

NIPPON ISPAT SINGAPORE (PTE) LTD

(Registration number: 199303132W)

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

NIPPON ISPAT SINGAPORE (PTE) LTD

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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NIPPON ISPAT SINGAPORE (PTE) LTD

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited financial statements of **NIPPON ISPAT SINGAPORE (PTE) LTD** (the "company") for the financial year ended 31 March 2023.

1. **OPINION OF THE DIRECTORS**

In the opinion of the directors,

- (a) the financial statements of the company are drawn up so as to give a true and fair view of the financial position of the company as at 31 March 2023 and of the financial performance, changes in equity and cash flows of the company for the year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

2. **DIRECTORS**

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

Karande Ajeet Kumar
Thyagarajan s/o Rethinam Chettiar

3. **ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES**

Neither at the end of nor at any time during the financial year was the company a party to any arrangement whose 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.

4. **DIRECTOR'S INTERESTS IN SHARES OR DEBENTURES**

The directors of the company who held office at the end of the financial year, had no interest in the share capital of the company and related corporations as recorded in the register of directors' shareholdings required to be kept by the company under Section 164 of the Singapore Companies Act 1967.

NIPPON ISPAT SINGAPORE (PTE) LTD

DIRECTORS' STATEMENT – cont'd

5. SHARE OPTIONS

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

There were no shares issued during the financial year by virtue of the exercise of an option to take up unissued shares of the company.

There were no unissued shares of the company under option at the end of the financial year.

6. AUDITOR

Rama & Co LLP, Public Accountants and Chartered Accountants has expressed its willingness to accept re-appointment as auditor.


.....
Karande Ajeet Kumar
Director


.....
Thyagarajan s/o Rethinam Chettiar
Director

Date: 18 April 2023



Rama & Co LLP
UEN : T22LL1171C
Public Accountants &
Chartered Accountants
17 Phillip Street
#05-02 Grand Building
Singapore 048695
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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF NIPPON ISPAT SINGAPORE (PTE) LTD**

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of **NIPPON ISPAT SINGAPORE (PTE) LTD** (the "company") which comprises the statement of financial position of the company as at 31 March 2023, statement of comprehensive income, statement of changes in equity and statement of cash flows of the company for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the company are properly drawn up in accordance with the provisions of the Companies Act 1967 (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 2023 and of the financial performance, changes in equity and cash flows of the company for the year ended on that date.

Basis for Opinion

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

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we 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 AUDITOR'S REPORT TO THE MEMBER OF NIPPON ISPAT SINGAPORE (PTE) LTD – cont'd

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- (a) 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NIPPON ISPAT SINGAPORE (PTE) LTD – cont'd**

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

- (d) 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.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

RAMA & CO LLP

RAMA & CO LLP
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS
SINGAPORE

Date: 18 April 2023



NIPPON ISPAT SINGAPORE (PTE) LTD

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	<u>Note</u>	<u>2023</u> S\$	<u>2022</u> S\$
ASSETS			
Current assets:			
Cash at bank	(8)	<u>593</u>	<u>673</u>
Total assets		<u>593</u>	<u>673</u>
EQUITY AND LIABILITY			
Equity:			
Share capital	(9)	<u>784,502</u>	<u>784,502</u>
Accumulated losses		<u>(783,909)</u>	<u>(1,744,699)</u>
Total equity/(Capital deficiency)		<u>593</u>	<u>(960,197)</u>
Current Liability:			
Other payables	(10)	<u>-</u>	<u>960,870</u>
Total current liability		<u>-</u>	<u>960,870</u>
Total equity and liability		<u>593</u>	<u>673</u>

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

NIPPON ISPAT SINGAPORE (PTE) LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	<u>Note</u>	<u>2023</u> <u>S\$</u>	<u>2022</u> <u>S\$</u>
Revenue		-	-
Other income	(11)	962,970	-
Administrative expenses		<u>(2,180)</u>	<u>(2,125)</u>
Profit/(Loss) before income tax		960,790	(2,125)
Income tax expense	(12)	<u>-</u>	<u>-</u>
Profit/(Loss) for the year		960,790	(2,125)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income/(loss) for the year		<u>960,790</u>	<u>(2,125)</u>

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

NIPPON ISPAT SINGAPORE (PTE) LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Share Capital S\$	Accumulated Losses S\$	Total S\$
Balance as at 1 April 2021	784,502	(1,742,574)	(958,072)
Total comprehensive loss for the year	-	(2,125)	(2,125)
Balance as at 31 March 2022	784,502	(1,744,699)	(960,197)
Total comprehensive income for the year	-	960,790	960,790
Balance as at 31 March 2023	784,502	(783,909)	593

