

**ANNUAL REPORT 2019**  
Audited Financial Statements  
And Other Financial Information

**SWELECT ENERGY SYSTEMS PTE. LTD.**  
(Registration No.: 200402543C)  
(Incorporated in the Republic of Singapore)

**FOR FINANCIAL YEAR ENDED 31 MARCH 2019**

**SWELECT ENERGY SYSTEMS PTE. LTD.**

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**SWELECT ENERGY SYSTEMS PTE. LTD.**

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**DIRECTORS' STATEMENT**

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 March 2019.

In the opinion of directors:

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial positions 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; 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

**DIRECTORS**

1. The directors in office at the date of this statement are as follow:

Ramasamy Gounder Chellappan  
Venkatagiri Chellappan Raghunath

**ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES**

2. Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object 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' INTEREST IN SHARES OR DEBENTURES**

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

<u>Name of directors</u>	<u>Shareholdings registered in the name of directors</u>		<u>Shareholdings in which the directors are deemed to have an interest</u>	
	<u>As at 01/04/2018</u>	<u>As at 31/03/2019</u>	<u>As at 01/04/2018</u>	<u>As at 31/03/2019</u>
<b><u>The Company</u></b>				
<b><u>(Ordinary shares of S\$1.00 each)</u></b>				
Ramasamy Gounder Chellappan	--	--	12,232,500	12,232,500
Venkatagiri Chellappan	--	--	--	--
Raghunath				
<b><u>The Immediate and Ultimate Holding Company</u></b>				
<b><u>(Ordinary shares of Rs10.00 each)</u></b>				
Ramasamy Gounder Chellappan	4,747,054	4,747,054	82,086	82,086

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**DIRECTORS' CONTRACTUAL BENEFITS**

4. Except as disclosed in the financial statements, since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest.

**SHARE OPTIONS**

5. During the financial year, no option was granted to take up unissued shares of the Company. There were no shares issued during the financial year by virtue of the exercise of an option granted to take up unissued shares of the Company. There were no unissued shares under option as at the end of the financial year.

**INDEPENDENT AUDITORS**

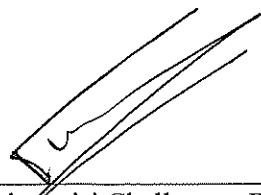
6. The independent auditors, Messrs. Wu Chiaw Ching & Company, Public Accountants and Chartered Accountants, have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors,



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Ramasamy Gounder Chellappan  
Director



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Venkatagiri Chellappan Raghunath  
Director

Singapore, 18 JUN 2019



# WU CHIAW CHING & COMPANY

吳喬青特許會計師事務所

Public Accountants and Chartered Accountants, Singapore

Reg No. S87PF0299A

## INDEPENDENT AUDITORS' REPORT FOR FINANCIAL YEAR ENDED 31 MARCH 2019 TO THE MEMBERS OF SWELECT ENERGY SYSTEMS PTE. LTD.

Report on the Audited of the Financial Statements

### Opinion

We have audited the financial statements of **SWELECT ENERGY SYSTEMS PTE. LTD.** (the "Company"), which comprise the statement of financial position of the Company as at **31 March 2019**, 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 2 to 3.

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.



**INDEPENDENT AUDITORS' REPORT (continued)**  
**FOR FINANCIAL YEAR ENDED 31 MARCH 2019**  
**TO THE MEMBERS OF SWELECT ENERGY SYSTEMS PTE. LTD.**

**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 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 managements.



**WU CHIAW CHING & COMPANY**

吳喬青特許會計師事務所

Public Accountants and Chartered Accountants, Singapore

Reg No. S87PF0299A

**INDEPENDENT AUDITORS' REPORT (continued)**  
**FOR FINANCIAL YEAR ENDED 31 MARCH 2019**  
**TO THE MEMBERS OF SWELECT ENERGY SYSTEMS PTE. LTD.**

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the 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.

  
Wu Chiaw Ching & Company  
Public Accountants and  
Chartered Accountants



Singapore, 18 JUN 2019

**SWELECT ENERGY SYSTEMS PTE. LTD.**

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**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 MARCH 2019**

	<u>Note</u>	<u>2019</u> <u>US\$</u>	<u>2018</u> <u>US\$</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	2,528,975	2,556,726
Investment properties	5	2,355,661	2,380,991
<b>Total non-current assets</b>		<u>4,884,636</u>	<u>4,937,717</u>
<b>Current assets</b>			
Inventories	6	56,661	1,300
Trade and other receivables	7	8,359,342	8,941,106
Cash and cash equivalents	8	8,355,047	8,542,025
<b>Total current assets</b>		<u>16,771,050</u>	<u>17,484,431</u>
<b>Total assets</b>		<u><u>21,655,686</u></u>	<u><u>22,422,148</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Issued capital and reserves attributable to owners of the Company</b>			
Share capital	9	8,319,706	8,319,706
Assets revaluation reserve	10	2,566,340	2,566,340
Accumulated profits		5,659,899	5,647,024
<b>Total equity</b>		<u>16,545,945</u>	<u>16,533,070</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities	11	149,890	149,890
<b>Total non-current liabilities</b>		<u>149,890</u>	<u>149,890</u>
<b>Current liabilities</b>			
Trade and other payables	12	2,393,734	2,662,492
Bank borrowings	13	2,558,118	3,023,738
Income tax payables		7,999	52,958
<b>Total current liabilities</b>		<u>4,959,851</u>	<u>5,739,188</u>
<b>Total liabilities</b>		<u><u>5,109,741</u></u>	<u><u>5,889,078</u></u>
<b>Total equity and liabilities</b>		<u><u>21,655,686</u></u>	<u><u>22,422,148</u></u>

