

**Singapore Basque Trade and Investment Pte.
Ltd.**

(Company Registration Number: 201839288M)

**Directors' Statement and Financial Statements
Financial Period from 20 November 2018
(date of incorporation) to 31 December 2019**

KLP LLP

CHARTERED ACCOUNTANTS

Associated worldwide with JHI

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Singapore Basque Trade and Investment Pte. Ltd.
General information

Directors

Maria Ainhoa Ondarzabal Izaguirre
Pablo Huidobro Eguia

Company Secretary

Pablo Huidobro Eguia
Steven Luk Chiew Peng

Registered Office

1 Raffles Quay
#25-38
Singapore 048583

Auditor

KLP LLP

Principal Banker

DBS Bank Ltd

Index	Page
Directors' Statement	1
Independent Auditor's Report	3
Statement of Financial Position	6
Statement of Comprehensive Income	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10

Singapore Basque Trade and Investment Pte. Ltd.
Directors' Statement
For the financial period from 20 November 2018 to 31 December 2019

The directors are pleased to present their statement to the member together with the audited financial statements of Singapore Basque Trade and Investment Pte. Ltd. (the "Company") for the financial period from 20 November 2018 (date of incorporation) to 31 December 2019.

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 December 2019 and the financial performance, changes in equity and cash flows of the Company for the period from 20 November 2018 (date of incorporation) to 31 December 2019; 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:

Maria Ainhoa Ondarzabal Izaguirre
Pablo Huidobro Eguia

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' interests in shares or debentures

None of the directors of the Company holding office at the reporting date had any interest in the shares or debentures of the Company or any related corporations either at the beginning or end of financial year.

5. Share options

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

There were no shares issued during the financial period 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 period.

6. Auditor

KLP LLP has expressed its willingness to accept re-appointment as auditor.

The Board of Directors



Maria Ainhoa Ondarzabal Izaguirre
Director



Pablo Huidobro Eguia
Director

Singapore, 21 FEB 2020

Independent Auditor's Report to the member of Singapore Basque Trade and Investment Pte. Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Singapore Basque Trade and Investment Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from 20 November 2018 to 31 December 2019, 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 December 2019 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

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

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we concluded that there is a material misstatement of this other information, we are required to report the 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.

Independent Auditor's Report to the member of Singapore Basque Trade and Investment Pte. Ltd. (continued)

Responsibilities of Management and Directors for the Financial Statements (continued)

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.

Independent Auditor's Report to the member of Singapore Basque Trade and Investment Pte. Ltd. (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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.



KLP LLP
Public Accountants and
Chartered Accountants

Singapore, **21 FEB 2020**

Singapore Basque Trade and Investment Pte. Ltd.
Statement of Financial Position
As at 31 December 2019

	<u>Note</u>	<u>2019</u> <u>S\$</u>
Assets		
Non-current assets		
Equipment	4	<u>4,198</u>
Current assets		
Amount due from holding company	5	6,198
Cash at bank	6	<u>10,635</u>
		<u>16,833</u>
Total assets		<u>21,031</u>
Equity and liabilities		
Equity		
Share capital	7	10,000
Retained earnings		-
Total equity		<u>10,000</u>
Non-current liabilities		
Government grants	9	<u>2,520</u>
Current liabilities		
Other payables	8	6,474
Government grants	9	1,678
Provision for income tax		359
		<u>8,511</u>
Total liabilities		<u>11,031</u>
Total equity and liabilities		<u>21,031</u>

The accompanying notes form an integral part of these financial statements.

Singapore Basque Trade and Investment Pte. Ltd.
Statement of Comprehensive Income
For the financial period from 20 November 2018 to 31 December 2019

	<u>Note</u>	20.11.2018 to 31.12.2019 S\$
Revenue	10	170,126
Cost of sales		<u>-</u>
Gross profit		170,126
Administrative expenses		(77,492)
Finance expenses	11	(1,139)
Other expenses		<u>(91,136)</u>
Profit before tax	12	359
Income tax expense	14	<u>(359)</u>
Profit after tax and total comprehensive income for the period		<u><u>-</u></u>

The accompanying notes form an integral part of these financial statements.

Singapore Basque Trade and Investment Pte. Ltd.
Statement of Cash Flows
For the financial period from 20 November 2018 to 31 December 2019

	Share capital	Retained earnings	Total equity
	S\$	S\$	S\$
Balance as at 20 November 2018 (date of incorporation)	10,000	-	10,000
Total comprehensive income for the period	-	-	-
Balance as at 31 December 2019	<u>10,000</u>	<u>-</u>	<u>10,000</u>

The accompanying notes form an integral part of these financial statements.

