

MSSL (S) PTE. LTD.
Company Reg. No.: 200402350M

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018
TOGETHER WITH DIRECTORS' STATEMENT AND AUDITOR'S REPORT

MSSL (S) PTE. LTD.
Company Registration No.: 200402350M

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MSSL (S) PTE. LTD.
Directors' Statement
For the financial year ended 31 March 2018

The directors submit their statement to the members together with the audited financial statements of MSSL (S) PTE. LTD. (the "Company") for the financial year ended 31 March 2018.

Opinion of the directors

In the opinion of the Board of Directors:

- (a) the accompanying 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 2018 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

SEHGAL VIVEK CHAAND
AHUJA SANJEEV
MITAL PANKAJ

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 was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of the directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act, Cap. 50, particulars of interests of the directors who held office at the end of the financial year and their immediate families in shares in the Company are as follows: -

<u>Name of director</u>	<u>Direct interest</u>	
	<u>At beginning of the financial year</u>	<u>At end of the financial year</u>
	<u>Number of ordinary shares</u>	
SEHGAL VIVEK CHAAND	1	1

By virtue of Section 7 of the Companies Act, Cap. 50, Mr. Sehgal Vivek Chaand is deemed to have an interest in 20,554,699 shares held by Motherson Sumi Systems Limited (the "holding company") in the Company and the subsidiary as disclosed in Note 5 to the financial statements.

Except as disclosed in this report, no director who held office at the end of the financial year had any interests in shares of the Company and its holding company either at the beginning of the financial year or at the end of the financial year.

Directors' contractual benefits

Since the end of the previous financial year, except as disclosed in the financial statements, no director of the Company 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 the director is a member or with a company in which the director has a substantial financial interest.

MSSL (S) PTE. LTD.
Directors' Statement
For the financial year ended 31 March 2018

Share options

During the financial year, there were: -

- (i) no options granted by the Company to any person to take up unissued shares of the Company.
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Auditor

REANDA ADEPT PAC have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors:



MITAL PANKAJ
Director



AHUJA SANJEEV
Director

Singapore, 30 MAY 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of
MSSL (S) PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MSSL (S) PTE. LTD. (the "Company"), which comprise the statement of financial position as at 31 March 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 2018 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 3 to 4.

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.

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.

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INDEPENDENT AUDITOR'S REPORT

To the Members of
MSSL (S) PTE. LTD.
(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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.



Reanda Adept PAC
Public Accountants and
Chartered Accountants

Singapore, **30 MAY 2018**

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MSSL (S) PTE. LTD.
Statement of Financial Position
As at 31 March 2018

	Note	2018 S\$	2017 S\$
ASSETS			
Non-current asset			
Property, plant and equipment	4	827,188	884,235
Loans to subsidiaries	8	1,048,891	-
Investment in subsidiaries	5	14,041,936	12,391,522
		15,918,015	13,275,757
Current assets			
Trade and other receivables	6	15,593	88,374
Loans to subsidiaries	8	3,176,404	3,139,629
Cash and cash equivalents	7	536,291	1,576,372
		3,728,288	4,804,375
Total assets		19,646,303	18,080,132
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	9	20,554,700	20,554,700
Accumulated losses		(942,148)	(2,520,776)
		19,612,552	18,033,924
Current liabilities			
Amount due to holding company (non-trade)	8	13,851	25,386
Other payables		6,900	13,800
Provision for taxation		13,000	7,022
		33,751	46,208
Total equity and liabilities		19,646,303	18,080,132

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

MSSL (S) PTE. LTD.
Statement of Comprehensive Income
For the financial year ended 31 March 2018

	Note	2018 S\$	2017 S\$
Income			
Service revenue	2.12	60,000	60,000
Sales of goods	2.12	121,920	121,000
Other income	10	1,774,045	533,667
		1,955,965	714,667
Cost and expenses			
Purchases		(116,000)	(117,000)
Depreciation charge	4	(57,047)	(57,047)
Staff costs	11	(298,478)	(288,324)
Other operating expenses	13	(293,975)	(667,853)
Less: Reimbursement of expenses	12	397,036	398,041
Total costs and expenses		(368,464)	(732,183)
Profit/(Loss) from operation		1,587,501	(17,516)
Finance costs		-	-
Operating profit/(loss) before taxation		1,587,501	(17,516)
Taxation	14	(8,873)	(2,000)
Profit/(Loss) for the financial year		1,578,628	(19,516)
Other comprehensive income		-	-
Total comprehensive income for the financial year		1,578,628	(19,516)

