

WILSON CABLES PRIVATE LIMITED

(UEN: 197401983H)

(Incorporated in the Republic of Singapore)

FINANCIAL STATEMENTS - 31 MARCH 2019

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WILSON CABLES PRIVATE LIMITED

Directors' Statement

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The directors are pleased to present their statement to the members together with the audited financial statements of Wilson Cables Private Limited (the "Company") for the financial year ended 31 March 2019.

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 2019 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date; 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.

Directors

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

Ashwin Chidambaram Muthiah
Sunil Sudhakar Deshmukh
Allagarsamy s/o Palaniyappan
Govind Dattatraya Panse
Radhakrishnan Sivathanu Pillai (Appointed on 3 September 2018)
Manish Nagpal (Appointed on 12 September 2018)

Arrangements to enable directors to acquire shares and 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.

Directors' interests in shares and debentures

According to the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50, none of the directors of the Company who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

<u>Name of Director</u>	<u>Direct interest</u>	
	<u>At</u> <u>01.04.2018</u>	<u>At</u> <u>31.03.2019</u>
Ordinary shares of Rs10 each of the holding company (Sicagen India Limited)		
Ashwin Chidambaram Muthiah	41,838	41,838

Share options

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

During the financial year, there were no shares issued 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.

Independent auditor

The auditors, Robert Yam & Co PAC, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors:



Govind Dattatraya Panse
Director



Ashwin Chidambaram Muthiah
Director

10 MAY 2019

WILSON CABLES PRIVATE LIMITED

Independent Auditor's Report For the Financial Year Ended 31 March 2019

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To the members of WILSON CABLES PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Wilson Cables Private Limited (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2019, and 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 financial 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 2019 and of the financial performance, changes in equity and cash flows of the Company for the financial 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 but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

WILSON CABLES PRIVATE LIMITED

Independent Auditor's Report For the Financial Year Ended 31 March 2019

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To the members of WILSON CABLES PRIVATE LIMITED (cont'd)

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- 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.

ROBERT YAM & CO PAC

Incorporated with limited liability
UEN: 201833873N

WILSON CABLES PRIVATE LIMITED

Independent Auditor's Report For the Financial Year Ended 31 March 2019

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To the members of WILSON CABLES PRIVATE LIMITED (cont'd)

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

- 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.

Robert Yam & Co PAC

Robert Yam & Co PAC
Public Accountants and
Chartered Accountants
Singapore

10 May 2019

SY_DCC/CAL/rbm

WILSON CABLES PRIVATE LIMITED**Statement of Financial Position
As at 31 March 2019**

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	Note	2019 S\$	2018 S\$
ASSETS			
Non-current assets			
Property, plant and equipment	5	8,381,867	9,040,458
Investment in subsidiaries	6	1,081,311	-
		<u>9,463,178</u>	<u>9,040,458</u>
Current assets			
Inventories	7	11,405,716	12,913,849
Trade and other receivables	8	9,442,906	9,152,903
Other current assets	9	79,468	42,316
Cash and cash equivalents	10	1,820,156	246,077
		<u>22,748,246</u>	<u>22,355,145</u>
Total assets		<u>32,211,424</u> =====	<u>31,395,603</u> =====
EQUITY AND LIABILITIES			
Equity			
Share capital	11	6,886,216	5,886,216
Retained earnings		12,951,868	13,185,657
Total equity		<u>19,838,084</u>	<u>19,071,873</u>
Non-current liabilities			
Deferred income tax liabilities	12	431,740	431,740
Loans and borrowings	13	1,315,808	1,823,410
		<u>1,747,548</u>	<u>2,255,150</u>
Current liabilities			
Trade and other payables	14	1,638,912	2,892,237
Loans and borrowings	13	8,986,880	7,051,843
Other financial liabilities	15	-	124,500
		<u>10,625,792</u>	<u>10,068,580</u>
Net current assets		<u>12,122,454</u>	<u>12,286,565</u>
Total liabilities		<u>12,373,340</u>	<u>12,323,730</u>
Net assets		<u>19,838,084</u>	<u>19,071,873</u>
Total equity and liabilities		<u>32,211,424</u> =====	<u>31,395,603</u> =====

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

WILSON CABLES PRIVATE LIMITED**Statement of Profit or Loss and Other Comprehensive Income
For the Financial Year Ended 31 March 2019****7**

	Note	2019 S\$	2018 S\$
Revenue	16	30,727,700	29,457,273
Cost of sales		(30,069,582)	(28,007,219)
Gross profit		<u>658,118</u>	<u>1,450,054</u>
Other income	17	1,425,607	1,624,634
Other gains	20	197,645	-
Selling & distribution costs		(1,346,196)	(1,526,265)
Administrative expenses	18	(555,361)	(1,767,919)
Other losses	20	(43,857)	(325,541)
Finance costs	21	(301,063)	(192,420)
Profit/(loss) before tax		<u>34,893</u>	<u>(737,457)</u>
Income tax benefit	22	-	25,965
Net profit/(loss), representing total comprehensive income for the year		<u>34,893</u> =====	<u>(711,492)</u> =====

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

WILSON CABLES PRIVATE LIMITED**Statement of Changes in Equity
For the Financial Year Ended 31 March 2019****8**

	Share capital S\$	Retained earnings S\$	Total S\$
Balance at 1 April 2017	5,886,216	13,897,149	19,783,365
Net loss, representing total comprehensive income for the year	-	(711,492)	(711,492)
Balance at 31 March 2018	<u>5,886,216</u> =====	<u>13,185,657</u> =====	<u>19,071,873</u> =====
Balance at 1 April 2018			
- As previously reported	5,886,216	13,185,657	19,071,873
- Cumulative effects of adopting FRS 109 (Note 29)	-	(268,682)	(268,682)
- As restated	<u>5,886,216</u>	<u>12,916,975</u>	<u>18,803,191</u>
Issue of ordinary shares (Note 11)	1,000,000	-	1,000,000
Net profit, representing total comprehensive income for the year	-	34,893	34,893
Balance at 31 March 2019	<u>6,886,216</u> =====	<u>12,951,868</u> =====	<u>19,838,084</u> =====

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

WILSON CABLES PRIVATE LIMITED**Statement of Cash Flows
For the Financial Year Ended 31 March 2019**