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

NIPPON ISPAT SINGAPORE (PTE) LTD

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	<u>2023</u> S\$	<u>2022</u> S\$
Cash flows from operating activities		
Profit/(Loss) before income tax and working capital changes	960,790	(2,125)
Other payables	<u>(960,870)</u>	<u>2,100</u>
Net cash used in operating activities	<u>(80)</u>	<u>(25)</u>
Net decrease in cash at bank	(80)	(25)
Cash at bank at beginning of year	<u>673</u>	<u>698</u>
Cash at bank at end of year	<u><u>593</u></u>	<u><u>673</u></u>

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

NIPPON ISPAT SINGAPORE (PTE) LTD

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023

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

1. GENERAL

a) Corporate Information

Nippon Ispat Singapore (Pte) Ltd (Registration number: 199303132W) is a limited private company incorporated and domiciled in the Republic of Singapore with its registered office at:

17 Phillip Street #05-01
Grand Building
Singapore 048695

The company does not have a principal place of business as it was dormant during the financial year.

The principal activities of the company are to carry on the business of wholesale of metals and metal ores and general wholesale trade except general hardware.

b) Authorisation of financial statements for issue

The financial statements of the company for the year ended 31 March 2023 were authorised for issue by the directors on 18 April 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up and in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

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.

The fair value of financial assets and liabilities are disclosed in Note 5.

The preparation of 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.

NIPPON ISPAT SINGAPORE (PTE) LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.2 Changes in Accounting Policies

(a) Adoption of new and revised FRS and INT FRS

In the current financial year, the company has adopted all the new and revised FRSs and INT FRSs issued by the ASC that are relevant to its operations and effective for annual periods beginning on or after 1 April 2022. The adoption of these new and revised FRSs and INT FRSs did not result in substantial changes to the company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

(b) Standards issued but not yet effective

At the date of authorisation of financial statements, the following FRSs, INT FRSs and amendments that are relevant to the company were issued but not effective are as follows:

<u>Reference</u>	<u>Description</u>	<u>Effective date (annual periods) beginning on or after</u>
Various	Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies	01-Jan-23
FRS 1	Amendments to FRS 1: Presentation of Financial Statements – Classification of Liabilities as Current or Non-current	01- Jan-24
Various	Amendments to FRS 1: Non-Current Liabilities with Covenants	01-Jan-24
FRS 8	Amendments to FRS 8: Accounting Policies, Changes in Accounting Estimates and Errors - Definition Accounting Estimates	01-Jan-23

The management expects that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

2.3 Functional and Presentation Currency

The management has determined that the currency of the primary economic environment in which the company operates ("the functional currency") to be Singapore dollar. The financial statements of the company are presented in Singapore dollar.

2.4 Foreign Currency Transactions

Transactions in foreign currencies are translated into Singapore dollar at the foreign exchange rates ruling at the date of transactions. Monetary assets and liabilities in foreign currencies at the end of the reporting period have been converted to Singapore dollar at the rates of exchange approximating those ruling at the end of the reporting period. Translation differences resulting from the settlement of such transactions and from the conversion of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Non-monetary assets and liabilities measured at cost in foreign currencies are translated to United State dollar using the foreign exchange rate at the dates of the transactions.

NIPPON ISPAT SINGAPORE (PTE) LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.5 Impairment of Non-financial Assets

At the end of each reporting period, the company reviews the carrying amounts of its non-financial 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.

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 income or expenses.

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 in 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 income or expense.

2.6 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 (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

b) Deferred Tax

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax is provided, using the 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.

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 or loss nor taxable profit or loss.

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 or loss nor taxable profit or loss.

NIPPON ISPAT SINGAPORE (PTE) LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.6 Income Taxes – cont'd

b) Deferred Tax – cont'd

The carrying amount of a deferred tax asset is reviewed at the end of 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 income tax assets are reassessed at each end of the reporting period date 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 the 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.

2.7. Related Parties

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 he or she:
 - 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.
- b) An entity is related to a company if any of the following applies:
 - (i) the entity and the company are members of the same group i.e. each parent, subsidiary and fellow subsidiary is related to each 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);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the company or of a parent of the company; 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.

NIPPON ISPAT SINGAPORE (PTE) LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.7. Related Parties – cont'd

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 of the company.

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

2.8. Bank Balances

Bank balances comprise short term bank deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value.

2.9. Provisions

Provisions are recognised when the company has a 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.

2.10. 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 recognised 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 occur 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.

NIPPON ISPAT SINGAPORE (PTE) LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.11. 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 to 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.