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

**SWELECT ENERGY SYSTEMS PTE. LTD.**

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2019**

	<u>Note</u>	<u>2019</u> <u>US\$</u>	<u>2018</u> <u>US\$</u>
<b>Revenue</b>	14	9,428,175	14,673,079
Cost of sales		(9,069,034)	(14,119,319)
Gross profits		359,141	553,760
Other operating income	15	169,207	275,770
Selling and distribution expenses		(155,068)	(51,836)
Administrative expenses		(231,994)	(272,406)
Other operating expenses		(3,719)	(9,277)
<b>Profit from operations</b>	16	137,567	496,011
Finance costs	17	(118,908)	(57,358)
<b>Profit before income tax</b>		18,659	438,653
Income tax expenses	18	(5,784)	(63,889)
<b>Profit for the year</b>		12,875	374,764
<b>Other comprehensive income:-</b>			
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be reclassified subsequently to profit or loss		-	-
<b>Total comprehensive income for the year</b>		<u>12,875</u>	<u>374,764</u>

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

**SWELECT ENERGY SYSTEMS PTE. LTD.**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2019**

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**Issued capital and reserves attributable to owners of the  
Company**

	<u>Assets</u>			
	<u>Share Capital</u> <u>US\$</u>	<u>Revaluation Reserve</u> <u>US\$</u>	<u>Accumulated Profits</u> <u>US\$</u>	<u>Total Equity</u> <u>US\$</u>
At 01 April 2017	8,319,706	2,566,340	5,272,260	16,158,306
<b>Total comprehensive income for the year</b>				
- Profit for the year	-	-	374,764	374,764
At 31 March 2018	8,319,706	2,566,340	5,647,024	16,533,070
<b>Total comprehensive income for the year</b>				
- Profit for the year	-	-	12,875	12,875
At 31 March 2019	<u>8,319,706</u>	<u>2,566,340</u>	<u>5,659,899</u>	<u>16,545,945</u>

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

**SWELECT ENERGY SYSTEMS PTE. LTD.**

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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

	<u>Note</u>	<u>2019</u> <u>US\$</u>	<u>2018</u> <u>US\$</u>
<b>OPERATING ACTIVITIES</b>			
Profit before income tax		18,659	438,653
Adjustments for:			
Depreciation of property, plant and equipment	4	28,395	28,697
Depreciation of investment properties	5	25,330	25,330
Interest income		(108,582)	(70,209)
Interest expenses		118,908	57,358
		<u>82,710</u>	<u>479,829</u>
Changes in working capital			
Inventories		(55,361)	780,679
Trade and other receivables		581,764	(1,005,836)
Trade and other payables		(268,758)	(3,366,661)
Cash generated from operations		<u>340,355</u>	<u>(3,111,989)</u>
Interest paid		(118,908)	(57,358)
Income tax paid		(50,744)	(26,555)
<b>Net cash from operating activities</b>		<u>170,703</u>	<u>(3,195,902)</u>
<b>INVESTING ACTIVITIES</b>			
Interest received		108,582	70,209
Purchase of property, plant and equipment	4	(644)	-
<b>Net cash from investing activities</b>		<u>107,938</u>	<u>70,209</u>
<b>FINANCING ACTIVITIES</b>			
Fixed deposit pledged		63,232	(207,633)
(Repayment of) / proceeds from financing under trust receipts		(465,620)	2,780,738
<b>Net cash from financing activities</b>		<u>(402,388)</u>	<u>2,573,105</u>
Net decrease in cash and cash equivalent		(123,747)	(552,588)
<b>Cash and cash equivalent at beginning of the year</b>		<u>549,138</u>	<u>1,101,726</u>
<b>Cash and cash equivalents at end of the year</b>	8	<u>425,391</u>	<u>549,138</u>

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

**SWELECT ENERGY SYSTEMS PTE. LTD.**

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019**

These notes form an integral part of the financial statements.

**1. DOMICILE AND ACTIVITIES**

**SWELECT ENERGY SYSTEMS PTE. LTD.** (the “Company”) is a limited liability private company incorporated in the Republic of Singapore and has its registered office and principal place of business at 2 Kallang Pudding Road, #02-12 Mactech Building, Singapore 349307.

The principal activities of the Company are to carry on engineering services in clean energy systems (E.g. Solar Photovoltaics) and generation of electricity by other sources and the business of import and export of electronic appliances.

The Company is a wholly-owned subsidiary of SWELECT ENERGY SYSTEMS LIMITED., a company incorporated in India which is also its immediate and ultimate holding company.

There have been no significant changes in the nature of these activities during the financial year.

**2. BASIS OF PREPARATION**

**(a) Statement of compliance**

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

**(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

**(c) Functional and presentation currency**

These financial statements are presented in United States dollars (“USD” or “US\$”), which is also the Company’s functional currency. All financial information is presented in United States dollar unless otherwise stated.

**(d) Use of estimates and judgements**

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

**SWELECT ENERGY SYSTEMS PTE. LTD.**

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019**

**2. BASIS OF PREPARATION - CONTINUED**

**(d) Use of estimates and judgements - continued**

**Critical judgements made in applying accounting policies**

In the process of applying the accounting policies, management has made certain judgement apart from those involving estimation, which has a significant effect on the amounts recognised in the financial statements.

**i) Allowance for impairment of inventories**

Management reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost and record an impairment allowance or written off against the inventories for any such declines. These reviews require the use of judgements and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of the Company's inventories at the statement of financial position is disclosed in Note 6 to the financial statements.

**ii) Allowance for impairment of trade and other receivables**

The Company assesses at each date of statement of financial position whether there is any objective evidence that a financial asset 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 amounts of the Company's receivables at the statement of financial position are disclosed in Note 7 to the financial statements.

**Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position, 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.

**i) Useful lives of property, plant and equipment**

The cost of property, plant and equipment is depreciated on a straight-line basis over the property, plant and equipment's estimated economic useful lives. Management estimates the rates of depreciation of these property, plant and equipment to be within 1% to 33 1/3%. These are common life expectancies applied in the similar industry. 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. The carrying amount of the Company's property, plant and equipment at the statement of financial position is disclosed in Note 4 to the financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019**

**3. SIGNIFICANT ACCOUNTING POLICIES**

**(d) Use of estimates and judgements - continued**

**Key sources of estimation uncertainty - continued**

**ii) Useful lives of investment properties**

The revalued cost of investment properties is depreciated on a straight-line basis over the investment properties' useful lives. The useful lives of these investment properties are infinite but management estimates the rates of depreciation of these investment properties to be 1%. These are common life expectancies applied in the similar industry. 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. The carrying amount of the Company's investment properties at the statement of financial position date is disclosed in Note 5 to the financial statements.

**iii) Income taxes**

The Company has exposure to income taxes in Singapore. There are certain transactions and computations 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. The carrying amounts of the Company's income tax payables and deferred tax liabilities at the statement of financial position are US\$7,999 (2018: US\$52,958) and US\$149,890 (2018: US\$149,890) respectively.

**iv) Fair value of investment properties**

The fair value of the investment properties was based on directors' valuation. In determining the fair value, the directors has exercised their judgement and satisfied that the fair value reflected current market conditions. The carrying amount of investment property of the company as at the statement of financial position date was US\$2,682,013 (2018: US\$2,599,574)

**3. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Adoption of new and amended standards and interpretations**

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 amended standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 January 2018. Except for the adoption of FRS 109 Financial Instruments and FRS 115 Revenue from Contracts with Customers described below, the adoption of these standards did not have any material effect on the financial performance or position of the Company.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019**

**3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**(a) Adoption of new and amended standards and interpretations - continued**

**FRS 109 Financial Instruments**

FRS 109 replaces FRS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company applied FRS 109 retrospectively, with an initial application date of 1 January 2018. The Company has not restated comparative information which continues to be reported under FRS 39 and the disclosure requirements of FRS 107 Financial Instrument: Disclosures relating to terms within scope of FRS 39. The impact arising from FRS 109 adoption was included in the opening retained earnings and other components of equity at the date of initial application. The Company has no effect upon adopting FRS 109 as at 1 April 2018.

**i) Classification and measurement**

Under FRS 109, debt instruments are subsequently measured either at fair value through profit or loss (FVPL), amortised cost or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Company's business model was made as of the date of initial application, 1 January 2018. The assessment of whether contractual cash flows on debt instruments solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirement of FRS 109 did not have a significant impact to the Company. The following are the changes in the classification and measurement of the Company's financial assets:

- Trade and other receivables classified as loans and receivables as at 31 March 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These were classified and measured as debt instruments as amortised cost beginning 1 April 2018.

The Company has not designated any financial liabilities at FVPL. There are no changes in classification and measurement for the Company's financial liabilities.

**ii) Impairment**

The adoption of FRS 109 has fundamentally changed the company's accounting for impairment losses for the financial assets by replacing FRS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. FRS 109 requires the Company to recognise an allowance for ECLs for all debt instruments not held at FVPL.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019**

**3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**(a) Adoption of new and amended standards and interpretations - continued**

**FRS 115 Revenue from Contracts with Customers**

FRS 115 supersedes FRS 11 Construction Contracts, FRS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. FRS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflect the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

FRS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the cost directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted FRS 115 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not complete at this date. The Company elected to apply the standard to all contracts as at 1 April 2018.

The cumulative effect of initially applying FRS 115 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under FRS 11, FRS 18 and related interpretations.

**Standards issued but not yet effective**

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
FRS 116 Leases	1 January 2019
INT FRS 123 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to FRS 109 Prepayment Features with Negative Compensation	1 January 2019
Amendments to FRS 28 Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to FRSs (March 2018)	1 January 2019
Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

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

**SWELECT ENERGY SYSTEMS PTE. LTD.**

(Registration No: 200402543C)

(Incorporated in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019**

**3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**(a) Adoption of new and amended standards and interpretations - continued**

**Standards issued but not yet effective - continued**

**FRS 116 Leases**

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

The Company plans to adopt FRS 116 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

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

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

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

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

The Company has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Company adopts FRS 116 in 2019.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019**

**3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**(b) Foreign currency**

**Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of Company entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the financial year, adjusted for effective interest and payments during the financial year, and the amortised cost in foreign currency translated at the exchange rate at the end of the financial year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

**(c) Property, plant and equipment**

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Freehold properties are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the date of statement of financial position.

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

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

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019****(c) Property, plant and equipment - continued**

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

Computer equipments	33 1/3%
Freehold properties	1%
Furniture and fittings	20%
Office equipments	20%

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

An item of 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. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

**(d) Investment properties**

Investment properties are held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of the business, use in the production or supply of goods or services or for administrative purpose.

Investment properties are initially measured at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over the investment properties' useful lives. The useful lives of the investment properties are infinite but management estimates the rates of depreciation of the investment properties to be 1%. No depreciation is provided for investment properties under construction.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

Investment properties are derecognised when either they have been disposal of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sell.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019**

**3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**(e) 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, where applicable, when an annual impairment testing for an asset is required), the Company makes an estimate of the asset's recoverable amount.

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

Impairment losses are recognised in profit or loss.

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

**(f) Financial instruments**

The accounting policies are applied on and after the initial application date of FRS 109, 1 January 2018:

**a) Financial assets**

**Initial recognition and measurement**

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

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

Trade receivables are measured at amount of consideration to which the Company expects to be entitled in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019**

**3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**(f) Financial instruments - continued**

**a) Financial assets - continued**

**Subsequent measurement**

*Investment in debt instruments*

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instrument are amortised cost, FVOCI and FVPL. The Company only has debt instrument at amortised cost.