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

MSSL (S) PTE. LTD.
Statement of Changes in Equity
For the financial year ended 31 March 2018

	Share capital S\$	Accumulated losses S\$	Total S\$
Balance as at 31 March 2016	20,554,700	(2,501,260)	18,053,440
Total comprehensive income for the financial year	-	(19,516)	(19,516)
Balance as at 31 March 2017	20,554,700	(2,520,776)	18,033,924
Total comprehensive income for the financial year		1,578,628	1,578,628
Balance as at 31 March 2018	20,554,700	(942,148)	19,612,552

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

MSSL (S) PTE. LTD.
Statement of Cash Flows
For the financial year ended 31 March 2018

	Note	2018 S\$	2017 S\$
Cash flows from operating activities			
Operating profit/(loss) before taxation		1,587,501	(17,516)
Adjustments for:			
Depreciation charge		57,047	57,047
Reversal of impairment loss on investment in subsidiaries		(1,650,414)	-
Foreign exchange loss on sale of investment in subsidiary		-	565,040
Unrealised exchange differences		160,165	(21,816)
Dividend income		-	(491,000)
Interest income		(121,843)	(39,750)
Operating profit before working capital changes		32,456	52,005
Changes in working capital:			
Increase/(decrease) in trade and other receivables		78,779	(91,395)
(Decrease)/increase in other payables		(6,900)	1,829
Net change in working capital		71,879	(89,566)
Cash flows from operations		104,335	(37,561)
Interest received		4,497	39,750
Tax paid		(2,895)	-
Net cash inflows from operating activities		105,937	2,189
Cash flows from investing activities			
Proceed from sale of subsidiary		-	2,979,200
Dividends received		-	491,000
Net cash inflow from investing activities		-	3,470,200
Cash flows from financing activities			
Loan to a related company		(1,088,000)	(2,415,000)
Repayment of loan to a related company		-	57
Repayment of hire purchase creditor		-	(31,608)
Amount due to holding company		(17,533)	-
Net cash outflows from financing activities		(1,105,533)	(2,446,551)
Net (decrease)/increase in cash and cash equivalents		(999,596)	1,025,838
Effect of exchange rate changes on cash and cash equivalents		(40,485)	21,816
Cash and cash equivalents			
- at the beginning of the financial year		1,576,372	528,718
- at the end of the financial year	7	536,291	1,576,372

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

MSSL (S) PTE. LTD.
Notes to the Financial Statements
For the financial year ended 31 March 2018

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

1. Corporate information

MSSL (S) Pte. Ltd. (Company Reg. No.: 200402350M) is incorporated and domiciled in the Republic of Singapore.

The address of the Company's registered office and principal place of business is at

178 Paya Lebar Road #04-08/09,
Singapore 409030

The principal activities of the Company are those relating to the provision of the promotion, liaison and administrative services to the holding company and investment holding companies.

The principal activities of the subsidiaries are shown in Note 5 to the financial statements.

The immediate and ultimate holding company is Motherson Sumi Systems Limited, a company incorporated in India. It owns 99.99% of the issued share capital of the Company.

The financial statements of the Company were authorized for issue in accordance with a resolution of the directors passed on the date of the Director's Statement.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

Interpretations and amendments to published standards effective in 2017

On 1 April 2017, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Company and had no material effect on the amounts reported for the current or prior financial years.

2.2 Foreign currency translation and transactions

(a) Functional and presentation currencies

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in Singapore dollars (S\$), which is also the functional currency of the Company.

(b) Transactions and balances

Transactions in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the date of the statement of financial position are translated to the functional currency at the exchange rates closely approximating to those ruling at the date of the statement of financial position.

Non-monetary items measured at historical cost in foreign currencies are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Translation differences are taken to the statement of comprehensive income.

2. Summary of significant accounting policies (continued)

2.3 Property, plant and equipment

(a) Owned assets

The cost of an item of property, plant and equipment is recognised as an asset, if and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

All items of property, plant and equipment are initially recorded at cost, which includes expenditure that is directly attributable to the acquisition of the assets, less accumulated depreciation and impairment losses. Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

The carrying amount of property, plant and equipment is reviewed annually to determine whether it is impaired at date of the statement of financial position.