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	Note	2019 S\$	2018 S\$
Cash flow from operating activities:			
Profit/(loss) before taxation		34,893	(737,457)
Adjustments for:			
Depreciation of property, plant and equipment	5	706,494	518,665
Fair value (gain)/loss on other financial liabilities	20	(124,500)	107,762
Interest income	17	(173)	(349)
Finance costs	21	301,063	192,420
(Gain)/loss on disposal of property, plant and equipment	20	(196)	500
Operating surplus before working capital changes		917,581	81,541
Changes in working capital:			
Trade and other receivables		(1,065,392)	(3,170,575)
Other current assets		(37,152)	17,742
Inventories		1,508,133	(48,247)
Trade and other payables		(1,256,779)	(212,274)
Cash generated from/(used in) operations		66,391	(3,331,813)
Interest received		173	349
Income tax refund		-	396
Net cash from/(used in) operating activities		66,564	(3,331,068)
Cash flows from investing activities:			
Incorporation of subsidiary	6	(10,000)	-
Quasi equity loan to subsidiary	6	(564,604)	-
Purchase of property, plant and equipment	5	(48,160)	(1,363,052)
Proceeds from disposal of property, plant and equipment		3,907	307
Net cash used in investing activities		(618,857)	(1,362,745)
Cash flows from financing activities:			
Interest paid		(301,063)	(192,420)
Proceeds from issuance of ordinary shares	11	1,000,000	-
Repayment of obligations under finance lease		-	(5,533)
Net proceeds from bank borrowings		950,713	3,823,671
Fixed deposits pledged		(200,000)	-
Net cash from financing activities		1,449,650	3,625,718
Net increase/(decrease) in cash and cash equivalents		897,357	(1,068,095)
Cash and cash equivalents at the beginning of year		(316,927)	751,168
Cash and cash equivalents at the end of year	10	580,430	(316,927)
		=====	=====

Reconciliation of liabilities arising from financing activities:

There are no reconciliation amounts for the non-cash changes in liabilities arising from financing activities.

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

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

1. General information

Wilson Cables Private Limited (the "Company") is a limited liability private company incorporated and domiciled in Singapore. The address of its registered office and principal place of business is located at 142 Gul Circle, Jurong Industrial Estate, Singapore 629602.

The principal activities of the Company are those relating to manufacture and sale of cables, wires and other related products and general wholesale trade.

The Company's immediate and ultimate holding company is Sicagen India Limited, a company incorporated in India.

The financial statements for the financial year ended 31 March 2019 were authorised for issue in accordance with a resolution of the directors on 10 May 2019.

2. Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("SFRSs") and the related interpretations to SFRS ("INT SFRS") as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Companies Act, Chapter 50.

2.2 Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency.

2.4 Basis of presentation

Consolidated financial statements have not been presented as the Company is a wholly owned subsidiary. The address of the parent company presenting the group financial statements is Adayar House, Chennai - 600085, Tamilnadu, India.

3. Significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and revised standards that are relevant to the Company and are effective for annual financial periods beginning on or after 1 April 2018. The adoption of these standards did not have any material effect on the financial statements, unless otherwise indicated.

3 Significant accounting policies (cont'd)**3.1 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.

Depreciation on leasehold buildings, renovation and computers is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives of 20 years, 18.9 years and 3 years, respectively.

Depreciation on other property, plant and equipment is calculated using the reducing balance method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Plant and machinery	5 - 10 years
Electrical fittings & installation	10 years
Factory equipment	10 years
Laboratory equipment	10 years
Office equipment	10 years
Furniture & fittings	10 years
Motor vehicles	5 years

Construction work in progress are not depreciated as they are not available for use.

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

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, 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.

3.2 Investments in subsidiaries

A subsidiary is an entity that is controlled by the Company and the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the Company has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the Company controls another entity.

An investment in a subsidiary is accounted for at cost less impairment losses, if any. Impairment loss recognised in profit or loss for a subsidiary 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. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

3. Significant accounting policies (cont'd)

3.3 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 groups 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, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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 unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.4 Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. At initial recognition, the financial asset or financial liability is measured at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset or financial liability.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires.

3. Significant accounting policies (cont'd)

3.4 Financial instruments (cont'd)

Classification and measurement of financial assets

Financial asset classified as measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Classification and measurement of financial liabilities

Financial liabilities are classified as at fair value through profit or loss (FVTPL) in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

3.5 Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. 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.

The Company considers a financial asset in default when contractual payments are 180 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.

3. Significant accounting policies (cont'd)

3.6 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, fixed deposits and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of presentation in the statement of cash flows, these also include bank overdrafts that form an integral part of the Company's cash management.

3.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Where 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. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.8 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. Changes in estimates are reflected in profit or loss in the financial year they occur.

3.9 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 instalments.

Government grants related to income are recognised in profit or loss and included in other income on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

3. Significant accounting policies (cont'd)

3.10 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.11 Share capital and share issuance expenses

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.

3.12 Leases

As lessee

Finance leases which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

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.

3.13 Employee benefits

(a) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity such as the Central Provident Fund and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

3. Significant accounting policies (cont'd)

3.14 Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Revenue from sale of goods is recognised at a point in time when the performance obligation is satisfied by transferring a promised good or service to the customer. Control of the goods is transferred to the customer, generally on delivery of the goods (in this respect, incoterms are considered)

Interest income is recognised using the effective interest method.

3.15 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

3.16 Foreign currency

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 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. The carrying amounts of inventories at the end of each reporting period are disclosed in Note 7 (Inventories) to the financial statements.

4.2 Impairment of loans and receivables

The trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. The expected lifetime losses are recognised from initial recognition of these assets. These assets are Company based on shared credit risk characteristics and the days past due for measuring the expected credit losses. The allowance matrix is based on its historical observed default rates (over a period of certain months) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The loss allowance was determined accordingly. The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note 8 (Trade and other receivables) to the financial statements.

