

RUCHI AGRITRADING PTE. LTD.

(Registration number: 201136570C)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

RUCHI AGRITRADING PTE. LTD.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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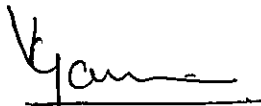
RUCHI AGRITRADING PTE. LTD.

DIRECTORS' STATEMENTS

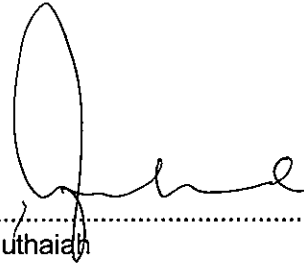
In our opinion:

- (a) the interim 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 2017, and the financial performance, changes in equity and cash flows of the company for the financial period from 1 April 2016 to 31 March 2017; 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.

On behalf of the board



.....
Vijay Kumar Jain
Director



.....
RM Muthaiah
Director

Date: 25 April 2017



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**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION OF
RUCHI AGRITRADING PTE. LTD.**

Introduction

We have reviewed the accompanying statement of financial position of **RUCHI AGRITRADING PTE LTD** (the "company") as at 31 March 2017 and the related statement of comprehensive income, statement of changes in equity and statement of cash flows for the twelve-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with Singapore Financial Reporting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the company as at 31 March 2017, and of its financial performance and its cash flows for the nine month period then ended in accordance with Singapore Financial Reporting Standard 34 "Interim Financial Reporting".

RAMA & CO.
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS
SINGAPORE

Date: 25 April 2017



RUCHI AGRITRADING PTE. LTD.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	<u>Note</u>	<u>2017</u> <u>US\$</u>	<u>2016</u> <u>US\$</u>
EQUITY AND LIABILITIES			
Capital and reserves:			
Share capital	(7)	2,000,100	2,000,100
Retained earnings		<u>4,020,441</u>	<u>4,871,618</u>
Total equity		<u>6,020,541</u>	<u>6,871,718</u>
Non-current liabilities:			
Finance leases liabilities	(8)	104,897	151,413
Deferred tax liability	(18)	<u>56,000</u>	<u>56,000</u>
Total non-current liabilities		<u>160,897</u>	<u>207,413</u>
Current liabilities:			
Finance leases liabilities	(8)	41,341	41,528
Borrowings	(9)	-	34,113,428
Derivative financial instrument	(10)	18,525	6,788,879
Trade and other payables	(11)	1,545,828	1,060,320
Income tax payable	(18)	<u>17,000</u>	<u>17,000</u>
Total current liabilities		<u>1,622,694</u>	<u>42,021,155</u>
Total liabilities		<u>1,783,591</u>	<u>42,228,568</u>
Total equity and liabilities		<u><u>7,804,132</u></u>	<u><u>49,100,286</u></u>
ASSETS			
Non-current asset:			
Plant and equipment	(12)	<u>509,091</u>	<u>650,411</u>
Total non-current assets		<u>509,091</u>	<u>650,411</u>
Current assets:			
Trade and other receivables	(13)	5,313,636	18,136,328
Derivative financial instrument	(10)	-	5,767,740
Cash and cash equivalents	(14)	<u>1,981,405</u>	<u>24,545,807</u>
Total current assets		<u>7,295,041</u>	<u>48,449,875</u>
Total assets		<u><u>7,804,132</u></u>	<u><u>49,100,286</u></u>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

RUCHI AGRITRADING PTE. LTD.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	<u>Note</u>	<u>2017</u> <u>US\$</u>	<u>2016</u> <u>US\$</u>
Revenue	(15)	20,561,702	346,548,594
Cost of sales		<u>(19,791,422)</u>	<u>(341,356,015)</u>
Gross profit		770,280	5,192,579
Other operating income	(16)	14,441	50,593
Administrative expense		(1,463,479)	(2,793,000)
Other operating expenses		(182,433)	(194,133)
Finance costs	(17)	<u>(129,500)</u>	<u>(2,328,213)</u>
Loss before income tax		(990,691)	(72,174)
Income tax benefit	(18)	<u>139,514</u>	<u>44,260</u>
Loss for the year		(851,177)	(27,914)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss the year		<u>(851,177)</u>	<u>(27,914)</u>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