An impairment loss is recognised immediately in the statement of comprehensive income. Any revaluation surplus if recognised is credited directly to revaluation reserve in equity, except to the extent that it reverses the impairment loss of the same asset previously recognised in the statement of comprehensive income, in which case the surplus is recognised in the statement of comprehensive income. An impairment loss is recognised in the statement of comprehensive income, except to the extent that it offsets an existing surplus on the same assets carried in the revaluation reserve.

The accumulated depreciation of an asset is eliminated on the date of revaluation or impairment.

(b) Component of costs

The cost of an item of property, plant and equipment initially recognised includes the purchase price and any cost that is directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management. Cost also include borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the property, plant and equipment when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

(d) Depreciation

No depreciation is provided on leasehold land with tenure in excess of 100 years and assets under construction. Depreciation is computed on a straight-line basis so as to write off the cost or the carrying amount over the estimated useful lives of the assets.

The carrying amount, residual value and useful lives are reviewed and adjusted as appropriate at the end of each reporting period with changes in estimates accounted for on a prospective basis.

2. Summary of significant accounting policies (continued)

2.4 Financial instruments

(a) Classification

(i) *Financial instruments at fair value through profit or loss*

Financial assets, held for trading ("HFT") – acquired for the purpose of selling or repurchasing in the near term and includes derivatives that are not designated as hedging instruments.

Designated at inception as fair value through profit or loss ("FVTPL") – group of financial assets or liabilities, or both, is managed and its performance evaluated on a fair value basis.

(ii) *Financial assets, held-to-maturity investments ("HTM")*

Non-derivative financial instruments with fixed or determinable payments and fixed maturity, and management has the intention and ability to hold to maturity.

(iii) *Loans and receivables / non-trading financial liabilities*

Non-derivative financial instrument with fixed or determinable payments and are not quoted in an active market.

(iv) *Financial assets, available-for-sale financial assets ("AFS")*

Non-derivative financial assets that are not HFT, FVTPL, HTM or loans and receivables. AFS include equity and debt securities that are intended to be held for an indefinite period of time and which may be sold in response to changes in the market conditions.

(b) Recognition and derecognition

A financial instrument is recognised in the statement of financial position when the Company becomes a party to the contractual provisions under the instrument. With respect to regular way purchase and sale, the instrument is recognised on trade date.

A financial asset is derecognised when then contractual rights to receive cash flows from the asset have expired or have substantially transferred the risks and rewards of ownership of the asset.

A financial liability is derecognised when the contractual obligation is discharged, cancelled or expires.

(c) Initial measurement

All financial instruments are initially recognised at fair value plus directly attributable transaction costs where applicable where except for HFT and FVTPL, whose transaction costs are expensed.

(d) Subsequent measurement

Subsequent to initial recognition, financial instruments are measured as follows:

Categories of financial instruments	Subsequent measurement	Assessment for impairment
Financial assets:		
HFT and FVTPL	(A)	Not applicable
HTM	(B)	Yes
Loans and receivables	(B)	Yes
AFS	(C)	Yes
Financial liabilities:		
HFT and FVTPL	(A)	Not applicable
Non-trading financial liabilities	(B)	Not applicable

2. Summary of significant accounting policies (continued)

2.4 Financial instruments (continued)

(d) Subsequent measurement (continued)

- (A) At fair value. Any gains or losses arising from changes in fair value are recognised in the statement of comprehensive income.
- (B) At amortised cost using the effective interest rate method. Gains or losses are recognised in the statement of comprehensive income. In account of financial instruments with a short realisation period of less than one year, the carrying values are assumed to approximate the values using this measurement basis.
- (C) At fair value. Gains or losses from changes in fair value are recognised in other comprehensive income, except that the effect of foreign exchange on such changes are recognised in the statement of comprehensive income. The cumulative fair value gain or loss previously recognised in other comprehensive income is reclassified from equity to the statement of comprehensive income when the financial asset is derecognised. Investments in equity instruments whose fair value cannot be reasonably determined are measured at cost. ("Financial assets carried at cost")

Interest income is recognised in the statement of comprehensive income.