Amortised cost and effective interest method

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or interest expense in profit or loss over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (excluding expected credit losses) or payments, through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset on initial recognition or to the amortised cost of a financial liability.

3.1. Financial Assets

a) Classification and Measurement

Initial recognition and measurement

The classification of financial assets, at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. The company initially measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent measurement

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

b) Impairment of financial assets

The company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortised cost. ECL 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.

NIPPON ISPAT SINGAPORE (PTE) LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.1. Financial Assets – cont'd

b) Impairment of financial assets – cont'd

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

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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 its transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On de-recognition 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 has been recognised in other comprehensive income is recognised in profit or loss.

3.2. 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.

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 cost.

Proceeds from issuance of ordinary shares are recognised as share capital in equity.

Financial liabilities

These are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration payables, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NIPPON ISPAT SINGAPORE (PTE) LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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, and the disclosure of contingent 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 are 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.

4.1. Critical Judgement in Applying Accounting Policies

The management is of the opinion that there are no significant judgements made in applying accounting estimates and policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.2. Key Sources of Estimation Uncertainty

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

5. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISKS MANAGEMENT POLICIES AND OBJECTIVE

5.1. Categories of Financial Assets and Financial Liabilities

The categories of financial assets and financial liabilities included in the statement of financial position and the headings in which they are included are as follows:

	<u>2023</u> S\$	<u>2022</u> S\$
Financial assets:		
At amortised cost:		
- Bank balances	<u>593</u>	<u>673</u>
Financial liabilities:		
At amortised cost:		
- Other payables	<u>-</u>	<u>960,870</u>

5.2. Financial Risk Management Policies and Objectives

The company's overall risk management policy seeks to minimise potential adverse effects on the financial performance of the company. The company, however, does not have any written risk management policies and guidelines. The company adopts systematic approach towards risk assessment and management. This is carried out in three phases, i.e. Identification and assessment of risks, formulation and implementation of risk treatment, and monitoring and reporting of risk profile.

NIPPON ISPAT SINGAPORE (PTE) LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT POLICIES AND OBJECTIVE – cont'd

5.2 Financial Risk Management Policies and Objectives – cont'd

The management meet periodically to analyse, formulate and monitor the following risks and believe that the financial risks associated with these financial instruments are minimal.

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

(a) Credit risk

Credit risk refers to risk that a counterparty will default on its contractual obligations to repay amounts owing to company resulting in a loss to the company. The company's exposure to credit risk arises primarily from bank balances. The company transacts only with recognised and creditworthy counterparties. The company place the cash deposits with reputable banks and financial institutions with high credit ratings assigned by international credit rating agencies.

The company considers the probability of default upon initial recognition of asset and at each reporting date, the company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Low credit risk

The company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date.

A financial asset is considered to have low credit risk if:

- The financial instrument has a low risk of default;
- The borrower has a strong capacity to meet its contractual cash flow obligations in the near term and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The company also considers a financial asset to have low credit risk when it has an investment grade credit rating with at least one major rating agency for those investments with credit rating.

NIPPON ISPAT SINGAPORE (PTE) LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT POLICIES AND OBJECTIVES – cont'd

5.2 Financial Risk Management Policies and Objectives – cont'd

(a) Credit risk – cont'd

Credit impaired

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Credit impaired – cont'd

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the company on terms that the company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Default event

The company has determined the default event on a financial asset to be when the counterparty is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held).

Write-off

The company categorises a receivable for potential write-off when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery or when a debtor fails to make contractual payments more than 365 days past due.

Where receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Expected Credit Loss Assessment

The following are qualitative information about amounts arising from expected credit losses for bank balances.

Loss allowance on bank balances are measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The company considers that its bank balances have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on bank balances is insignificant.

(b) Liquidity risk

Liquidity risk refers to the risk that the company will not have sufficient funds to pay its debts as and when they fall due.

NIPPON ISPAT SINGAPORE (PTE) LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISKS MANAGEMENT POLICIES AND OBJECTIVE – cont'd

5.2. Financial Risks Management Policies and Objectives – cont'd

(b) Liquidity risk – cont'd

In the management of the liquidity risk, the company monitors and maintains a level of bank balances deemed adequate by the management to finance the company's operations and mitigate the effects of fluctuations in cash flows.

The following table summarises the company's remaining contractual maturity for its non-derivative financial liabilities at the end of the reporting period based on undiscounted cash flows of financial liabilities and on the earlier of the contractual date or when the company is expected to pay.

