)</u>	<u>(154,472)</u>
<u>Finance costs</u>		
Interest on term loan	<u>(44,401)</u>	<u>(43,753)</u>
<u>Impairment loss on financial assets</u>		
Allowance for expected credit losses	<u>(187,249)</u>	<u>-</u>
<b>Profit before tax and exceptional item</b>	<b>221,255</b>	<b>396,037</b>
<u>Exceptional item</u>		
Bad debts written off	<u>-</u>	<u>(578,047)</u>
<b>Profit / (loss) before tax</b>	<b>221,255</b>	<b>(182,010)</b>
Less: Income tax expense	(52,000)	(19,300)
<b>Profit / (loss) for the year</b>	<u><b>169,255</b></u>	<u><b>(201,310)</b></u>