(e) Impairment of financial assets

At the date of the statement of financial position, the Company assesses whether there is any objective evidence that a financial asset is impaired. Impairment loss (if any) is recognised as follows:

(i) HTM and loans and receivables

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the impairment loss is recognised in the statement of comprehensive income.

(ii) AFS

The amount of the impairment loss comprising the difference between its acquisition cost and its current fair value, less any impairment loss previously recognised in the statement of comprehensive income, is transferred from other comprehensive income and recognised in the statement of comprehensive income. In respect of equity instruments, for any subsequent increase in fair value over the carrying (after impairment) value, the resulting reversal of impairment loss shall not be reversed through the statement of comprehensive income, but are recognised directly in other comprehensive income. However, impairment loss in respect of debt instruments is reversible in the statement of comprehensive income subject to condition.

(iii) Financial assets carried at cost

Impairment losses, measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current rate, shall not be reversed.

2.5 Consolidation

These financial statements are the separate financial statements of MSSL (S) Pte Ltd. The Company is exempted from the preparation of consolidated financial statements as the Company is a wholly-owned subsidiary of Motherson Sumi Systems Limited, a company incorporated in India which produces consolidated financial statements available for public use. The registered office of Motherson Sumi Systems Limited is at Unit-705, C Wing, One BKC, Bandra Kurla Complex, Bandra East, Mumbai – 400051, India.

2.6 Impairment of non-financial assets

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its estimated recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups.

2. Summary of significant accounting policies (continued)

2.6 Impairment of non-financial assets (continued)

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the statement of comprehensive income, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

2.7 Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less any impairment in net recoverable value that has been recognised in the statement of comprehensive income.

2.8 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are not subject to significant change in value.

2.9 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using current pre tax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.10 Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current income tax for the current period and any adjustments to tax payable in respect of prior periods is recognised to be paid or recovered from the tax authorities, using tax rates and tax laws that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2. Summary of significant accounting policies (continued)

2.11 Related parties

A related party is defined as follows:-

- (a) A person or a close member of that person's family is related to the Company if that person:-
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Company.
- (b) 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;
 - (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 entity; or
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or the parent of the Company.

A related party transaction is a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged.

2.12 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(b) Service income

Service fees are recognised on apportionment of time basis and represent support and recovery service.

(c) Interest income

Interest income is recognised using the effective interest method.

2. Summary of significant accounting policies (continued)

2.13 Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax except:-

- (i) Where the goods and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- (ii) Receivables and payables are stated with the amount of goods and services tax included.

The net amount of goods and services tax recoverable from, or payable to, to the taxation authority is included as part of receivables or payables in the statement of financial position.

3. Critical accounting estimates, assumptions and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Key sources of estimation uncertainty

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

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

3.2 Judgments made in applying accounting policies

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Useful lives of property, plant and equipment

Management estimates the useful lives of these property, plant and equipment to be 3 to 25 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and 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 date is disclosed in Note 4 to the financial statements.

Depreciation is computed on a straight-line basis so as to write off the valuation or cost of the property, plant and equipment over their estimated useful lives, which are as follows: -

Freehold properties	25 years
Computer hardware	3 years
Furniture & fittings	3 years
Office equipment	3 years
Renovation	3 years
Motor vehicle	5 years

MSSL (S) PTE. LTD.
Notes to the Financial Statements
For the financial year ended 31 March 2018

4. Property, plant and equipment

	Freehold Properties	Computer Hardware	Furniture & Fittings	Office Equipment	Renovation	Motor Vehicle	Total
	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Cost							
At 1 April 2016 and 31 March 2017	1,426,185	9,503	15,441	26,902	115,350	474,800	2,068,181
Disposal	-	(6,233)	(1,105)	(23,564)	-	-	(30,902)
At 31 March 2018	<u>1,426,185</u>	<u>3,270</u>	<u>14,336</u>	<u>3,338</u>	<u>115,350</u>	<u>474,800</u>	<u>2,037,279</u>
Accumulated depreciation							
At 1 April 2016	484,903	9,503	15,441	26,902	115,350	474,800	1,126,899
Charge for the financial year	57,047	-	-	-	-	-	57,047
At 31 March 2017	<u>541,950</u>	<u>9,503</u>	<u>15,441</u>	<u>26,902</u>	<u>115,350</u>	<u>474,800</u>	<u>1,183,946</u>
Disposal	-	(6,233)	(1,105)	(23,564)	-	-	(30,902)
Charge for the financial year	57,047	-	-	-	-	-	57,047
At 31 March 2018	<u>598,997</u>	<u>3,270</u>	<u>14,336</u>	<u>3,338</u>	<u>115,350</u>	<u>474,800</u>	<u>1,210,091</u>
Carrying amount							
At 31 March 2018	<u>827,188</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>827,188</u>
At 31 March 2017	<u>884,235</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>884,235</u>

Freehold properties are held under restrictive covenants.