RUCHI AGRITRADING PTE. LTD.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Share Capital	Retained Earnings	Total
	US\$	US\$	US\$
Balance as at 1 April 2015	2,000,100	4,899,532	6,899,632
Total comprehensive loss for the year	-	(27,914)	(27,914)
Balance as at 31 March 2016	2,000,100	4,871,618	6,871,718
Total comprehensive loss for the year	-	(851,177)	(851,177)
Balance as at 31 March 2017	2,000,100	4,020,441	6,020,541

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

RUCHI AGRITRADING PTE. LTD.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	<u>Note</u>	<u>2016</u> US\$	<u>2015</u> US\$
Cash flows from operating activities:			
Loss before income tax		(990,691)	(72,174)
Adjustment for:			
Depreciation		179,138	172,087
Interest income		(2,441)	(12,850)
Interest expense		129,500	2,328,213
Fair value loss on derivative financial instrument		(1,002,614)	(1,487,294)
Operating (loss)/ profit before working capital changes		(1,687,108)	927,982
Trade and other receivables		12,822,692	71,148,758
Trade and other payables		485,508	(6,727,607)
Inventories		-	910,000
Cash from operations		11,621,092	66,259,133
Interest income		2,441	12,850
Income tax paid		-	(405,000)
Income tax refund		139,514	61,260
Net cash from operating activities		11,763,047	65,928,243
Cash flows from investing activity:			
Acquisition of plant and equipment		(37,818)	(59,088)
Net cash used in investing activity		(37,818)	(59,088)
Cash flows from financing activities:			
Repayment of finance leases		(46,703)	(36,431)
Interest expense		(129,500)	(2,328,213)
Repayment of borrowings		(34,113,428)	(40,735,730)
Net cash used in financing activities		(34,289,631)	(43,100,374)
Net (decrease)/increase in cash and cash equivalents		(22,564,402)	22,768,781
Cash and cash equivalents at beginning of year		24,545,807	1,777,026
Cash and cash equivalents at end of year	(15)	1,981,405	24,545,807

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

RUCHI AGRITRADING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015

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

1. GENERAL

Ruchi Agritrading Pte. Ltd. ("the company") (Registration number: 201136570C) is a limited private company incorporated and domiciled in the Republic of Singapore with its registered office and principal place of business at:

22 North Canal Road
#01-00
Singapore 048834

The principal activities of the company are those of general wholesale imports and exports agricultural products.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of Preparation

The interim financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS") including related interpretations of FRS ("INT FRS") promulgated by the Accounting Standards Council ("ASC").

Historical cost is generally based on the fair value of the consideration given in the exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for net realisable in FRS 2 and value in use in FRS 36 where measurement that have some similarities to fair value but not fair value.

The preparation of interim financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the company's accounting policies. It also requires the use of accounting estimates and assumption. The areas involving a higher degree of judgement or complexity or areas when assumption and estimates are significant to the financial statement as disclosed in Note 4

RUCHI AGRITRADING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.2. Changes in Accounting Policies

Adoption of new revised FRSs and INT FRSs

In the current financial year, the company has adopted all the new and revised FRSs and INT FRS issued by the ASC that are relevant to its operations and effective for annual periods beginning on or 1 April 2016. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the company's accounting policies and has no material effect on the interim financial statements.

2.3. Functional and Foreign Currency

(a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The financial statements of the company are presented in United States dollar, which is also the functional currency of the company.