<u>Contractual undiscounted cash flows</u>				
2023	Carrying amount	Less than 1 year	Between 2 to 5 years	Total
	S\$	S\$	S\$	S\$
<u>Financial liabilities</u>				
Other payables	-	-	-	-

<u>Contractual undiscounted cash flows</u>				
2022	Carrying amount	Less than 1 year	Between 2 to 5 years	Total
	S\$	S\$	S\$	S\$
<u>Financial liabilities</u>				
Other payables	960,870	960,870	-	960,870

(c) Fair value of financial assets and financial liabilities

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Management has determined that the carrying amounts of bank balances and other payables, based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature. The company does not anticipate that the carrying amounts recorded at the end of the reporting year would significantly differ from the values that would eventually be received or settled.

5.3 Capital Risk Management Policies and Objectives

The company manages its capital to ensure that the company is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholder value.

In order to maintain or adjust the capital structure, the company may adjust the dividend payment to equity holders, issue new shares, to return capital to the equity holders, to obtain new borrowings or redemption of borrowings.

NIPPON ISPAT SINGAPORE (PTE) LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISKS MANAGEMENT POLICIES AND OBJECTIVE – cont'd

5.3 Capital Risk Management Policies and Objectives – cont'd

The company monitors capital using gearing ratio, which is net debt divided by total capital. Net debt is calculated as other payables less bank balances. Total capital is calculated as equity plus net debt. The company's overall strategy remains unchanged during the year.

	<u>2023</u> S\$	<u>2022</u> S\$
Other payable	-	960,870
Less: Bank balances	<u>(593)</u>	<u>(673)</u>
Net debt	<u>(593)</u>	960,197
Total equity	<u>593</u>	<u>(960,197)</u>
Total capital	<u>-</u>	<u>-</u>
Gearing ratio	<u>N.M.</u>	<u>N.M.</u>

N.M. – Not Meaningful

The company is not subject to externally imposed capital requirement.

6. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

The company is a substantially owned subsidiary of JSW Steel Limited, incorporated in India, which is also the company's ultimate holding company.

Related parties are entities with common direct or indirect shareholders and/or directors as that of the company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the company's transactions and arrangements are between the companies 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 unless otherwise stated.

Significant transactions with holding company and related party are as follows:

	<u>2023</u> S\$	<u>2022</u> S\$
Amount due to holding company	<u>-</u>	<u>952,470</u>

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

NIPPON ISPAT SINGAPORE (PTE) LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

7. OTHER RECEIVABLES

	<u>2023</u> S\$	<u>2022</u> S\$
Amount due from a third party	1,019,981	1,019,981
Less: Provision for doubtful debt	<u>(1,019,981)</u>	<u>(1,019,981)</u>
	<u>-</u>	<u>-</u>

8. CASH AT BANK

	<u>2023</u> S\$	<u>2022</u> S\$
Cash at bank	<u>593</u>	<u>673</u>

Cash at bank are denominated in Singapore dollars.

9. SHARE CAPITAL

	<u>2023</u> <u>Number of ordinary shares</u>	<u>2022</u> <u>Number of ordinary shares</u>	<u>2023</u> S\$	<u>2022</u> S\$
Issued and Paid Up	<u>784,502</u>	<u>784,502</u>	<u>784,502</u>	<u>784,502</u>

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

10. OTHER PAYABLES

	<u>2023</u> S\$	<u>2022</u> S\$
Accruals	-	8,400
Amount due to holding company	<u>-</u>	<u>952,470</u>
	<u>-</u>	<u>960,870</u>

11. OTHER INCOME

	<u>2023</u> S\$	<u>2022</u> S\$
Write back of accruals	10,500	-
Write back of amount due to holding company	<u>952,470</u>	<u>-</u>
	<u>962,970</u>	<u>-</u>

NIPPON ISPAT SINGAPORE (PTE) LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

12. INCOME TAX EXPENSE

No provision for income tax is made in the financial statements of the company, as it has no trading income during the financial year.

13. EVENTS AFTER THE REPORTING PERIOD

No items, transactions or events of material and unusual nature have arisen between the end of the reporting period and the date of authorisation for issue of the financial statements which are likely to affect substantially the results of operations of the company for the succeeding financial year.

NIPPON ISPAT SINGAPORE (PTE) LTD

DETAILED PROFIT AND LOSS STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

	<u>2023</u> S\$	<u>2022</u> S\$
Revenue	-	-
Other income		
Write back of other payables	962,970	-
Less: Administrative expenses		
Auditors Remuneration	1,200	1,200
Bank charges	80	25
Professional fees	800	800
Printing and stationary	100	100
	<u>(2,180)</u>	<u>(2,125)</u>
Profit/(Loss) before income tax	<u>960,790</u>	<u>(2,125)</u>

This schedule does not form part of the audited statutory financial statements.