MSSL (S) PTE. LTD.
Notes to the Financial Statements
For the financial year ended 31 March 2018

5. Investment in subsidiaries

	2018 S\$	2017 S\$
Ordinary shares, at cost	17,619,776	17,619,776
Less: Allowance for impairment	(3,577,840)	(5,228,254)
	<u>14,041,936</u>	<u>12,391,522</u>
Movement in allowance account		
Reversal of impairment	(1,650,414)	-
Net decrease in impairment loss on investment in subsidiaries	(1,650,414)	-
Beginning of financial year	5,228,254	5,228,254
End of financial year	<u>3,577,840</u>	<u>5,228,254</u>

Details of the subsidiaries are as follows: -

Name and country of incorporation	Principal activities	Proportion (%) of ownership interest	
		2018	2017
Held by the Company			
MSSL Japan Limited (Japan)	Manufacturing of and trading with wire harness for automobiles, machine and parts of electric machines	100	100
MSSL Korea WH Limited (Korea)	Engineering	100	100
MSSL Mexico S.A. DE C.V. (Mexico)	Manufacturing of and trading with wire harness for automobiles, machine and parts of electric machines	99.99	99.99
MSSL WH System (Thailand) Co. Ltd. (Thailand)	Manufacturing of and trading with wire harness for automobiles, machine and parts of electric machines	100	100

6. Trade and other receivables

	2018 S\$	2017 S\$
Trade receivables:		
Immediate and ultimate holding company	-	60,000
Other receivables:		
Deposits	6,170	6,320
GST receivable	493	428
Prepaid expenses	8,930	-
Tax refundable	-	21,626
	<u>15,593</u>	<u>88,374</u>

MSSL (S) PTE. LTD.
Notes to the Financial Statements
For the financial year ended 31 March 2018

6. Trade and other receivables (continued)

The amount due from immediate and ultimate holding company are unsecured, non-interest bearing and are repayable on demand.

At the date of the statement of financial position, the company has no trade receivable that is past due but not impaired (2017: Nil).

7. Cash and cash equivalents

	2018	2017
	S\$	S\$
Cash and bank balances	202,852	1,227,960
Fixed deposit	333,439	348,412
Cash and cash equivalents per statement of cash flows	<u>536,291</u>	<u>1,576,372</u>

Fixed deposits bear effective interest rate of 1% - 1.39% per annum and were made for a period of 12 months (2017: 12 months).

8. Related parties

(a) Loan to subsidiaries

	2018	2017
	S\$	S\$
Loan #1	833,187	728,799
Loan #2	1,365,645	1,397,626
Loan #3	1,048,891	-
Loan #4	977,572	1,013,204
	<u>4,225,295</u>	<u>3,139,629</u>

Loan #1 is unsecured and interest is charged at a fixed rate of 4.8% for the loan denominated in Thai Baht. Loan #1 will be paid by 31 December 2018.

Loan #2 is unsecured and interest is charged at a floating rate of 3 month Libor + 1.5% on a 365-day basis for the loan denominated in United States Dollars. Loan #2 will be paid by 23 March 2019.

Loan #3 is unsecured and interest is charged at a floating rate of 3 month Libor + 1.5% on a 365-day basis for the loan denominated in United States Dollars. Loan #3 will be paid by 26 September 2019.

Loan #4 is unsecured and interest is charged at a floating rate of 3 month Libor + 1.5% on a 365-day basis for the loan denominated in United States Dollars. Loan #4 will be paid by 23 March 2019.