Singapore Basque Trade and Investment Pte. Ltd.
Statement of Cash Flows
For the financial period from 20 November 2018 to 31 December 2019

	20.11.2018 to 31.12.2019 S\$
Cash flows from operating activities	
Profit before income tax	359
<i>Adjustments for:</i>	
Depreciation of equipment	837
Interest expense	1,139
Movements in government grants	(837)
Operating cash flow before working capital changes	1,498
<i>Changes in working capital:</i>	
Other payables	6,474
Cash flows generated from operating activities	7,972
Interest paid	(1,139)
Net cash flows generated from operating	6,833
 Cash flows from investing activities	
Purchase of equipment	(5,035)
Amount due from holding company	(6,198)
Receipt of government grants	5,035
Net cash flows used in investing activities	(6,198)
 Cash flows from financing activities	
Issuance of shares	10,000
Net cash flows generated from financing activities	10,000
 Net increase in cash at bank	10,635
Cash at bank at the incorporation date	-
Cash on hand at the end of financial period (Note 6)	10,635

The accompanying notes form an integral part of these financial statements.

Singapore Basque Trade and Investment Pte. Ltd.
Notes to the Financial Statements
For the financial period from 20 November 2018 to 31 December 2019

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

1. General

Singapore Basque Trade and Investment Pte. Ltd. (the "Company") is incorporated and domiciled in Singapore with its registered office and principal place of business at 1 Raffles Quay #25-38 Singapore 048583.

The principal activities of the Company are those of business representative offices to support activities for the internationalisation of Basque companies and provide management consultancy services.

The immediate and ultimate holding company is Agencia Vasca De Internacionalizacion – Basque Trade and Investment, S.A., which is incorporated in Spain.

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.

2.2 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:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
FRS 116 <i>Leases</i>	1 January 2019
Annual Improvements to FRSs (March 2018)	1 January 2019
Amendments to References to the Conceptual Framework in FRS standards	1 January 2020

Except for FRS 116, the directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 116 are described below.

FRS 116 *Leases*

FRS 116 requires lessees to recognise most leases on the statement of financial position. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. FRS 116 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

2. Summary of significant accounting policies (continued)

2.2 Standards issued but not yet effective (continued)

On the adoption of FRS 116, the Company expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

- (i) its carrying amount as if FRS 116 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or
- (ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

In addition, the Company plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply FRS 116 to all contracts that were previously identified as leases;
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019; and
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Company has lease contract for office. Before the adoption of FRS 116, the Company classified its lease (as lessee) at the inception date as either a finance lease or an operating lease.

Upon adoption of FRS 116, the Company applied the "lease of low-value assets" recognition exceptions for the lease.

2.3 Equipment

All items of equipment are initially recorded at cost. Subsequent to recognition, equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of 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.

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>
Computers	3

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

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

An item of 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. Summary of significant accounting policies (continued)

2.4 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.

2.5 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 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.

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, FVOCI and FVPL. The Company only has debt instruments at amortised cost.

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 recognized in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

2. Summary of significant accounting policies (continued)

2.5 Financial instruments (continued)

(a) Financial assets (continued)

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.

2.6 Cash at bank

Cash at bank is subject to an insignificant risk of changes in value.

2.7 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual installments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2. Summary of significant accounting policies (continued)

2.8 Revenue recognition

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

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good 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.

Rendering of services

The Company provides management consultancy services for promotion of trade and investment activities. The Company received subsidy from its holding company. Revenue from rendering of services is recognised when the Company satisfies a performance obligation over time.

2.9 Operating lease

As lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.10 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.

2.11 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.

3. Significant accounting judgments and estimates

The preparation of the Company's financial statements requires management to make judgments, 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. The management is of the opinion that there are no significant judgements made in applying accounting estimates and policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

4. Equipment

	<u>Computers</u> S\$	<u>Total</u> S\$
Cost		
At date of incorporation, 20 November 2018	-	-
Additions	5,035	5,035
At 31 December 2019	<u>5,035</u>	<u>5,035</u>
Accumulated depreciation		
At date of incorporation, 20 November 2018	-	-
Depreciation	837	837
At 31 December 2019	<u>837</u>	<u>837</u>
Carrying amount		
At 31 December 2019	<u>4,198</u>	<u>4,198</u>

5. Amount due from holding company

Amount due from holding company is relating to the subsidy received. It is trade in nature, unsecured, non-interest bearing, repayable on demand and is to be settled in cash.

Amount due from holding company is denominated in Singapore Dollar.

6. Cash at bank

Cash at bank is denominated in Singapore Dollar.