5. Property, plant and equipment

	Leasehold Building S\$	Plant and machinery S\$	Electrical fittings & installation S\$	Factory equipment S\$	Laboratory equipment S\$	Office equipment S\$	Furniture & fittings S\$	Motor vehicles S\$	Computers S\$	Renovation S\$	Total S\$
2019											
Cost											
As at 01.04.2018	7,986,812	10,044,572	727,791	217,193	316,300	113,012	196,441	204,687	444,276	103,428	20,354,512
- Additions	-	1,200	-	-	39,673	5,450	-	-	3,791	1,500	51,614
- Disposals	-	(101,143)	-	-	-	-	-	-	-	-	(101,143)
As at 31.03.2019	7,986,812	9,944,629	727,791	217,193	355,973	118,462	196,441	204,687	448,067	104,928	20,304,983
Accumulated depreciation and impairment losses											
As at 01.04.2018	1,940,080	7,853,547	427,288	159,328	251,593	38,293	113,156	116,521	412,880	1,368	11,314,054
Charge for the year	341,343	267,037	28,711	5,529	8,265	7,523	7,957	16,103	18,514	5,512	706,494
Disposal	-	(97,432)	-	-	-	-	-	-	-	-	(97,432)
As at 31.03.2019	2,281,423	8,023,152	455,999	164,857	259,858	45,816	121,113	132,624	431,394	6,880	11,923,116
Net book value											
As at 31.03.2019	5,705,389	1,921,477	271,792	52,336	96,115	72,646	75,328	72,063	16,673	98,048	8,381,867
As at 31.03.2018	6,046,732	2,191,025	300,503	57,865	64,707	74,719	83,285	88,166	31,396	102,060	9,040,458

5. Property, plant and equipment (cont'd)

2018	Leasehold Building S\$	Plant and machinery S\$	Electrical fittings & installation S\$	Factory equipment S\$	Laboratory equipment S\$	Office equipment S\$	Furniture & fittings S\$	Motor vehicles S\$	Computers S\$	Construction work in progress S\$	Renovation S\$	Total S\$
Cost												
As at 01.04.2017	5,024,678	9,495,761	474,021	216,393	302,965	70,394	140,585	204,687	434,451	2,638,498	-	19,002,433
- Additions	-	28,001	2,900	800	13,335	466	-	-	10,898	1,306,652	-	1,363,052
- Disposals	-	(9,900)	-	-	-	-	-	-	(1,073)	-	-	(10,973)
- Reclassification	2,962,134	530,710	250,870	-	-	42,152	55,856	-	-	(3,945,150)	103,428	-
As at 31.03.2018	7,986,812	10,044,572	727,791	217,193	316,300	113,012	196,441	204,687	444,276	-	103,428	20,354,512
Accumulated depreciation and impairment losses												
As at 01.04.2017	1,716,283	7,641,598	415,318	153,250	245,211	33,717	108,728	96,819	394,631	-	-	10,805,555
Charge for the year	223,797	221,042	11,970	6,078	6,382	4,576	4,428	19,702	19,322	-	1,368	518,665
Disposal	-	(9,093)	-	-	-	-	-	-	(1,073)	-	-	(10,166)
As at 31.03.2018	1,940,080	7,853,547	427,288	159,328	251,593	38,293	113,156	116,521	412,880	-	1,368	11,314,054
Net book value												
As at 31.03.2018	6,046,732	2,191,025	300,503	57,865	64,707	74,719	83,285	88,166	31,396	-	102,060	9,040,458
As at 31.03.2017	3,308,395	1,854,163	58,703	63,143	57,754	36,677	31,857	107,868	39,820	2,638,498	-	8,196,878

(a) Construction work in progress relates to alteration of the factory building and include borrowing costs arising from bank loans for which the management was of the view that the borrowing costs would have been avoided if the expenditure on the construction had not been made. During the previous financial year, the borrowing costs capitalised as cost of construction work in progress amounted to S\$32,916. The rate used to determine the amount of borrowing costs eligible for capitalisation was 2.95%, which was the effective interest rate of the borrowing. The construction was completed in August 2017.

(b) The leasehold building with a carrying amount of S\$5,705,389 (2018: S\$6,046,732) is mortgaged to secure the Company's bank loans (Note 13).

(c) During the financial year, the Company acquired property, plant and equipment with an aggregate cost of S\$51,614 by cash of S\$48,160 and the remaining through payables.

(d)

	2019 S\$	2018 S\$
Allocation of depreciation expense:		
- cost of sales	656,437	470,637
- selling and distribution expenses	16,103	19,702
- administrative and establishment expenses	33,954	28,326
	<u>706,494</u>	<u>518,665</u>

WILSON CABLES PRIVATE LIMITED

**Notes to the Financial Statements
For the Financial Year Ended 31 March 2019**

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6. Investment in subsidiaries

	2019 S\$	2018 S\$
Unquoted shares, at cost	10,000	-
Quasi-equity loan receivable	1,071,311	-
	<u>1,081,311</u>	<u>-</u>
	=====	=====
Movements during the year:		
At beginning of the year	-	-
Subscription of new shares	10,000	-
New quasi-equity loan advanced	564,604	-
Transfer from other receivables (Note 8)	506,707	-
	<u>1,081,311</u>	<u>-</u>
	=====	=====
At the end of the year	<u>1,081,311</u>	<u>-</u>
	=====	=====

The Company has the following subsidiaries as at the end of the reporting period:

	<u>Principal activities</u>	<u>Country of business/ incorporation</u>	<u>Cost of investment</u>		<u>Proportion of ownership interest held by the Company</u>	
			2019	2018	2019	2018
			S\$	S\$	%	%
<i>Held by the Company</i>						
Wilson Far East Private Limited	General wholesale trade including importers and exporter	Singapore	10,000	-	100	-
Wilson Cables Singapore (MMR) Limited	Manufacture and sale of cables, wires and other related products and general wholesale trade	Myanmar	-*	-	80	-

Incorporation of subsidiary

On 11 April 2018, the Company incorporated Wilson Far East Private Limited (“WFE”).

* Designation of quasi-equity loan receivable

During the year, the Company had designated the other receivables from Wilson Cables Singapore (MMR) Limited as quasi-equity loan receivable. The cost of investment of USD120,000 is unpaid as at the date of report.