(b) Amount due to holding company

	2018	2017
	S\$	S\$
Non-trade	<u>13,851</u>	<u>25,386</u>

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

MSSL (S) PTE. LTD.
Notes to the Financial Statements
For the financial year ended 31 March 2018

9. Share capital

	No. of ordinary shares Issued share capital	Amount share capital S\$
At 31 March 2018 and 31 March 2017	<u>20,554,700</u>	<u>20,554,700</u>

All issued ordinary share are fully paid. There is no par value for these ordinary shares.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. Under the Singapore Companies Act, Cap. 50, all shares no longer have any par value.

10. Other income

Other income include:

	2018 S\$	2017 S\$
Dividend received from a subsidiary	-	491,000
Interest income	121,843	39,750
Reversal of impairment loss on investment in subsidiaries	<u>1,650,414</u>	<u>-</u>

11. Staff costs

	2018 S\$	2017 S\$
Key management personnel: -		
Director's salaries and bonus	201,779	197,568
Director's CPF	13,261	13,394
Other short term benefits	34,653	45,301
Other employees: -		
CPF	2,704	3,650
Salaries and bonus	45,302	27,550
Other short term benefits	779	861
	<u>298,478</u>	<u>288,324</u>

12. Reimbursement of expenses

In addition to the staff costs, the Company was also reimbursed for the following major expenses from the holding company: -

	2018 S\$	2017 S\$
Leasing of motor vehicles	67,800	69,218
Travelling expenses	<u>6,035</u>	<u>30,513</u>

MSSL (S) PTE. LTD.
Notes to the Financial Statements
For the financial year ended 31 March 2018

13. Other operating expenses

	2018 S\$	2017 S\$
Other operating expenses include: -		
Foreign currency exchange loss from sale of subsidiary	-	565,040
Foreign currency exchange loss/(gain)	<u>165,545</u>	<u>(30,311)</u>

14. Taxation

(c) Major components of income tax expense

	2018 S\$	2017 S\$
Current year's tax expense	11,000	2,000
Over provision in prior year	(2,127)	-
Tax expense	<u>8,873</u>	<u>2,000</u>

(d) Reconciliation between tax expense and accounting profit/(loss)

	2018 S\$	2017 S\$
Accounting profit/(loss) before taxation	<u>1,587,501</u>	<u>(17,516)</u>
Tax benefit at the applicable tax rate of 17% (2017: 17%)	269,875	(2,978)
Tax effect of expenses that are not deductible In determining taxable profit	49,503	100,602
Tax effect of income that are not chargeable In determining taxable profit	(280,571)	(88,438)
Tax effect of partial tax exemption	(19,829)	(5,074)
Tax rebate and double tax relief	(7,978)	(2,112)
Over provision in respect of prior year	<u>(2,127)</u>	<u>-</u>
	<u>8,873</u>	<u>2,000</u>

15. Operating lease commitments – As lessee

Future minimum rental payables for lease of motor vehicles under operating leases at the date of statement of financial position are as follows: -

	2018 S\$	2017 S\$
Payable within 1 year	66,120	36,950
Payable after 1 year but not more than 5 years	<u>113,196</u>	<u>-</u>
	<u>179,316</u>	<u>36,950</u>

Operating lease payments recognized in the statement of comprehensive income during the financial year amounted to S\$67,800 (2017: S\$72,193).

MSSL (S) PTE. LTD.
Notes to the Financial Statements
For the financial year ended 31 March 2018

16. Significant related party transactions

In addition to related party transactions disclosed elsewhere in the financial statements, during the financial period, the company has significant transactions with its related parties, which were based on terms agreed by both parties, as follows: -

	2018 S\$	2017 S\$
Holding company		
Service fees	(60,000)	(60,000)
Sales	(121,920)	(121,000)
Reimbursement of expenses	(397,036)	(398,041)
Subsidiary		
Loan disbursement	1,088,000	1,415,000
Interest received	(117,345)	(35,151)
Dividends received	-	491,000

17. Financial risk management

(a) Financial risk management objectives and policies

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(b) Summary of financial instruments