(b) Foreign Currency Transactions

Transactions in foreign currencies have been converted into United States dollar at the average monthly exchange rates. Monetary assets and liabilities in foreign currencies at the end of the reporting period have been converted into United States dollar at the rates of exchange approximating to those ruling at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of initial transactions. Non-monetary assets and liabilities measured at fair value are measured at exchange rates ruling at the dates the fair value was determined. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss.

2.4. Plant and equipment

(a) Measurement

Plant and equipment are initially stated at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(b) Components of costs

The cost of an item of plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is also included as part of the cost of plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

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

RUCHI AGRITRADING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.4. Plant and equipment – cont'd

(c) Depreciation

Depreciation was calculated on the straight-line method and to write off the cost of the assets over their estimated useful lives as follows:-

Furniture and fittings	5 years
Office equipment	5 years
Renovation	10 years
Computers and software	5 years
Motor vehicles	7 years

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets. The residual values, useful life and depreciation method are reviewed annually. Accelerated depreciation is provided when the useful life of the asset becomes shorter than that initially expected.

Furniture and fittings includes artwork which mainly consists of canvas painting. Artwork is not depreciated and is stated at cost.

(d) Subsequent expenditure

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

(e) Disposal

On disposal of an item of plant and equipment, the difference between the net disposals proceeds and its carrying amount is taken to profit or loss. Any amount in revaluation reserve relating to that asset is transferred to retained earnings directly.

2.5. Impairment of Non-financial Assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

RUCHI AGRITRADING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.5. Impairment of Non-financial Assets – cont'd

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.6. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.7. Employee Benefits

(a) Defined contribution plan

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state-managed schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the company's obligations under the plans are equivalent to those arising in a defined contribution plan.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. No provision is made for the estimated liability for annual leave as it is the company's policy to forfeit all unutilised annual leave as at the end of reporting period.

RUCHI AGRITRADING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.8. Leases

When the company is the lessee:

(a) Finance leases

Leased assets in which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, plant and equipment acquired through finance leases are capitalised at the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Lease payments are apportioned between finance expense and reduction of the lease liability.

The finance expense is allocated to each year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

At inception, an arrangement that contains a lease is accounted for as such based on the terms and conditions even though the arrangement is not in the legal form of a lease.

(b) Operating leases

Where the company has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease payments made. Contingent rentals are charged to profit or loss in the accounting year in which they are incurred.

2.9. Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

(a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

(b) Deferred tax

Deferred tax is provided, using the balance sheet liability method on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

RUCHI AGRITRADING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.9. Income Taxes – cont'd

(b) Deferred tax – cont'd

Deferred tax liabilities are recognised for all temporary differences except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at that time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences carry forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unused tax assets and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arise from the initial recognition of an asset or liability in a transaction and at the time of transaction affects neither the accounting profit nor taxable profit.

The carrying amount of a deferred tax asset is reviewed at the end of the each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.10. Related Party

A related party is a person or an entity related to the company and is further defined as follows:

- (a) A person or a close member of that person's family is related to the company if that person:
 - (i) has control or joint control over the company;
 - (ii) has significant influence over the company; or
 - (iii) is a member of the key management personnel of the company or of a parent of the company.

RUCHI AGRITRADING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.10. Related Party – cont'd

(b) An entity is related to a company if any of the following conditions applies:

- (i) the entity and the company are members of the same group which means that each parent, subsidiary and fellow subsidiary is related to the others;
- (ii) one entity is an associate or joint venture of the other entity or an associate or joint venture of a member of a group of which the other entity is a member;
- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); or
- (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity or of a parent of the entity; or
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the company or to the parent of the company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Related party transactions and outstanding balances disclosed in the financial statements are in accordance with the above definition as per FRS 24 – Related Party Disclosures.

2.11. Provisions

Provisions are recognised when the company has present obligations (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

RUCHI AGRITRADING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.12. Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the company.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2.13. Events after the Reporting Period

Events after the reporting period that provide additional information about the company's position at the end of reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes the financial statements when material.

3. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

3.1. Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter year. Income is recognised on an effective interest rate basis for debt instruments other than those financial instruments "at fair value through profit or loss".

3.2. Financial Assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

RUCHI AGRITRADING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.2. Financial Assets – cont'd

Financial assets in this financial statement are classified into loans and receivables. The classification depends on the nature and purpose of financial assets and determined at the time of initial recognition.

(a) Loan and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables including trade and other receivables and cash and bank balances are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Cash and cash equivalents comprise cash at hand and cash at banks placed with financial institutions and are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(b) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counter party; or default or delinquency in interest or principal payments; or it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 to 180 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

RUCHI AGRITRADING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.2. Financial Assets – cont'd

(b) Impairment of financial assets – cont'd

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance accounts. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(c) Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3.3. Equity and Financial Liabilities

Equity instruments issued by the company and financial liabilities are classified accordingly to the substance of the contractual arrangements entered into and the definitions of an equity instrument and a financial liability.

(a) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Ordinary share capital is classified as equity.

(b) Financial liabilities

Financial liabilities comprise of trade and other payables and invoice financing that are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Borrowings and finance lease liabilities are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Borrowing costs are recognised in profit or loss in the period in which they are incurred.

RUCHI AGRITRADING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.3. Equity and Financial Liabilities – cont'd

(c) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

3.4. Derivative Financial Instruments

The company uses derivative financial instruments including commodity forward, commodities futures, foreign currency options and foreign currency future to manage the financial risks arising from the business activities and the financing of those activities.

Derivative financial instruments are recognised initially at fair value and the attributable transaction costs are recognised in profit or loss when incurred. Subsequently to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS, ASSUMPTIONS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

4.1. Critical Judgement in Applying the Company's Accounting Policies

In the application of the company's accounting policies, which are described in Note 2 to the financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

(a) Determination of functional currency

The company measures foreign currency transactions in the respective functional currencies of the company. In determining the functional currency of the company, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currency of the company is determined based on management's assessment of the economic environment in which the company operate and the company' process of determining sales prices.

RUCHI AGRITRADING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

4. CRITICAL ACCOUNTING JUDGEMENTS, ASSUMPTIONS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES – cont'd

4.1. Critical Judgement in Applying the Company's Accounting Policies – cont'd

(b) Income taxes

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations including capital allowances and deductibility of certain expenses for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4.2. Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of plant and equipment

The company assesses annually whether plant and equipment have any indication of impairment, in accordance with relevant accounting policies. The recoverable amounts of plant and equipment have been determined based on value-in use calculations. These calculations and valuations require the use of judgment and estimates on future operating cash flows and discount rates adopted.

The carrying amount of the company's plant and equipment at 2017 was **US\$509,091** (2016: US\$650,411).

(b) Depreciation of plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over their estimated useful lives. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised.

(c) Impairment trade and other receivables

The policy for impairment assessment of trade receivables of the company is based on the evaluation of collectability and aging analysis of trade receivables and on management's estimation. A considerable amount of estimation is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors are to deteriorate, resulting in an impairment of their ability to make payments, allowances may be required.

The carrying amount of trade and other receivables is disclosed in Note 13 to the financial statements.

RUCHI AGRITRADING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

4. CRITICAL ACCOUNTING JUDGEMENTS, ASSUMPTIONS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES – cont'd

4.2. Key Sources of Estimation Uncertainty – cont'd

(d) Impairment of financial assets

The company assesses at the end of each reporting period whether there is any objective evidence that a financial assets is impaired. To determine whether there is objective evidence of impairment, the company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the company's financial assets at the end of the reporting period is disclosed in various notes to the financial statements.

5. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

The company is a wholly-owned subsidiary of Ruchi Industries Pte Ltd, incorporated in Singapore. The company's ultimate holding company is Ruchi Soya Industries Limited, incorporated in India.

6. RELATED PARTY AND RELATED PARTY TRANSACTIONS

Related party in these financial statements refers to members of the ultimate holding company's group of companies.