7. Inventories

	2019 S\$	2018 S\$
Raw materials	2,474,943	3,310,564
Parts and supplies	407,576	380,814
Work-in-progress	616,278	884,566
Finished goods & trading stock	7,906,919	8,337,905
	<u>11,405,716</u>	<u>12,913,849</u>
	=====	=====

WILSON CABLES PRIVATE LIMITED

**Notes to the Financial Statements
For the Financial Year Ended 31 March 2019**

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8. Trade and other receivables

	2019 S\$	2018 S\$
Trade receivables:		
Related parties	40,232	-
Non-related parties	7,194,685	8,217,743
GST receivables	104,058	200,344
Less: Allowance for impairment of receivables	(312,540)	(100,644)
	<u>7,026,435</u>	<u>8,317,443</u>
Non-trade receivables:		
Amount due from holding company	-	160,000
Amount due from a subsidiary	2,237,092	-
Amount due from a related company	-	37,500
Refundable deposits	143,820	111,470
Sundry receivables	35,559	526,490
	<u>9,442,906</u>	<u>9,152,903</u>
	=====	=====

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Sundry receivables and amounts due from holding company and a related company are non-trade related, unsecured, non-interest bearing and repayable on 180 days' terms.

In the previous reporting period, included in sundry receivables is an amount of S\$506,707 due from a non-related party for costs incurred in the setup of a proposed joint venture in Myanmar (Note 6).

Trade receivables that are impaired

	Collective impaired S\$	Individually impaired S\$	Total S\$
Movement in the allowance for impairment:			
Balance as at 1 April 2017	-	41,353	41,353
Charge for the year	-	61,829	61,829
Written off	-	(2,538)	(2,538)
	<u>-</u>	<u>100,644</u>	<u>100,644</u>
Balance as at 31 March 2018	-	100,644	100,644
Cumulative effects of adopting FRS 109	268,682	-	268,682
	<u>268,682</u>	<u>100,644</u>	<u>369,326</u>
Balance as at 1 April 2018	268,682	100,644	369,326
Charge for the year	-	206,912	206,912
Reversal	(163,055)	-	(163,055)
Written off	-	(100,643)	(100,643)
	<u>105,627</u>	<u>206,913</u>	<u>312,540</u>
End of financial year	=====	=====	=====

8. Trade and other receivables (cont'd)

The trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. The methodology applied for impairment loss is the simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the expected credit losses. The allowance matrix is based on its historical observed default rates (over a period of 12 months) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The loss allowance was determined as follows for both trade receivables and contract assets:

	Gross amount		ELR		Loss allowance	
	2019 S\$	2018 S\$	2019	2018	2019 S\$	2018 S\$
Trade receivables:						
Local sales:						
Current	1,873,144	1,704,917	2.8%	2.8%	52,643	47,915
1 to 30 days past due	881,836	1,218,617	1.0%	1.0%	8,974	12,401
31 to 60 days past due	1,041,280	1,183,010	0.6%	0.6%	6,500	7,385
61 to 90 days past due	477,408	578,627	0.6%	0.6%	3,026	3,667
Over 90 days past due	303,379	474,541	11.4%	41.6%	34,484	197,314
	<u>4,577,047</u>	<u>5,159,712</u>			<u>105,627</u>	<u>268,682</u>
Export sales*	2,657,870	3,058,031	0%	0%	-	-
Total	<u>7,234,917</u>	<u>8,217,743</u>			<u>105,627</u>	<u>268,682</u>

* Based on historical data, all export sales are mainly secured by letter of credit, advance payment and bank guarantee and there have been no historical losses.

For purpose of impairment assessment, the other receivables are considered to have low credit risk and are not due. There has been no significant increase in the risk of default on the amounts due from related parties since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL). No loss allowance is deemed necessary.

Trade receivables from customers that are insured by trade credit insurance underwritten by a reputable insurer in Singapore amounting to S\$2,980,436 (2018: S\$2,593,553) at the end of the reporting period.

Trade and other receivables denominated in foreign currency at the end of the reporting period are as follows:

	2019 S\$	2018 S\$
United States Dollar	<u>1,739,960</u>	<u>1,449,433</u>

9. Other current assets

	2019 S\$	2018 S\$
Prepayments	<u>79,468</u>	<u>42,316</u>

WILSON CABLES PRIVATE LIMITED

Notes to the Financial Statements
For the Financial Year Ended 31 March 2019

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10. Cash and cash equivalents

	2019 S\$	2018 S\$
Cash on hand	5,000	5,000
Cash at bank	615,156	241,077
Fixed deposits	1,200,000	-
	<u>1,820,156</u>	<u>246,077</u>
	=====	=====

Fixed deposits are made for varying periods of seven days and one year, depending on the immediate cash requirements of the Company, and earn interests at the respective short-term deposit rates. The short-term deposit rates at the end of the reporting period range from 0.7% to 1.0% per annum. There was no fixed deposit balance at the end of the previous reporting period.

Fixed deposits amounting to S\$200,000 (2018: S\$Nil) are pledged in relation to the security granted for certain borrowings (Note 13).

Cash and cash equivalents denominated in foreign currency at the end of the reporting period are as follows:

	2019 S\$	2018 S\$
United States Dollars	553,985	227,390
	<u>=====</u>	<u>=====</u>

For the purpose of presenting the statement of cash flows, cash and cash equivalents comprise the following:

	2019 S\$	2018 S\$
Cash and bank balances (as above)	1,820,156	246,077
Less: Bank overdrafts (Note 13)	(1,039,726)	(563,004)
Pledged fixed deposits	(200,000)	-
	<u>580,430</u>	<u>(316,927)</u>
	=====	=====

11. Share capital

	2019		2018	
	No. of ordinary shares	S\$	No. of ordinary shares	S\$
<u>Issued and fully paid</u>				
Beginning of financial year	5,886,216	5,886,216	5,886,216	5,886,216
Shares issued	1,000,000	1,000,000	-	-
	<u>6,886,216</u>	<u>6,886,216</u>	<u>5,886,216</u>	<u>5,886,216</u>
	=====	=====	=====	=====

11. Share capital (cont'd)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. The Company has one class of ordinary shares which carry one vote per share without restriction. The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company.

During the financial year, the Company issued 1,000,000 (2018: Nil) ordinary shares for a total consideration of S\$1,000,000 (2018: S\$Nil) for cash to provide additional working capital. The newly issued shares rank pari passu in all respects with the previously issued shares.