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

**Derecognition**

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

**b) Financial liabilities**

**Initial recognition and measurement**

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

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

**Subsequent Measurement**

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

**Derecognition**

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

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019**

**3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**(f) Financial instruments - continued**

The accounting policies are applied before the initial application date of FRS 109, 1 January 2018:

**a) Financial assets**

**Initial recognition and measurement**

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at FVPL, directly attributable transaction costs.

**Subsequent measurement**

**Loans and receivables**

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortization process.

Loans and receivables comprise trade and other receivables, and cash and cash equivalents.

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, pledged deposits are excluded.

**Derecognition**

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

**b) Financial liabilities**

**Initial recognition and measurement**

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

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

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019**

**3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**(f) Financial instruments - continued**

**b) Financial liabilities - continued**

**Subsequent measurement**

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

Other financial liabilities comprise trade and other payables and bank borrowings.

**Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a recognition of the original liability and recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**(g) Impairment of financial assets**

These accounting policies are applied on and after the initial application date of FRS 109, 1 January 2018:

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. 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).

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019**

**3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**(g) Impairment of financial assets - continued**

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes 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 debtors and economic environment which could affect debtors' ability to pay.

The Company considers a financial asset in default when contractual payments are 360 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.

These accounting policies are applied before the initial application date of FRS 109, 1 January 2018:

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

**Financial assets carried at amortised cost**

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to allowance account are written off against the carrying amount of the financial asset.

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**3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**(g) Impairment of financial assets - continued**

**Financial assets carried at amortised cost - continued**

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decrease and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

**(h) Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

**(i) Cash and cash equivalents**

Cash and cash equivalents comprise cash at banks and on hand which are subjected to an insignificant risk of changes in value. For the purpose of the statement of cash flows, pledged deposits are excluded.

**(j) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

**(k) Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019**

**3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**(l) Employee benefits**

**i) Defined contribution plans**

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

**ii) Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

**(m) Revenue**

These accounting policies are applied on and after the initial application date of FRS 115, 1 January 2018:

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

Revenue is recognised when the Company satisfies a performance obligation by transferring promised service to customer, which is when the customer obtains control of service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

**i) Sale of goods**

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The goods are often sold with a right of return and with retrospective volume rebates based on the aggregate sales over a period of time.

**ii) Rendering of services**

Revenue from rendering of services is recognised when the services have been performed and rendered.

**iii) Rental income**

Revenue from rental is recognised on a straight-line basis over the term of the lease. The aggregate costs of incentives provided to lessees are recognised on a reduction of rental income over the lease term on a straight-line basis.

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**3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**(m) Revenue - continued**

These accounting policies are applied before the initial application date of FRS 115, 1 January 2018:

**i) Sale of goods**

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, 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. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

**ii) Rendering of services**

Revenue from services rendered is recognised in profit or loss when:

- i) the amount of revenue can be measured reliably;
- ii) it is probable that the economic benefits associated with the transaction will flow to the enterprise;
- iii) the stage of completion of the transaction at the statement of financial position date can be measured reliably; and
- iv) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

**iii) Rental income**

Rental income from subleased properties is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

**(n) Government grants**

Grants that compensate the Company for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019**

**3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**(o) Finance income and finance costs**

Finance income comprises interest income. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

**(p) Income tax**

**i) Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**ii) Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the end of the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes related to the same taxable entity and the same taxation authority.

**(q) Related parties**

A related party is defined as follows:

- (a) An entity is related to the 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.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019**

**3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**(q) Related parties - continued**

- (a) An entity is related to the Company if any of the following conditions applies:
  - (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 (b).
  - (vii) A person identified in (b) (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.)
- (b) 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.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019**

**4. PROPERTY, PLANT AND EQUIPMENT**

	<u>Freehold properties</u> <u>US\$</u>	<u>Computer equipments</u> <u>US\$</u>	<u>Furniture and fittings</u> <u>US\$</u>	<u>Office equipment</u> <u>US\$</u>	<u>Total US\$</u>
<b><u>At cost or valuation</u></b>					
At 01 April 2017	2,717,915	1,768	102,410	3,144	2,825,237
Additions	--	--	--	--	--
At 31 March 2018	2,717,915	1,768	102,410	3,144	2,825,237
Additions	--	644	--	--	644
At 31 March 2019	2,717,915	2,412	102,410	3,144	2,825,881
<b>Comprising</b>					
- At cost	--	2,412	102,410	3,144	107,966
- At valuation	2,717,915	--	--	--	2,717,915
	2,717,915	2,412	102,410	3,144	2,825,881
<b><u>Accumulated depreciation and accumulated impairment losses</u></b>					
At 01 April 2017	135,897	1,768	100,939	1,210	239,814
Depreciation for the year	27,179	--	889	629	28,697
At 31 March 2018	163,076	1,768	101,828	1,839	268,511
Depreciation for the year	27,179	163	582	471	28,395
At 31 March 2019	190,255	1,931	102,410	2,310	296,906
<b><u>Carrying amount</u></b>					
At 01 April 2017	2,582,018	--	1,471	1,934	2,585,423
At 31 March 2018	2,554,839	--	582	1,305	2,556,726
At 31 March 2019	2,527,660	481	--	834	2,528,975

During the financial year, the Company acquired property, plant and equipment by the way of:

	<u>2019</u> <u>US\$</u>	<u>2018</u> <u>US\$</u>
Cash payments	644	--
Freehold property		
- At cost	1,142,626	1,142,626
- Accumulated depreciation	(128,461)	(117,034)
	1,014,165	1,025,592