Many of the company's transactions and arrangements are between members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured, interest free and repayable on demand.

(a) Transaction with ultimate holding company:

	<u>2017</u> US\$	<u>2016</u> US\$
Sales	<u>14,340,900</u>	<u>315,587,367</u>

(b) Transaction with related parties:

	<u>2017</u> US\$	<u>2016</u> US\$
Accounting services	<u>5,400</u>	<u>-</u>

RUCHI AGRITRADING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

7. SHARE CAPITAL

	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>Number of ordinary shares</u>		<u>US\$</u>	<u>US\$</u>
Issued and paid up	2,000,100	2,000,100	2,000,100	2,000,100

The fully paid ordinary shares which have no par value carry one vote per share and carry a right to dividends as and when declared by the company.

8. FINANCE LEASES LIABILITIES

	<u>Minimum lease payments</u>		<u>Present value of minimum lease payments</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Amounts payables under finance leases				
Within one year	45,877	47,792	41,341	41,528
Within two to five years	109,920	160,701	104,897	151,413
	155,797	208,493	146,238	192,941
Less: Future finance charge	(9,559)	(15,552)		
Present value of lease obligations	146,238	192,941		
Less: Current portion	(41,341)	(41,528)		
Non-current portion	104,897	151,413		

The average lease term is 6.5 years and the effective borrowing rate was 3.31% per annum. The interest rate of this finance lease was fixed on the date this finance lease was executed and thus there is no exposure of the company to interest rate risk. The repayment sums in each instalment under this finance lease is fixed. The fair value of the lease approximates their carrying amount. The company's finance lease is secured by the lessors' title to the leased assets (Note 12).

The finances leases are denominated in Singapore dollars.

9. BORROWINGS

	<u>2017</u>	<u>2016</u>
	<u>US\$</u>	<u>US\$</u>
Trust receipts	-	10,591,178
Invoice financing	-	23,522,250
	-	34,113,428

Trust receipts are payable within NIL (2016: 90 days) and bear interest at NIL (2016: 1.5% to 2.2%) and are secured by assignment of goods and corporate guarantee from the holding company.

RUCHI AGRITRADING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

10. DERIVATIVE FINANCIAL INSTRUMENTS

<u>2017</u>	<u>Contractual Notional value</u> US\$	<u>Fair value</u>	
		<u>Asset</u> US\$	<u>Liability</u> US\$
Commodities futures			
Sales	18,525	-	18,525
		-	18,525
<u>2016</u>	<u>Contractual Notional value</u> US\$	<u>Asset</u> US\$	<u>Liability</u> US\$
Commodities forward			
Sales	28,484,265	102,194	2,722,233
Purchases	22,829,336	826,329	1,773,854
Commodities swaps			
Sales	61,385,767	3,261,395	1,350,345
Purchases	29,063,081	1,042,228	824,635
Currency option			
Sales	5,000,000	50,282	-
Purchase	5,000,000	-	12,595
Commodities futures			
Sales	5,034,883	-	105,217
Commodities option			
Purchases	610,150	485,312	-
		<u>5,767,740</u>	<u>6,788,879</u>

11. TRADE AND OTHER PAYABLES

	<u>2017</u> US\$	<u>2016</u> US\$
Trade payables:		
- third parties	92,659	817,028
- Ultimate holding company (Note 6)	1,410,248	-
	1,502,907	817,028
Other payables:		
- accrued	-	207,392
- others	42,921	35,900
	<u>1,545,828</u>	<u>1,060,320</u>

RUCHI AGRITRADING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

11. TRADE AND OTHER PAYABLES – cont'd

The amount due to holding company is unsecured, interest-free and repayable on demand.