12. Deferred income tax liabilities

	Accelerated tax depreciation S\$	Tax losses S\$	Other temporary differences S\$	Total S\$
2019				
At 01.04.2018	869,119	(409,285)	(28,094)	431,740
(Credited)/charged to profit or loss	(71,588)	148,470	(76,882)	-
At 31.03.2019	<u>797,531</u>	<u>(260,815)</u>	<u>(104,976)</u>	<u>431,740</u>
	=====	=====	=====	=====
2018				
At 01.04.2017	805,968	(152,486)	(196,173)	457,309
Charged/(credited) to profit or loss	63,151	(256,799)	168,079	(25,569)
At 31.03.2018	<u>869,119</u>	<u>(409,285)</u>	<u>(28,094)</u>	<u>431,740</u>
	=====	=====	=====	=====

13. Loans and borrowings

	2019 S\$	2018 S\$
Current:		
Term loan	507,603	507,603
Trust receipts/import financing	6,439,551	4,978,489
Revolving credit facility	1,000,000	1,002,747
Bank overdraft (Note 10)	1,039,726	563,004
	<u>8,986,880</u>	<u>7,051,843</u>
Non-Current:		
Term loan	1,315,808	1,823,410
Total borrowings	<u>10,302,688</u>	<u>8,875,253</u>
	=====	=====

13. Loans and borrowings (cont'd)

The term loan bears interest at 1% (2018: 1%) above the Bank's cost of funds for interest period of 1 or 3 months, which is 2.95% (2018: 2.45%) per annum at the end of the reporting period, and is repayable over 60 (2018: 60) monthly instalments from the date of the first disbursement.

Trust receipt/import financing facility bears interest at the Bank's 2.25% (2018: 2.25%) above the Bank's cost of funds, which is 3.7% to 5.05% (2018: 3.4% to 3.6%) per annum at the end of the reporting period, and for maximum tenor of 150 days inclusive of suppliers' credit.

Revolving credit facility bears interest at 2.5% (2018: 2.5%) above the Bank's cost of funds for interest period of 1 or 3 months, which is 4.45% (2018: 3.95%) per annum at the end of the reporting period.

Bank overdraft bears interest at the Bank's prevailing prime rate, which is 5.25% (2018: 5.25%) per annum at end of the reporting period.

The term loans, trust receipt/import financing facility, revolving credit facility and bank overdraft are secured by a first legal mortgage over the property at 142 Gul Circle, Jurong Industrial Estate, Singapore 629602 and the fixed deposits of S\$200,000.

14. Trade and other payables

	2019 S\$	2018 S\$
Trade payables - non-related parties	1,280,321	2,438,460
Other payables:		
Amount due to holding company	47,512	89,723
Accrued expenses	307,625	364,054
Purchase of property, plant and equipment (Note 24a)	3,454	-
	<u>1,638,912</u>	<u>2,892,237</u>
	=====	=====

Trade payables are non-interest bearing and are normally settled on 30 to 60 days' terms.

Amount due to holding company is non-trade related, unsecured, non-interest bearing and are normally settled on 30 to 60 days' terms.

Trade and other payables denominated in foreign currencies at the end of the reporting period are as follows:

	2019 S\$	2018 S\$
United States Dollar	798,727	743,801
Indian Rupee	50,967	89,723
Euro	662	20,530
	<u>=====</u>	<u>=====</u>

WILSON CABLES PRIVATE LIMITED**Notes to the Financial Statements
For the Financial Year Ended 31 March 2019****26****15. Other financial liabilities**

	2019 S\$	2018 S\$
Derivative liabilities:		
Forward foreign exchange contracts	-	124,500
	=====	=====

The contract/notional amount is US\$1,997,793 (2018: US\$3,957,093). Forward foreign exchange contracts are used to hedge foreign currency risk arising from the Company's purchases denominated in USD for which firm commitments existed at the end of the reporting period, extending to July 2019 (2018: March 2019). The fair value is not material.

16. Revenue

	2019 S\$	2018 S\$
Sale of cables and wires	30,727,700	29,457,273
	=====	=====

The revenue is recognised based on point in time. All the fixed price contracts are less than 12 months and comprised of 60% local sales and 40% export sales.

17. Other income

	2019 S\$	2018 S\$
Sale of scrap	485,477	1,147,817
Interest income	173	349
Sundry income	939,957	476,817
	<u>1,425,607</u>	<u>1,624,634</u>
	=====	=====

18. Administrative costs

The following items have been included in arriving at administrative expenses.

	2019 S\$	2018 S\$
Depreciation of property, plant and equipment	33,954	28,326
Directors' fees	12,000	312,000
Employee benefit expenses	223,545	989,711
Repair and maintenance	73,219	71,719
Transport and travelling	44,401	94,184
	=====	=====

WILSON CABLES PRIVATE LIMITED**Notes to the Financial Statements
For the Financial Year Ended 31 March 2019****27****19. Employee benefits expense**

	2019 S\$	2018 S\$
Salaries, bonuses and allowances (including directors)	2,380,932	3,959,719
Central Provident Fund contributions	253,527	286,369
	<u>2,634,459</u>	<u>4,246,088</u>
	=====	=====
Allocation of employee benefits expense:		
- Cost of sales	1,683,531	2,430,529
- Selling and distribution expenses	727,383	825,848
- Administrative expenses	223,545	989,711
	<u>2,634,459</u>	<u>4,246,088</u>
	=====	=====

20. Other gains and losses

	2019 S\$	2018 S\$
Gain/(loss) on disposal of property, plant and equipment	196	(500)
Fair value gain/(loss) on other financial liabilities	124,500	(107,762)
Gain/(loss) on exchange	72,949	(155,450)
Allowance for doubtful debts	(43,857)	(61,829)
	<u>153,788</u>	<u>(325,541)</u>
	=====	=====
Presented in statement of profit or loss and other comprehensive income as:		
Other gains	197,645	-
Other losses	(43,857)	(325,541)
	<u>153,788</u>	<u>(325,541)</u>
	=====	=====

21. Finance costs

	2019 S\$	2018 S\$
Interest expense on:		
- Bank loans	98,251	98,370
- Interest on bank overdraft	19,942	21,194
- Import financing	182,870	105,937
- Obligations under finance lease	-	(165)
	<u>301,063</u>	<u>225,336</u>
Less: Interest expense capitalised in property, plant and equipment (Note 5)	-	(32,916)
	<u>301,063</u>	<u>192,420</u>
	=====	=====