7. Share capital

	<u>20.11.2018 to 31.12.2019</u>	
	<u>Number of</u> <u>shares</u>	<u>Amount</u> S\$
Issued and fully paid:		
At date of incorporation and end of financial period	<u>10,000</u>	<u>10,000</u>

The holder of ordinary shares is 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.

8. Other payables

	<u>2019</u> <u>S\$</u>
Accrued expenses	6,474

Other payables are denominated in Singapore Dollar.

9. Government grants

	<u>2019</u> <u>S\$</u>
At 20 November 2018	-
Received during the year	5,035
Released to the statement of profit or loss	(837)
A 31 December	<u>4,198</u>
Non-current	1,678
Current	<u>2,520</u>
	<u>4,198</u>

Government grants have been received for the capital investment and operating expenses subsidy from holding company.

10. Revenue

	<u>20.11.2018</u> <u>to</u> <u>31.12.2019</u> <u>S\$</u>
<u>Type of service</u>	
Capital investment subsidy received from holding company	837
Operating expenses subsidy received from holding company	169,289
	<u>170,126</u>
<u>Timing of transfer of service</u>	
Over time	<u>170,126</u>

11. Finance expenses

	<u>20.11.2018</u> <u>to</u> <u>31.12.2019</u> <u>S\$</u>
Bank charges	<u>1,139</u>

12. Profit before tax

The following items have been included in arriving at profit before tax:

	20.11.2018 to 31.12.2019 S\$
Employee benefits expense (Note 13)	82,237
Incorporation expenses	14,260
Rental expenses	49,434
	<u>145,931</u>

13. Employee benefits expense

	20.11.2018 to 31.12.2019 S\$
Director's remuneration	
Salaries	77,492
Allowances	4,745
Total employee benefits expense	<u>82,237</u>

14. Income tax expense

The major components of income tax expenses recognised in profit or loss for the period ended 31 December 2019 was:

	2019 S\$
Current income tax:	
- Current year	359
Income tax expense recognised in profit or loss	<u>359</u>

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial period ended 31 December 2019 was as follows:

	20.11.2018 to 31.12.2019 S\$
Profit before tax	359
Income tax rate using the statutory tax rate of 17%	61
Tax effects of:	
Non-deductible expenses	1,363
Tax exemptions	(1,065)
Income tax expense recognised in profit or loss	<u>359</u>

15. 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 period:

	20.11.2018 to 31.12.2019 S\$
Subsidy received from holding company	170,126

Compensation of key management personnel

There is no other key management personnel in the Company other than the directors and the director's remuneration are disclosed in Note 13.

16. Operating lease commitments

As lessee

The Company leases its office under non-cancellable operating lease agreement. This lease has an average tenure of 1 year with an option to renew the lease after that date or contingent rent provision included in the contract.

The future minimum rental payable under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	2019 S\$
Within one year	7,062

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2019 amounted to S\$49,434.

17. Fair values of assets and liabilities

Assets and liabilities not measured at fair value

Cash at bank, other payables and amount due from holding company

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

18. Financial risk management

The Company's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk and liquidity risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current period, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

18. Financial risk management (continued)

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

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

(a) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. For other financial assets (including cash), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Company does not have any trade receivables as at year end. Thus, the risk is minimal.

(b) 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's 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 through the use of stand-by credit facilities. The Company's operations are financed mainly through equity. 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 obligations.

	Carrying amount S\$	Contractual cash flows S\$	One year or less S\$
2019			
Financial assets:			
Amount due from holding company	6,198	6,198	6,198
Cash at bank	10,635	10,635	10,635
Total undiscounted financial assets	16,833	16,833	16,833
Financial liabilities:			
Other payables	6,474	6,474	6,474
Total undiscounted financial liabilities	6,474	6,474	6,474
Net undiscounted financial assets	10,359	10,359	10,359

19. Financial instruments by category

At the reporting date, the aggregate carrying amounts of financial assets at amortised cost and financial liabilities at amortised cost were as follows:

	<u>2019</u> S\$
Financial assets measured at amortised cost	
Amount due from holding company (Note 5)	6,198
Cash at bank (Note 6)	10,635
Total financial assets measured at amortised cost	<u>16,833</u>
Financial liabilities measured at amortised cost	
Other payables (Note 8)	6,474
Total financial liabilities measured at amortised cost	<u>6,474</u>

20. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Company comprises issued share capital and retained earnings.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2019.

21. Comparative information

The financial statements cover the period since incorporation on 20 November 2018 to 31 December 2019. These being the first set of accounts, there are no comparative figures.

22. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2019 were authorised for issue by the Board of Directors on the date of the Directors' Statement.