Trade and other payables are denominated in the following currencies:

	<u>2017</u> US\$	<u>2016</u> US\$
United States dollar	1,502,907	956,774
Singapore dollar	42,921	103,546
	<u>1,545,828</u>	<u>1,060,320</u>

12. PLANT AND EQUIPMENTS

	Furniture and fittings US\$	Office Equipment US\$	Renovation US\$	Computers and software US\$	Motor vehicle US\$	Total US\$
<u>Cost</u>						
As at 1.4.2015	349,697	61,535	418,863	68,456	337,337	1,235,888
Addition	58,168	-	-	920	-	59,088
As at 1.4.2016	407,865	61,535	418,863	69,376	337,337	1,294,976
Additions	-	-	35,820	1,998	-	37,818
As at 31.3.2017	407,865	61,535	454,683	71,374	337,337	1,332,794
<u>Accumulated Depreciation</u>						
As at 1.4.2015	148,409	36,661	113,857	31,869	141,682	472,478
Charged for the year	56,853	12,307	41,886	13,814	47,227	172,087
As at 1.4.2016	205,262	48,968	155,743	45,683	188,909	644,565
Charged for the year	63,363	12,307	41,983	14,258	47,227	179,138
As at 31.3.2017	268,625	61,275	197,726	59,941	236,136	823,703
<u>Carrying amount</u>						
As at 31.3.2017	139,240	260	256,957	11,433	101,201	509,091
As at 31.3.2016	202,603	12,567	263,120	23,693	148,428	650,411

RUCHI AGRITRADING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

12. PLANT AND EQUIPMENTS – cont'd

The motor vehicle and office equipment with a carrying amount of **US\$101,201** (31 March 2016: US\$148,428) and **NIL** (31 March 2016: US\$3,745) respectively were acquired under finance lease (Note 8). Furniture and fittings include artwork with a carrying amount of US\$91,050 (31 March 2016: US\$91,050) is stated at cost.

During the financial period, the company carried out a review of the recoverable amount of all plant and equipment. As a result, there were no allowances for impairment or revisions to the useful lives required for plant and equipment.

13. TRADE AND OTHER RECEIVABLES

	<u>2017</u> US\$	<u>2016</u> US\$
Trade receivables:		
- ultimate holding company (Note 6)	-	16,025,439
- third parties	4,137,115	649,551
	4,137,115	16,674,990
Other receivables:		
- margin money with brokers	385,620	623,039
- deposits	91,371	97,749
- prepayments	22,878	44,610
- advances	5,851	20,940
- advances to holding company	670,801	675,000
	5,313,636	18,136,328

Trade receivables are non-interest bearing and are normally settled on 30 to 365 (31 Mar 2016: 30 to 365) days' term.

Amount due from holding company is unsecured, interest free and repayable on demands.

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

Trade and other receivables are denominated in the following currencies:

	<u>2017</u> US\$	<u>2016</u> US\$
United States dollar	5,199,751	18,004,966
Singapore dollar	113,885	131,362
	5,313,636	18,136,328

RUCHI AGRITRADING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

14. CASH AND CASH EQUIVALENTS

	<u>2017</u> US\$	<u>2016</u> US\$
Cash and cash equivalents	<u>1,981,405</u>	<u>24,545,807</u>

Cash and cash equivalents are denominated in the following currencies:

	<u>2017</u> US\$	<u>2016</u> US\$
United States dollar	1,802,466	24,513,118
Singapore dollar	<u>178,939</u>	<u>32,689</u>
	<u>1,981,405</u>	<u>24,545,807</u>

15. REVENUE

Revenue represents invoiced value of goods sold and delivered excluding goods and service tax, net returns, trade discounts and allowances.