The freehold properties were revalued as at 24 April 2013 and 25 April 2013 by Dennis Wee Realty Pte Ltd, independent valuers, on an open market value. This valuation performed by the valuer are based on active market prices, adjusted for any difference in the nature, location or condition of specific property.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019**

**5. INVESTMENT PROPERTY**

	<u>Total</u> <u>US\$</u>
<b><u>Cost</u></b>	
At 01 April 2017	2,532,969
Additions	--
At 31 March 2018	2,532,969
Additions	--
At 31 March 2019	<u>2,532,969</u>
<b><u>Accumulated depreciation and impairment losses</u></b>	
At 01 April 2017	126,648
Depreciation for the year	25,330
At 31 March 2018	151,978
Depreciation for the year	25,330
At 31 March 2019	<u>177,308</u>
<b><u>Carrying amount</u></b>	
At 01 April 2017	<u>2,406,321</u>
At 31 March 2018	<u>2,380,991</u>
At 31 March 2019	<u>2,355,661</u>

Investments property are held for long-term rental yields and treated as long-term investments. The fair value of investment property at the date of statement of financial position is based on directors' valuation. In determining the fair value, the directors have exercised their judgment and are satisfied that the fair value is relative of current market condition which is under level 3 of the fair value measurement hierarchy. The fair value of investment property of the Company as at balance date is US\$2,682,013 (2018: US\$2,599,574).

A detail of investment property as at 31 March 2019 is as follows:

<u>Location</u>	<u>Description</u>	<u>Existing use</u>	<u>Tenure</u>	<u>Land area (Sqm)</u>
2 Kallang Pudding Road, #02-09, Mactech Building, Singapore 349307	Warehouse	Rental	Freehold	298
2 Kallang Pudding Road, #02-14, Mactech Building, Singapore 349307	Warehouse	Rental	Freehold	150

The investment properties were leased to non-related party under operating leases.

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**5. INVESTMENT PROPERTY - CONTINUED**

The following amounts are recognised in profit and loss:

	<u>2019</u> US\$	<u>2018</u> US\$
Rental income	58,489	44,584
Direct operating expenses arising from:		
- Investment property that generate rental income	<u>16,669</u>	<u>23,442</u>

**6. INVENTORIES**

	<u>2019</u> US\$	<u>2018</u> US\$
Trading goods	<u>56,661</u>	<u>1,300</u>

The cost of inventories recognised as an expense and included in “cost of sales” amounts to US\$9,069,034 (2017: US\$14,119,319).

**7. TRADE AND OTHER RECEIVABLES**

	<u>2019</u> US\$	<u>2018</u> US\$
Trade receivables		
- third parties	85,687	1,830
- related party	88,502	--
- immediate holding company	<u>8,084,938</u>	<u>8,785,840</u>
	<u>8,259,127</u>	<u>8,787,670</u>
Advance payment to a supplier	4,500	137,778
Deposits	839	579
Fixed deposit interest receivables	86,002	6,050
Other receivable	8,874	142
Prepayments	--	8,887
	<u>8,359,342</u>	<u>8,941,106</u>

Trade receivables are non-interest bearing and the Company’s normal trade credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

**8. CASH AND CASH EQUIVALENTS**

	<u>2019</u> US\$	<u>2018</u> US\$
Cash at bank and in hand	48,930	160,777
Fixed deposits	<u>8,306,117</u>	<u>8,381,248</u>
Cash and cash equivalents	<u>8,355,047</u>	<u>8,542,025</u>
Fixed deposits pledged	<u>(7,929,656)</u>	<u>(7,992,887)</u>
Cash and cash equivalents in the statement of cash flows	<u>425,391</u>	<u>549,138</u>

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**8. CASH AND CASH EQUIVALENTS - CONTINUED**

Fixed deposit denominated in United States dollar bear interest at an effective interest rate are ranging from 1.65% to 3.65% (2018: 0.75% to 3.65%) per annum and amounting to US\$5,642,359 (2018: US\$5,633,292) were pledged to financial institution for banking facilities as set out in Note 13.

Fixed deposit denominated in Singapore dollar bear interest at an effective interest rate is 1.35% (2018: 0.83%) per annum and amounting to US\$2,287,297 (2018: US\$2,359,596) were pledged to financial institution for banking facilities as set out in Note 13.

**9. SHARE CAPITAL**

	<u>2019</u>	<u>2018</u>		
	<u>No of shares</u>	<u>US\$</u>	<u>No of shares</u>	<u>US\$</u>
<b><u>Finally paid ordinary shares, with no par value</u></b>				
Balance at beginning of the financial year	12,232,500	8,319,706	12,232,500	8,319,706
Balance at end of the financial year	<u>12,232,500</u>	<u>8,319,706</u>	<u>12,232,500</u>	<u>8,319,706</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company without restrictions. All ordinary shares rank equally with regard to the Company's residual assets.

As a result of the Companies (Amendment) Act 2005, the concept of authorised share capital and par value has been abolished.

**10. ASSETS REVALUATION RESERVES**

	<u>2019</u>	<u>2018</u>
	<u>US\$</u>	<u>US\$</u>
Balance at beginning of the financial year	2,566,340	2,566,340
Balance at end of the financial year	<u>2,566,340</u>	<u>2,566,340</u>

Assets revaluation reserve is non-distributable.

**11. DEFERRED TAX LIABILITIES**

	<u>2019</u>	<u>2018</u>
	<u>US\$</u>	<u>US\$</u>
Balance at beginning of the financial year	149,890	149,890
Balance at end of the financial year	<u>149,890</u>	<u>149,890</u>
<b><u>Deferred tax liabilities</u></b>		
Excess of carrying amount of property, plant and equipment	<u>149,890</u>	<u>149,890</u>

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**12. TRADE AND OTHER PAYABLES**

	<u>2019</u> <u>US\$</u>	<u>2018</u> <u>US\$</u>
Trade payables		
- third parties	2,305,193	2,588,779
- immediate holding company	1,185	1,185
	<u>2,306,378</u>	<u>2,589,964</u>
Accrual expenses	37,141	21,985
Deposit payables	9,735	10,063
Provision for warranties	40,480	40,480
	<u>2,393,734</u>	<u>2,662,492</u>

The Company's normal trade credit term is 60 days.