	Loans and receivables	Non- trading financial liabilities	Non-financial instruments	Total
	S\$	S\$	S\$	S\$
As at 31 March 2018				
Property, plant and equipment	-	-	827,188	827,188
Investment in subsidiaries	-	-	14,041,936	14,041,936
Trade and other receivables	15,593	-	-	15,593
Loans to subsidiaries	4,225,295	-	-	4,225,295
Cash and cash equivalents	536,291	-	-	536,291
Total assets	4,777,179	-	14,869,124	19,646,303
Other payables	-	6,900	-	6,900
Amount due to holding company	-	13,851	-	13,851
Provision for taxation	-	-	13,000	13,000
Total liabilities	-	20,751	13,000	33,751
As at 31 March 2017				
Property, plant and equipment	-	-	884,235	884,235
Investment in subsidiaries	-	-	12,391,522	12,391,522
Trade and other receivables	88,374	-	-	88,374
Loans to subsidiaries	3,139,629	-	-	3,139,629
Cash and cash equivalents	1,576,372	-	-	1,576,372
Total assets	4,804,375	-	13,275,757	18,080,132
Other payables	-	13,800	-	13,800
Amount due to holding company	-	25,386	-	25,386
Provision for taxation	-	-	7,022	7,022
Total liabilities	-	39,186	7,022	46,208

MSSL (S) PTE. LTD.
Notes to the Financial Statements
For the financial year ended 31 March 2018

17. Financial risk management (continued)

(c) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a loss to the Company. As the Company has no significant trade and other receivable balances to monitor, the exposure of the credit risk is minimal.

For cash and cash equivalents, the Company minimises credit risk by dealing exclusively with high credit rating counter parties.

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents and banking facilities deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

At the date of statement of financial position, all the Company's financial liabilities amounting to S\$20,751 (2017: S\$39,186) are due within 12 months.

(e) Market 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 borrowings, fixed deposit and interest bearing loans to its subsidiaries. The Company's policy is to manage interest cost using a mix of fixed and floating rate debts.

Interest rates analysis

In respect of interest bearing financial assets and liabilities, their nominal interest rates at the date of statement of financial position and carrying amounts are illustrated below:

	Interest Rate		Carrying Amount		Total
	Floating Rate %	Fixed Rate %	Floating Rate S\$	Fixed Rate S\$	
2018					
Loans to subsidiaries	2.65 - 3.20	4.80	3,392,108	833,187	4,225,295
Fixed deposit	-	1 - 1.39	-	333,439	333,439
			<u>3,392,108</u>	<u>1,166,626</u>	<u>4,558,734</u>
2017					
Loans to subsidiaries	2.65	4.80	2,410,830	728,799	3,139,629
Fixed deposit	-	1.82 - 2.395	-	348,412	348,412
			<u>2,410,830</u>	<u>1,077,211</u>	<u>3,488,041</u>

Sensitivity analysis for interest rate risk

At the end of reporting period, if the applicable interest rate had been 75 (2017: 75) basis points higher/lower with all variables being held constant, the Company's profit before taxation would have been increased/decreased by S\$ 34,191 (2017: S\$26,160).

MSSL (S) PTE. LTD.
Notes to the Financial Statements
For the financial year ended 31 March 2018

17. Financial risk management (continued)

(e) Market risk (continued)

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from investment activities.

The Company does not have any policy to hedge these risks. The Company does not use derivative financial instruments such as foreign currency forward exchange contracts and currency options.

The Company's exposure to foreign currency risk is as follows:

	(United States Dollars) Equivalent to S\$	(Australian Dollars) Equivalent to S\$	(Thai Baht) Equivalent to S\$
2018			
Amount due from a subsidiary	3,392,108	-	833,187
Cash and cash equivalents	3,252	335,686	-
	<u>3,395,360</u>	<u>335,686</u>	<u>833,187</u>
2017			
Amount due from a subsidiary	2,410,830	-	728,799
Cash and cash equivalents	895,432	529,777	-
	<u>3,306,262</u>	<u>529,777</u>	<u>728,799</u>

Sensitivity analysis for foreign currency risk

A 5% strengthening of the following major currency against the functional currency at the reporting date held by the Company would increase/(decrease) the profit before any tax effect by the amounts shown below. Similarly, a 5% weakening would have an equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit before income tax 2018 S\$	Profit before income tax 2017 S\$
United States Dollars	169,768	165,313
Australian Dollars	16,772	26,489
Thai Baht	41,659	36,440
	<u>228,199</u>	<u>228,242</u>

(f) Capital risk

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

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. No changes were made in the objectives, policies or processes during the financial year ended 31st March 2018 and 31st March 2017.