WILSON CABLES PRIVATE LIMITED

**Notes to the Financial Statements
For the Financial Year Ended 31 March 2019**

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22. Income taxes

	2019 S\$	2018 S\$
Current income tax:		
- Over provision in respect of previous years	-	(396)
Deferred income tax:		
- Origination and reversal of temporary differences	24,531	(118,943)
- (Over)/under provision in respect of prior years	(24,531)	93,374
	-	(25,569)
Income tax benefit recognised in profit or loss	-	(25,965)
	=====	=====
<u>Reconciliation of effective tax rate</u>		
Profit/(loss) before tax	34,893	(737,457)
	=====	=====
Tax at Singapore tax rate of 17% (2018: 17%)	5,932	(125,368)
Effects of:		
- expenses not deductible for tax purposes	18,599	6,114
- (Over)/under provision in respect of previous years	(24,531)	92,978
- others	-	311
Income tax benefit recognised in profit or loss	-	(25,965)
	=====	=====

23. Operating lease commitments – where the Company is a lessee

The Company leases office premises from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future minimum lease payables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities, are as follows:

	2019 S\$	2018 S\$
Not later than 1 year	219,912	218,092
Between 1 year and 5 years	672,449	676,369
Later than 5 years	2,056,103	2,235,495
	2,948,464	3,129,956
	=====	=====

24. Related party transactions**(a) Sale and purchase of goods and services**

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

	2019 S\$	2018 S\$
Share of expenses to subsidiaries	2,414,822	-
Share of expenses to holding company	400,000	360,000
Share of expenses to related companies	15,000	50,000
Services rendered from holding company	(88,771)	(89,723)
Purchase of assets from the holding company	(3,454)	-
Sales to related company	40,232	-
	=====	=====

(b) Compensation of key management personnel

	2019 S\$	2018 S\$
Directors' fees	312,000	312,000
Salaries, bonuses and allowances	1,056,139	1,080,502
Central Provident Fund contributions	37,740	37,085
	-----	-----
	1,405,879	1,429,587
	=====	=====
Comprise amounts paid to:		
Directors	1,072,360	1,010,296
Other key management personnel	333,519	419,291
	-----	-----
	1,405,879	1,429,587
	=====	=====

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

Related companies are subsidiaries and associates of Sicagen India Limited and its subsidiaries.

25. Categories of financial assets and liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

	2019 S\$	2018 S\$
Financial assets		
Financial assets at amortised cost:		
- Trade and other receivables	9,442,906	9,152,903
- Cash and cash equivalents	1,820,156	246,077
	-----	-----
	11,263,062	9,398,980
	=====	=====

25. Categories of financial assets and liabilities (cont'd)

	2019 S\$	2018 S\$
<u>Financial liabilities</u>		
Financial liabilities at amortised cost:		
- Loans and borrowings	10,302,688	8,875,253
- Trade and other payables	1,638,912	2,892,237
	<u>11,941,600</u>	<u>11,767,490</u>
Financial liabilities at fair value through profit or loss:		
- Other financial liabilities	-	124,500
	<u>11,941,600</u>	<u>11,891,990</u>
	=====	=====

Further quantitative disclosures are included throughout these financial statements.

26. Financial risk management

The Company's activities expose it to a variety of financial risks from its operations. The key financial risks include credit risk, interest rate risk, currency risk and liquidity risk.

The board of directors reviews and agrees policies and procedures for managing each of these risks on an informal basis. It is, and has been, throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. All financial risk management activities are carried out following acceptable market practices and monitored by senior management staff.

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 risk.

(a) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are trade receivables and cash and cash equivalents. For trade receivables, the Company adopts the policy of dealing with customers of appropriate credit standing and history. For other financial assets (including cash and cash equivalents), the Company minimises credit risk by dealing only with high credit quality counterparties.

As the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

26. Financial risk management (cont'd)**(a) Credit risk (cont'd)**

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Company trades only with recognised and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

For expected credit losses (ECL) on financial assets, the three-stage approach in the financial reporting standard on financial instruments is used to measure the impairment allowance. Under this approach the financial assets move through the three stages as their credit quality changes. However, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables. On initial recognition, a day-1 loss is recorded equal to the 12-month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired.

For credit risk on trade receivables an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Credit risk concentration profile

The credit risk concentration profile of trade receivables at the end of the reporting period is as follows:

	< ————— 2019 ————— >		< ————— 2018 ————— >	
	S\$	% of total	S\$	% of total
<u>By country</u>				
Singapore	5,346,760	74%	5,382,038	66%
Myanmar	1,157,001	16%	1,458,514	18%
Cambodia	597,740	8%	881,729	11%
Indonesia	107,929	2%	368,694	4%
Others	25,487	0%	26,124	1%
	<u>7,234,917</u>	<u>100%</u>	<u>8,117,099</u>	<u>100%</u>
	=====	=====	=====	=====

At the end of the reporting period, approximately 76% (2018: 81%) of the Company's trade receivables were due from 24 (2018: 24) customers.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to cash flows interest rate risk arises primarily from non-current loans and borrowings at variable rate. The Company has no policy to hedge against this interest rate risk.

26. Financial risk management (cont'd)

(b) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk

The Company's borrowings at variable rate on which effective hedge has not been entered into are denominated mainly in Singapore Dollar (SGD). If the SGD interest rate had been higher/lower by 1% (2018: 1%) with all other variables including tax rate being held constant, the loss after tax would have been lower/higher by S\$75,549 (2018: S\$73,665) as a result of higher/lower interest expense on these borrowings.

(c) Currency risk

The Company incurs currency risk on transactions and balances that are denominated in a currency other than Singapore Dollar (SGD). The currency giving rise to this risk are primarily United States Dollar (USD). The Company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at forward and spot rates, where necessary, to address short term imbalances.

Sensitivity analysis for currency risk

The following table demonstrates the effects arising from the net financial liability/asset position to a reasonably possible change in the USD exchange rate against SGD, with all other variables including tax rate being held constant.