**13. BANK BORROWINGS**

	<u>2019</u> <u>US\$</u>	<u>2018</u> <u>US\$</u>
<b><u>Current</u></b>		
Trust receipts	<u>2,558,118</u>	<u>3,023,738</u>

The bank facilities are secured by:

- the Company's fixed deposits placed with the bank; and
- personal joint and several guarantee executed by the Company's director.

The effective interest rate implicit in the trust receipts are approximately ranging from 3.48% to 3.50% (2018: 2.67% to 2.87%) per annum.

Reconciliation to the statement of the financial position and the statements of cash flows. The table below details changes in the Company's liabilities arising from financing activities:

	<u>2019</u> <u>S\$</u>
<b><u>Bank borrowings</u></b>	
Balance at beginning of the financial year	3,023,738
Additions	--
Repayments	(465,620)
Balance at end of the financial year	<u>2,558,118</u>

**14. REVENUE**

	<u>2019</u> <u>US\$</u>	<u>2018</u> <u>US\$</u>
Revenue from sales of goods	<u>9,428,175</u>	<u>14,673,079</u>

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**15. OTHER OPERATING INCOME**

	<u>2019</u> US\$	<u>2018</u> US\$
Gain on foreign exchange	--	159,497
Interest income	108,582	70,209
Rental income	58,489	44,584
Special employment credit	1,017	1,030
Temporary employment credit	172	450
Wage credit scheme	947	--
	<u>169,207</u>	<u>275,770</u>

**16. RESULTS FROM OPERATING ACTIVITIES**

	<u>2019</u> US\$	<u>2018</u> US\$
These are included the following:		
Loss on foreign exchange	97,466	--
Management fee	17,724	17,764
MCST management fee	18,829	18,980
Employee benefits		
- Salaries, bonus and other costs	122,484	113,207
- Central Provident Fund and other pension costs	<u>9,341</u>	<u>8,758</u>

**17. FINANCE COSTS**

	<u>2019</u> US\$	<u>2018</u> US\$
<b><u>Interest</u></b>		
Trust receipts interest	<u>118,908</u>	<u>57,358</u>

**18. INCOME TAX EXPENSES**

	<u>2019</u> US\$	<u>2018</u> US\$
<b><u>Current tax expenses</u></b>		
Current year	5,784	63,889
Adjustment for the prior year	--	--
Deferred taxation	--	--
	<u>5,784</u>	<u>63,889</u>

A reconciliation between the tax expenses and the product of accounting profit multiplied by the applicable tax rate for the financial year ended 31 March was as follows:

	<u>2019</u> US\$	<u>2018</u> US\$
<b><u>Reconciliation of effective tax rate</u></b>		
Profit before income tax	<u>18,659</u>	<u>438,653</u>
Tax calculated using Singapore tax rate at 17%	3,172	74,571
Expenses not deductible for tax purposes	8,927	8,927
Statutory income exemption	(6,411)	(19,764)
Others	96	155
	<u>5,784</u>	<u>63,889</u>

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**19. COMMITMENTS**

**Operating Lease Commitments**

**Lease as lessor**

Non-cancellable operating lease receivables are as follows:

	<u>2019</u> <u>US\$</u>	<u>2018</u> <u>US\$</u>
<b><u>Receivable:</u></b>		
Not later than one year	49,119	60,380
Later than one year but not later than five years	21,451	28,818
	<u>70,570</u>	<u>89,198</u>

**20. SIGNIFICANT RELATED PARTY TRANSACTIONS**

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

The directors of the Company are considered as key management personnel.

	<u>2019</u> <u>US\$</u>	<u>2018</u> <u>US\$</u>
<b><u>With immediate holding company</u></b>		
Sales	<u>9,224,056</u>	<u>13,859,821</u>

**With related party**

Sales	<u>194,191</u>	--
-------	----------------	----

**Key management personnel compensation**

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The directors of the Company are considered as key management personnel.

Compensation payable to key management personnel comprised:

	<u>2019</u> <u>US\$</u>	<u>2018</u> <u>US\$</u>
Short - term employee benefits	<u>57,602</u>	<u>51,647</u>

**21. FINANCIAL RISK MANAGEMENT**

**Overview**

The Company levels of risk tolerance and risk management policies are determined by the Board. The Board and management are responsible for overseeing the Company's risk management framework and policies, including reviewing the Company's business and operational activities to identify areas of significant risk and implementing measures to mitigate such risks.

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019**

**21. FINANCIAL RISK MANAGEMENT - CONTINUED**

**Overview - continued**

The Company operates only in Singapore but sources its supplies worldwide and is exposed to a variety of financial risks, comprising credit risk, liquidity risk, market risk, interest rate risk and currency risk.

**Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to settle its financial and contractual obligations, as and when they fall due.

The Company's exposure to credit risk arises mainly from cash and cash equivalents and trade receivables. The bulk of the trade receivables relates to amounts owing by immediate holding company.

The carrying amounts of financial assets represent the Company's maximum exposures to credit risk, before taking into account any collateral held. The Company does not require any collateral in respect of their financial assets.

The impairment losses recognised on the financial assets for both 2019 and 2018 is insignificant.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the Company's past default experience does not show significantly different loss patterns for different customer segments, the allowance matrix is not further distinguished between the different customer bases.

The Company has adopted a policy of only dealing with creditworthy counterparties. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally does not require a collateral.