16. OTHER OPERATING INCOME

	<u>2017</u> US\$	<u>2016</u> US\$
Foreign currency exchange gain	-	10,065
Interest income	2,441	12,850
Other income	12,000	428
Wage credit scheme/PIC grant	-	27,250
	<u>14,441</u>	<u>50,593</u>

17. FINANCE COST

	<u>2017</u> US\$	<u>2016</u> US\$
Interest on bills discounting	123,204	1,508,534
Interest on hire purchase	6,296	7,641
Interest on trust receipts	-	812,038
	<u>129,500</u>	<u>2,328,213</u>

RUCHI AGRITRADING PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

18. INCOME TAX

(a) Major component of income tax expenses

The major components of income tax expense are as follows:

	<u>2017</u> US\$	<u>2016</u> US\$
Current tax's provision	-	17,000
Refund of tax	<u>(139,514)</u>	<u>-</u>
	<u>(139,514)</u>	<u>17,000</u>

(b) Movement of income tax payables

The movement of income tax payables is as follows:

	<u>2017</u> US\$	<u>2016</u> US\$
At beginning of period	17,000	17,000
Income tax paid	-	-
Income tax expense	-	-
(Over)/Under provision of income tax expense in prior period	<u>-</u>	<u>-</u>
At end of period	<u>17,000</u>	<u>17,000</u>

(c) Movement of deferred tax liabilities

The movement of deferred tax liabilities is as follows:

	<u>2017</u> US\$	<u>2016</u> US\$
At beginning of period	56,000	56,000
Recognition of timing difference	<u>-</u>	<u>-</u>
At end of period	<u>56,000</u>	<u>56,000</u>

19. EVENTS AFTER THE REPORTING PERIOD

No items, transactions or events of material and unusual nature has arisen in the interval between the end of the reporting period and the date of this report which is likely to affect substantially the results of operations of the company for the succeeding financial year.

RUCHI AGRITRADING PTE. LTD.

DETAILED PROFIT AND LOSS STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

	<u>2017</u> US\$	<u>2016</u> US\$
Revenue	20,561,702	346,548,594
Cost of goods sold		
Purchases	23,015,482	339,601,302
Bank charges on import, export and letter of credit	4,838	24,000
Clearing charges	18,640	126,186
Commission and brokerage	52,617	151,786
Freight and demurrage	6,444	1,224,927
Insurance	7,691	104,931
(Gain)/loss on commodity and forex derivatives	(3,436,171)	81,694
Other trade expenses	89,080	58,410
Survey fee	551	-
Warehouse and storage	41,186	-
Weight shortage and shipment claims	(8,936)	(17,221)
	19,791,422	341,356,015
Gross profit	770,280	5,192,579
Other operating income		
Foreign currency exchange gain	-	10,065
Interest income	2,441	12,850
Other income	12,000	428
Wage credit scheme / PIC Income	-	27,250
	14,441	50,593
	784,721	5,243,172
Less: Operating expenses		
Schedule 'A'	(1,775,412)	(5,315,346)
Loss before income tax	(990,691)	(72,174)

RUCHI AGRITRADING PTE. LTD.

Schedule 'A'

OPERATING EXPENSES

FOR THE YEAR ENDED 31 MARCH 2017

	<u>2017</u> US\$	<u>2016</u> US\$
Administrative expense		
Audit fees	186	12,122
Bank charges	26,142	106,571
Business promotion	6,382	579
CPF contribution	45,167	60,111
Entertainment	4,841	7,619
General expense	5,607	4,848
Insurance	51	742
Insurance for motor vehicle	1,193	1,222
Legal and professional fee	104,214	33,196
Medical expense	1,678	3,050
Printing and stationery	1,025	1,843
Refreshment	1,404	1,967
Repair and maintenance	2,536	5,887
Rent	350,395	410,632
Salary	664,146	1,815,994
Subscription	59,130	124,369
Telephone	21,645	35,239
Travelling	142,722	159,212
Upkeep of computer	20,200	-
Utilities	4,815	7,797
Other expenses		
Depreciation	179,138	172,087
Donation	-	22,046
Foreign currency exchange loss	3,295	-
Finance costs		
Interest on bills discounting	123,204	1,508,534
Interest on hire purchase	6,296	7,641
Interest on trust receipts	-	812,038
	<u>1,775,412</u>	<u>5,315,346</u>