	2019 Profit after tax S\$	2018 Loss after tax S\$
USD/SGD – strengthened 3% (2018: 6%)	37,231	(23,233)
USD/SGD – weakened 3% (2018: 6%)	(37,231)	23,233

(d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages its liquidity risk by maintaining an adequate level of cash and cash equivalents. The directors are satisfied that funds are available to finance the operations of the Company.

The table below summarises the maturity profile of the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	1 year or less S\$	1 to 5 years S\$	Total S\$
<u>2019</u>			
Trade and other payables	1,638,912	-	1,638,912
Loans and borrowings	9,023,365	1,351,521	10,374,886
	<u>10,662,277</u>	<u>1,351,521</u>	<u>12,013,798</u>
	=====	=====	=====

26. Financial risk management (cont'd)

(d) Liquidity risk (cont'd)

	1 year or less S\$	1 to 5 years S\$	Total S\$
<u>2018</u>			
Trade and other payables	2,892,237	-	2,892,237
Loans and borrowings	7,100,001	1,895,608	8,995,609
Other financial liabilities	124,500	-	124,500
	10,116,738	1,895,608	12,012,346
	10,116,738	1,895,608	12,012,346

27. Fair value of assets and liabilities

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
<u>2018</u>				
Liabilities measured at fair value				
Other financial liabilities	-	124,500	-	124,500
	-	124,500	-	124,500
	-	124,500	-	124,500

There were no assets or liabilities measured at fair value at the end of the reporting period. There were no transfers between Level 1 and Level 2 during the reporting period.

The fair value of forward exchange contracts is determined using quoted forward currency rates at the end of the reporting period. These other financial liabilities are classified as Level 2.

The carrying amounts of trade and other receivables, cash and cash equivalents, trade and other payables, current loans and borrowings and non-current loans and borrowings at variable rates approximate their fair values due to their short-term nature.

28. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. The Company's overall strategy remained unchanged from 2018.

The capital structure of the Company consists of its share capital and retained earnings as shown in the statement of financial position.

The Company is not subject to any externally imposed capital requirements for the financial years ended 31 March 2019 and 2018.

29. Changes and adoption of financial reporting standards

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the Company are listed below. Those applicable new or revised standards has resulted in some changes in the detailed application of the accounting policies and some modifications to financial statements presentation and measurement as disclosed below.

SFRS No.	Title
SFRS 109	Financial Instruments
SFRS 115	Revenue from Contracts with Customers. Amendments to, Clarifications to SFRS 115 Revenue from Contracts with Customers
INT SFRS 122	Foreign Currency Transactions and Advance Consideration

SFRS 109 Financial Instruments:

On 1 April 2018, the Company adopted FRS 109 Financial instruments, which is effective for annual periods beginning on or after 1 January 2018.

Impairment

FRS 109 requires the Company to record expected credit losses on all of its financial assets measured at amortised cost or fair value through other comprehensive income and financial guarantees. The Company previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

Transition

The changes in accounting policies have been applied retrospectively and the Company has elected to apply the limited exemption in FRS 109 and has not restated comparative periods in the year of initial application. The impact arising from FRS 109 adoption were included in the opening retained earnings at the date of initial application, 1 April 2018. The effects of early adoption to opening retained earnings on the financial statements are as follows:

29. Changes and adoption of financial reporting standards (cont'd)

	As at 01.04.2018 S\$	As at 31.03.2018 S\$	Difference S\$
Statement of financial position:			
Trade and other receivables	8,884,221	9,152,903	268,682
Retained earnings	12,916,975	13,185,657	268,682

The Company applied the simplified approach to recognise lifetime ECL for trade and other receivables. The application of the ECL model of the new standard resulted in earlier recognition of credit losses of \$268,682.

SFRS 115 Revenue from Contracts with Customers:

The standard establishes a single and comprehensive framework for revenue recognition to apply consistently across transactions, industries and capital markets, with a core principle (based on a five-step model to be applied to all contracts with customers), enhanced disclosures, and new or improved guidance (e.g., the point at which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract, etc.). It replaces the former revenue recognition standards and related interpretations.

The standard was applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application (1 April 2018) and without restating the comparatives. Therefore, the standard has been applied for the reporting year ended 31 March 2019 only with the permitted practical expedients. The new requirements are applied only to the contracts that were not completed before 1 April 2018. However, there is no significant impact on the financial statements for the change in the standard.

30. New standards and interpretations not yet adopted

For the future reporting years certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the Company for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application except for the following:

SFRS No.	Title	Effective date for periods beginning on or after
SFRS 116	Leases (and Leases - Illustrative Examples & Amendments to Guidance on Other Standards)	1 Jan 2019
INT SFRS 123	Uncertainty over Income Tax Treatments	1 Jan 2019
SFRS 12	Improvements (2017) – Amendments: Income Taxes	1 Jan 2019
SFRS 23	Improvements (2017) – Amendments: Borrowing Costs	1 Jan 2019

30. New standards and interpretations not yet adopted (cont'd)

FRS 116 Leases

FRS 116 was issued in June 2016 and will supersede FRS 17 Leases and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets).

The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

The initial application of FRS 116 is not expected to have a material impact on amounts reported in respect of the Company's financial assets and financial liabilities.

31. Comparative figures

Certain reclassifications were made in the balances in the statement of financial position and statement of cash flow to enhance comparability with current year's presentation. There are no changes to other components of the financial statements. The changes were for some splits in the balances but they did not affect the subtotals in the statement of financial position nor statement of cash flows.

The annexed detailed income and expenditure account does not form part of the audited, statutory accounts and therefore it is not covered by the independent auditor's report. It is not necessary to file the detailed income and expenditure account with the Accounting & Corporate Regulatory Authority.