**Comparative information under FRS 39 is as follows**

The ageing of trade and other receivables (exclude prepayments) at the reporting date is:

	<u>31 Mar 2018</u> US\$	<u>1 Apr 2017</u> US\$
Not past due	783,889	370,400
Past due 0 – 30 days	1,917,584	1,788,402
Past due 31 – 90 days	1,482,806	5,752,045
Past due more than 90 days	4,747,940	14,905
	<u>8,932,219</u>	<u>7,925,752</u>

The Company believes that no impairment allowance was necessary in respect of its trade and other receivables based on historical payment behaviour and analysis of the underlying customers' credit quality.

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019**

**21. FINANCIAL RISK MANAGEMENT - CONTINUED**

**Credit risk - continued**

**Expected credit loss impairment for trade receivables as at 1 April 2018 and 31 March 2019 (lifetime ECL)**

For trade receivables, the Company has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL based on allowance matrix. The allowance matrix is estimated based on historical credit losses rates and the past due status of the customers, adjusted as appropriate to reflect current and forward looking factors affecting the customers' ability to repay the receivables. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the allowance matrix. Trade receivables are substantially from companies with a good collection track record with the Company and hence the loss allowance, computed based on the allowance matrix, is negligible to the Company.

The following table provides information about the exposure to credit risk and ECLs for trade receivables at 31 March 2019:

	<u>Carrying amounts</u> <u>US\$</u>
Not past due	546,153
Past due 0 – 30 days	1,060,945
Past due 31 – 90 days	1,439,606
Past due more than 90 days	<u>5,312,638</u>
	<u>8,359,342</u>

**Expected credit loss impairment for cash and cash equivalents as at 1 April 2018 and 31 March 2019 (12 month ECL)**

Impairment on cash and cash equivalents have been measured on the 12 month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the credit worthiness of the bank counterparties. The amount of allowance is negligible.

Cash and cash equivalents consist of cash at bank and fixed deposits which are placed with banks which are regulated.

**Expected credit loss impairment for other receivables and deposits as at 1 April 2018 and 31 March 2019 (12 month ECL)**

Impairment on other receivables and deposits have been measured on the 12 month expected loss basis and reflects the short maturities of the exposures. The other receivables and deposits are considered to have low credit risk as there has been no significant increase in the risk of default on the other receivables and deposits since initial recognition. The amount of the allowance is negligible.

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019**

**21. FINANCIAL RISK MANAGEMENT - CONTINUED**

**Credit risk - continued**

**Expected credit loss impairment for other receivables and deposits as at 1 April 2018 and 31 March 2019 (12 month ECL)**

Impairment on other receivables and deposits have been measured on the 12 month expected loss basis and reflects the short maturities of the exposures. The other receivables and deposits are considered to have low credit risk as there has been no significant increase in the risk of default on the other receivables and deposits since initial recognition. The amount of the allowance is negligible.

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and capital expenditure requirements.

The table below summarises the maturity profile of the Company's financial liabilities at the statement of financial position based on contractual undiscounted payments.

		Contractual undiscounted cash flows		
		Carrying amount	Within	
			Total	1 year
		US\$	US\$	US\$
<b>2019</b>				
Trade and other payables		2,393,734	2,393,734	2,393,734
Bank borrowings		2,558,118	2,558,118	2,558,118
		<u>4,951,852</u>	<u>4,951,852</u>	<u>4,951,852</u>
<b>2018</b>				
Trade and other payables		2,662,492	2,662,492	2,662,492
Bank borrowings		3,023,738	3,023,738	3,023,738
		<u>5,686,230</u>	<u>5,686,230</u>	<u>5,686,230</u>

**Market risk**

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

**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 interest rate risk arises primarily from their borrowing. The preferred management of interest rate risk exposure in debt obligations is to fix low interest.

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**21. FINANCIAL RISK MANAGEMENT - CONTINUED**

**Currency risk**

The Company is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than the respective functional currencies of the Company.

The Company's exposure to foreign currency is as follow:-

	<u>Euro</u> <u>US\$</u>	<u>Pound</u> <u>Sterling</u> <u>US\$</u>	<u>Singapore</u> <u>Dollar</u> <u>US\$</u>
<b><u>2019</u></b>			
Trade and other receivables	312,342	27,977	37,348
Cash and cash equivalents	--	--	2,693,258
Trade and other payables	--	--	(27,241)
	<b>312,342</b>	<b>27,977</b>	<b>2,703,365</b>
<b><u>2018</u></b>			
Trade and other receivables	126,241	16,643	14,250
Cash and cash equivalents	--	--	2,770,448
Trade and other payables	(124,173)	--	(19,312)
	<b>2,068</b>	<b>16,643</b>	<b>2,765,386</b>

*Sensitivity analysis*

A 10% strengthening of United States dollar against the following currencies at the reporting date would increase / (decrease) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	<u>2019</u> <u>US\$</u>	<u>2018</u> <u>US\$</u>
<b><u>Profit or loss</u></b>		
Euro	31,234	207
Pound Sterling	2,798	1,664
Singapore dollar	<b>270,337</b>	<b>276,539</b>
	<b>304,369</b>	<b>261,097</b>

A 10% weakening of United States dollar against the above currencies would have had the equal but opposite effect on the currencies to the amounts shown above, on the basis that all other variables remain constant.