The Company monitors capital using a gearing ratio, which is net debt divided by the total capital plus net debt. The Company includes within debt, loans and borrowings, trade and other payables, other liabilities, less cash and cash equivalents. Capital includes equity plus assets revaluation reserve if any.

MSSL (S) PTE. LTD.
Notes to the Financial Statements
For the financial year ended 31 March 2018

17. Financial risk management (continued)

(f) Capital risk (continued)

	2018 S\$	2017 S\$
Trade and other payables	20,751	39,186
Less: Cash and cash equivalents	<u>(536,291)</u>	<u>(1,576,372)</u>
Net debt	(515,540)	(1,537,186)
Equity attributable to the owners of the Company	19,612,552	18,033,924
Equity and net debt	<u>19,612,552</u>	<u>18,033,924</u>
Gearing ratio	<u>N/A</u>	<u>N/A</u>

(g) Fair value of financial instruments

Management has determined that the carrying amounts of cash and cash equivalents and other current financial assets and financial liabilities approximate their respective fair values due to their short-term maturity of these financial instruments.

18. Comparative information

Reclassifications

Certain reclassifications have been made to the comparative information to enhance comparability with current year's financial statements. These reclassifications do not have any impact on the financial results of the Company.

	As previously reported S\$	Adjustments/ Reclassification S\$	As Reclassified S\$
<u>2017 Statement of Financial Position</u>			
Investment in subsidiaries	15,531,151	(3,139,629)	12,391,522
Loans to subsidiaries	-	3,139,629	3,139,629
<u>2017 Statement of Comprehensive Income</u>			
Other operating expenses	(710,730)	42,877	(667,853)
Staff costs	(245,447)	(42,877)	(288,324)

MSSL (S) PTE. LTD.
Notes to the Financial Statements
For the financial year ended 31 March 2018

19. New or revised accounting standards and interpretations

The Company has not adopted the following standards and interpretations that have been issued but not yet effective:

Effective date (annual periods beginning on or after)	New or revised accounting standards and interpretations
1 Jan 2018	<ul style="list-style-type: none"> · FRS 115 Revenue from Contracts with Customers · FRS 109 Financial Instruments · Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers · Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions · Amendments to FRS 40: Transfers of Investment Property
1 Jan 2019	<ul style="list-style-type: none"> · FRS 116 Leases

Except for FRS 115, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application.

20. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors passed on the date of the Directors' Statement.

MSSL (S) PTE. LTD.
Detailed Income Statement
For the financial year ended 31 March 2018
(for management purposes only)

	2018 S\$	2017 S\$
Revenue		
Sales income	121,920	121,000
Service income	60,000	60,000
	<u>181,920</u>	<u>181,000</u>
Add: Other income		
Dividend received	-	491,000
Interest received	121,843	39,750
Other income	1,788	2,917
Reversal of impairment loss on investment in subsidiaries	1,650,414	-
	<u>1,774,045</u>	<u>533,667</u>
	1,955,965	714,667
Less: Expenses		
Audit fee	6,900	6,900
(Over)/under provision of prior year's audit fee	(7,512)	(1,057)
Bank charges	597	713
Business promotion expenses	698	140
Purchase of goods	116,000	117,000
CPF - Employer's contribution	15,965	17,044
Depreciation charge	57,047	57,047
Director's remuneration	236,432	242,869
Foreign currency exchange loss	165,545	534,729
Insurance	2,048	3,452
Leasing of motor vehicles	36,558	33,817
Medical fees	579	295
Office expenses	2,673	2,415
Postage & courier	774	1,005
Printing & stationery	4,700	4,129
Property tax	6,330	6,597
Repair & maintenance	12,383	10,507
Salaries & bonus	45,502	30,540
Secretarial fees	3,166	5,136
Telephone, facsimile & internet charges	4,032	3,824
Transport expenses	17,484	17,217
Travel expenses	6,035	30,513
Water & electricity	3,940	3,178
Withholding tax expense	27,624	-
	<u>765,500</u>	<u>1,130,224</u>
Less: Reimbursement of expenses	<u>(397,036)</u>	<u>(398,041)</u>
	368,464	732,183
 Profit/(Loss) for the financial year	 <u>1,587,501</u>	 <u>(17,516)</u>

The detailed income statement does not form part of the audited financial statements and therefore it is not covered in the auditors' report.