WILSON CABLES PRIVATE LIMITED**Income and Expenditure Account
For the Financial Year Ended 31 March 2019**

	2019 S\$	2018 S\$
SALES	30,727,700	29,457,273
LESS: COST OF GOODS SOLD		
Stock of finished goods at beginning of year	8,337,905	7,393,976
Add: Manufacturing costs - Schedule 1	29,638,597	28,951,148
Less: Finished goods inventory at year end	(7,906,920)	(8,337,905)
	<u>30,069,582</u>	<u>28,007,219</u>
GROSS PROFIT	<u>658,118</u>	<u>1,450,054</u>
OTHER INCOME		
Sale of scrap	485,477	1,147,817
Special Employment Credit	6,053	6,201
Wages Credit Scheme	18,970	31,923
Skills future	488	-
Temporary employment credit	-	9,694
Interest income	173	349
Other income	19,498	18,650
Share of expenses	654,948	410,000
Rental income	240,000	-
	<u>1,425,607</u>	<u>1,624,634</u>
OTHER GAINS/(LOSSES)		
Fair value gain/(loss) on other financial liabilities	124,500	(107,762)
Gain/(loss) on exchange	72,949	(155,450)
Allowance for doubtful debts	(43,857)	(61,829)
Gain/(loss) on disposal of fixed assets	196	(500)
	<u>153,788</u>	<u>(325,541)</u>
LESS: OVERHEAD EXPENSES		
Selling & Distribution Expenses - Schedule 2	(1,346,196)	(1,526,265)
Administrative Expenses - Schedule 3	(555,361)	(1,767,919)
Financial charges - Schedule 3	(301,063)	(192,420)
	<u>(2,202,620)</u>	<u>(3,486,604)</u>
PROFIT/(LOSS) FOR THE YEAR	<u>34,893</u>	<u>(737,457)</u>

WILSON CABLES PRIVATE LIMITED**Manufacturing Account
For the Financial Year Ended 31 March 2019****Schedule 1**

	2019 S\$	2018 S\$
MANUFACTURING COSTS:		
Stock as at beginning of year		
Raw materials	3,310,564	4,667,075
Parts and supplies	380,814	426,902
	<u>3,691,378</u>	<u>5,093,977</u>
Purchases		
Raw materials and parts and supplies	24,509,077	23,484,052
	<u>28,200,455</u>	<u>28,578,029</u>
LESS: Stock as at end of year		
Raw materials	(2,474,943)	(3,310,564)
Parts and supplies	(407,576)	(380,814)
	<u>(2,882,519)</u>	<u>(3,691,378)</u>
	<u>25,317,936</u>	<u>24,886,651</u>
DIRECT LABOUR	1,554,748	2,287,969
	<u>26,872,684</u>	<u>27,174,620</u>
PRIME COST		
FACTORY OVERHEADS:		
Amortisation of leasehold land and building	341,343	223,797
CPF expenses	128,783	142,560
Cleaning expenses	53,250	50,370
Consumables	63,495	104,429
Contractor fee	105,173	-
Depreciation expenses	315,094	246,841
Factory transport	87,154	90,724
Foreign workers levy	207,280	216,274
Insurance	13,858	22,625
Land rent	165,592	170,321
Medical expenses	25,214	34,538
Miscellaneous expenses – factory	19,058	98,074
Power, electricity & water	331,289	301,687
Printing and stationery	3,280	3,835
Property tax	190,580	102,937
Rent & rates	71,115	70,833
Repair & maintenance	90,768	99,965
Service charges	146,178	152,414
Skill Development levy	5,170	5,419
Telephone, telex & fax	5,275	5,777
Testing fee	111,226	94,792
Travelling expenses	6,050	34,554
Training and education	11,400	10,679
	<u>2,497,625</u>	<u>2,283,445</u>
WORK IN PROGRESS:		
As at beginning of year	884,566	377,649
LESS: As at end of year	(616,278)	(884,566)
	<u>268,288</u>	<u>(506,917)</u>
COST OF GOODS MANUFACTURED	<u>29,638,597</u>	<u>28,951,148</u>
	=====	=====

WILSON CABLES PRIVATE LIMITED**Income and Expenditure Account
For the Financial Year Ended 31 March 2019****Schedule 2**

	2019 S\$	2018 S\$
SELLING AND DISTRIBUTION EXPENSES:		
Advertisement	18,161	32,878
CPF expenses	83,082	89,915
Courier charges	17,706	19,605
Delivery expenses	143,146	190,888
Depreciation - motor vehicle	16,103	19,702
Entertainment	7,965	10,279
Freight expenses	149,927	167,937
Insurance	71,514	60,704
Medical expenses	1,127	1,928
Motor vehicle expenses	29,548	39,047
Miscellaneous expenses	5,707	12,971
Printing and stationery	4,883	6,209
Sales commission - third party	3,977	3,609
Salary, bonus and commission	644,301	735,933
Salaries (subcontractor/representative)	64,274	-
Sales promotion expenses	24,461	18,406
Subscription	7,076	5,059
Telecom expenses	10,698	12,678
Travelling expenses	41,619	96,839
Transport expenses	921	1,678
	<hr/>	<hr/>
	1,346,196	1,526,265
	=====	=====

WILSON CABLES PRIVATE LIMITED**Income and Expenditure Account
For the Financial Year Ended 31 March 2019****Schedule 3**

	2019 S\$	2018 S\$
ADMINISTRATIVE AND ESTABLISHMENT EXPENSES:		
Advertisements	480	20,958
Audit fee	20,000	21,200
Bank charges	38,088	28,411
CPF expenses	41,662	53,894
Consultancy fee	3,396	19,756
Director fee	12,000	312,000
Depreciation	33,954	28,326
Donation	1,000	-
Entertainment	3,311	3,997
Insurance	17,027	15,154
Legal fee	16,955	7,043
Medical expenses	12,248	19,596
Office miscellaneous expenses	3,243	3,713
Postage & courier	2,464	2,403
Printing & stationery	10,489	9,520
Professional fee	41,227	53,419
Refreshment expenses	22,316	31,746
Rent – common	8,928	-
Repair and maintenance	73,219	71,719
Salaries & bonus	181,883	935,817
Skill Development Fund – levy	1,837	2,185
Subscriptions	10,609	11,255
Staff welfare	21,722	16,821
Transport expenses	36,586	36,947
Training & education	50	3,589
Travelling expenses	7,815	57,237
Telephone & telex	12,852	13,849
Employee leave benefit	(80,000)	(12,636)
	<u>555,361</u>	<u>1,767,919</u>
	=====	=====
FINANCIAL CHARGES:		
Interest on hire purchase	-	(165)
Interest on import financing	182,870	105,937
Interest on term loan	98,251	65,454
Interest on bank overdraft	19,942	21,194
	<u>301,063</u>	<u>192,420</u>
	=====	=====