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**21. FINANCIAL RISK MANAGEMENT - CONTINUED**

**Fair values versus carrying amounts**

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	<u>Note</u>	<u>Loans and receivables</u> <u>US\$</u>	<u>Other financial liabilities</u> <u>US\$</u>	<u>Total carrying amount</u> <u>US\$</u>	<u>Fair value</u> <u>US\$</u>
<b><u>2019</u></b>					
Trade and other receivables	7	8,359,342	--	8,359,342	8,359,342
Cash and cash equivalents	8	8,355,047	--	8,355,047	8,355,047
		<u>16,714,389</u>	<u>--</u>	<u>16,714,389</u>	<u>16,714,389</u>
Trade and other payables	12	--	(2,393,734)	(2,393,734)	(2,393,734)
Bank borrowings	13	--	(2,558,118)	(2,558,118)	(2,558,118)
		<u>--</u>	<u>(4,951,852)</u>	<u>(4,951,852)</u>	<u>(4,951,852)</u>
<b><u>2018</u></b>					
Trade and other receivables	7	8,932,219	--	8,932,219	8,932,219
Cash and cash equivalents	8	8,542,025	--	8,542,025	8,542,025
		<u>17,474,244</u>	<u>--</u>	<u>17,474,244</u>	<u>17,474,244</u>
Trade and other payables	12	--	(2,662,492)	(2,662,492)	(2,662,492)
Bank borrowings	13	--	(3,023,738)	(3,023,738)	(3,023,738)
		<u>--</u>	<u>(5,686,230)</u>	<u>(5,686,230)</u>	<u>(5,686,230)</u>

**Fair values measurement**

The fair value information presented represents the Company's best estimate of those values and may be subject to certain assumption and limitations. The methodologies and assumptions used in the estimation of fair values depend on the terms and characteristics of the various instruments.

The following table presents assets measured at fair value and classified by level of the following fair value measurement hierarchy.

- quoted prices (unadjusted) in active markets for identical assets (Level 1);
- inputs other than quoted prices included with level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for asset that are not based on observable market data (unobservable inputs)(Level 3)

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**21. FINANCIAL RISK MANAGEMENT - CONTINUED**

**Fair values measurement - continued**

The non-financial assets not carried at fair value but for which fair value are disclosed by level of fair value hierarchy are as follows:

	<u>Level 1</u> US\$	<u>Level 2</u> US\$	<u>Level 3</u> US\$
<b><u>2019</u></b>			
Investment property	--	--	2,682,013
<b><u>2018</u></b>			
Investment property	--	--	2,599,574

There were no transfers between levels during the financial year.

The fair value disclosure of investment property was estimated by directors and was arrived at using the Sales Comparison Method whereby sales prices of comparable properties in similar locations are adjusted for differences in key attributes such as property size and estimated by directors. The resulting fair values of investment property are considered Level 3 recurring fair value measurements.

There have been no changes in the valuation techniques of investment property during the financial year.

**22. DETERMINATION OF FAIR VALUE**

A number of Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

*Non-derivative financial liabilities*

The fair values of non-derivative financial liabilities which are determined for disclosure purpose are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

*Other non-derivative financial assets and liabilities*

The carrying amounts of other non-derivative financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

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**23. CAPITAL MANAGEMENT**

The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholder and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Company included of share capital and accumulated profits. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

There were no changes in the Company's approach to capital management during the financial year.

The Company is not subject to externally imposed capital requirements.

**24. SUBSEQUENT EVENT**

On 02 April 2019, the Company has entered into a joint venture agreement with Swelect Energy Systems Myanmar Company Limited.

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**DETAILED INCOME STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2019**

	<u>2019</u> <u>US\$</u>	<u>2018</u> <u>US\$</u>
Revenue	9,428,175	14,673,079
Less: <u>Cost of sales</u>		
Opening inventories	1,300	781,979
Purchases	9,124,395	13,335,730
Carriage inwards	-	2,910
	9,125,695	14,120,619
Less: Closing inventories	(56,661)	(1,300)
	9,069,034	14,119,319
Gross profit	359,141	553,760
Add: <u>Other operating income</u>		
Gain on foreign exchange	-	159,497
Interest income	108,582	70,209
Rental income	58,489	44,584
Special employment credit	1,017	1,030
Temporary employment credit	172	450
Wage credit scheme	947	-
	169,207	275,770
	528,348	829,530
Less: Selling and distribution expenses	(155,068)	(51,836)
Less: Administrative expenses	(231,994)	(272,406)
Less: Other operating expenses	(3,719)	(9,277)
Less: Finance costs	(118,908)	(57,358)
Profit before income tax	18,659	438,653

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(Registration No: 200402543C)

(Incorporated in the Republic of Singapore)

**DETAILED OPERATING EXPENSES SCHEDULE  
FOR THE YEAR ENDED 31 MARCH 2019**

	<u>2019</u> <u>US\$</u>	<u>2018</u> <u>US\$</u>
<b><u>Selling and distribution expenses</u></b>		
Directors' remuneration	57,602	51,647
Freight handling charges	-	189
Loss on foreign exchange	97,466	-
	155,068	51,836
<b><u>Administrative expenses</u></b>		
Administrative expenses	-	729
Agent's commission	-	4,834
Auditors' remuneration		
- current year	7,375	6,861
- under provision in prior years	882	(5,500)
Bank charges	42,801	82,147
Depreciation of property, plant and equipment	28,395	28,697
Depreciation of investment properties	25,330	25,330
Insurance	(218)	451
Management fee	17,724	17,764
MCST management fee	18,829	18,980
Medical expenses	204	146
Professional fee	1,398	465
Property tax	8,521	12,480
Salaries, CPF and SDL	74,223	70,318
Secretarial fee	2,093	3,542
Subscription fee	586	-
Telecommunication	2,652	2,826
Transport and travelling expenses	73	110
Upkeep of office	21	1,154
Utilities	1,105	1,072
	231,994	272,406
<b><u>Other operating expenses</u></b>		
General expenses	3,140	8,636
Printing, stationery and postages	579	641
	3,719	9,277
<b><u>Finance costs</u></b>		
Trust receipts interest	118,908	57,358
	118,908	57,358
<b>Total operating expenses</b>	<b>509,689</b>	<b>390,877</b>