Netzach Wood Veneers Pte. Ltd.

Company Registration Number: 201207091K
(Incorporated in Singapore)

Financial Statements
For the financial year ended 28 February 2023

Contents

REPORT OF THE DIRECTORS

The director presents this report to the member together with the financial statements of Netzach Wood Veneers Pte. Ltd. ("the Company") for the financial year ended 28 February 2023.

1. DIRECTORS

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

Koh Kuan Min, Kevin

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year have the following interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, as follows:

Name of directors	At the beginning of the financial year	At the end of the financial year
Ordinary shares		
Koh Kuan Min, Kevin	**10,000**	**10,000**

4. DIRECTORS' CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of, which he is a member, or with a Company in which he has a substantial financial interest, except for salaries, bonuses and other benefits as disclosed in the financial statements.

5. OPTIONS TO TAKE UP UNISSUED SHARES

During the financial year, there were no options granted to any person to take up unissued shares in the Company.

6. OPTIONS EXERCISED

During the financial year, there were no shares of the Company issued by virtue of any exercise of options to take up unissued shares.

7. UNISSUED SHARES UNDER OPTION

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

8. OPINION OF THE DIRECTORS

In the opinion of the directors,

a. the accompanying financial statements are drawn up so as to give a true and fair view of the state of affairs of the Company for the financial year ended 28 February 2023; and

b. at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board,

Koh Kuan Min, Kevin
Director

Singapore, 31 May 2023

STATEMENT OF FINANCIAL POSITION
As at 28 February 2023

	Notes	2023 S$	2022 S$
ASSETS			
Current assets			
Cash and cash equivalents	4	13,619	8,091
Trade and other receivables	5	37,135	80,991
Inventory	6	268,776	319,198
Total assets		**319,530**	**408,280**
LIABILITIES			
Trade and other payables	7	121,150	133,535
Amount due to director		284,000	250,000
Term loans	8	52,034	71,349
Provision for taxation	9	-	-
Total liabilities		**324,384**	**324,384**
EQUITY			
Share capital	10	10,000	10,000
Retained earnings		(147,654)	(56,604)
Total equity		**(137,654)**	**(46,604)**
Total liabilities and equity		**319,530**	**408,280**

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 28 February 2023

	Notes	2023 S$	2022 S$
Revenue		**350,468**	**339,065**
Cost of sales		(227,323)	(184,589)
Gross profit		**123,145**	**154,476**
Other income		-	-
Operating expenses		(211,685)	(245,672)
Interest expenses		(2,510)	(3,115)
Profit/loss before income tax		**(91,050)**	**(94,311)**
Income tax expense	9	-	-
Net profit/loss and total comprehensive income		**(91,050)**	**(94,311)**

STATEMENT OF CASH FLOWS
For the financial year ended 28 February 2023

	Notes	2023 S$	2022 S$
Cash flows from operating activities:			
Profit before income tax		(91,050)	(94,311)
Add back			
Interest expenses		2,510	3,115
Operating profit before working capital changes		**(88,540)**	**(91,196)**
Decrease in trade and other receivables		43,856	(38,990)
Decrease/(increase) in inventories		50,422	(26,050)
Increase/(decrease) in trade and other payables		(12,385)	(91,128)
Cash generated/(used) from operations		**(6,647)**	**(247,364)**
Tax paid		-	-
Net cash generated/(used) from operating activities		**(6,647)**	**(247,364)**
Cash flows from financing activities:			
Director loans received		34,000	226,000
Term loan received		-	14,047
Term loans paid		(19,315)	(18,420)
Interest paid		(2,510)	(3,115)
Net cash generated from financing activities		**12,175**	**218,512**
Net increase in cash and cash equivalents		**5,528**	**(28,852)**
Cash and cash equivalents as at beginning of the year		8,091	36,943
Cash and cash equivalents at end of financial year		**13,619**	**8,091**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the financial year ended 28 February 2023

	Share capital $	Retained earnings $	Total $
Balance as at 1 March 2021	**10,000**	**37,707**	**37,707**
Total comprehensive income	-	(94,311)	(94,311)
Balance as at 28 February 2022	**10,000**	**(56,604)**	**(46,604)**
Total comprehensive income	-	(91,050)	(91,050)
Balance as at 28 February 2023	**10,000**	**(147,654)**	**(137,654)**

These notes form an integral part of the financial statements.

The financial statements of the Company were authorised for issue in accordance with a resolution of the director on the date of the Report of the Directors.

1. DOMICILE AND ACTIVITIES

Netzach Wood Veneers Pte. Ltd. ("the Company") is a Company incorporated in Singapore. The address of the Company's registered office is 10 Admiralty Street, #01-31 Northlink Building, Singapore 757695.

Its principal activities are those relating to the sale of natural veneer and other related services.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

2.2 Basis of measurement
The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency
These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest dollar, unless otherwise stated.

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

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Nil

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Nil

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Financial instruments

(i) Non-derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term 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, and are used by the Company in the management of its short-term commitments. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Company's cash management are included in cash and cash equivalents.

(ii) Non-derivative financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. Financial liabilities for contingent consideration payable in a business combination are recognised at the date of acquisition. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities.

A financial liability is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

These financial liabilities comprise loans and borrowings, and trade and other payables.

(iii) Share capital

Ordinary shares

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

3.2 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventories.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3.3 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including an interest in an associate and joint venture, is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables

The Company considers evidence of impairment for loans and receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant loans and receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off.

If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

3.4 Employee benefits

(i) Short-term employee benefits

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

3.5 Revenue

(i) Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Rendering of services

Revenue from rendering of services is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

3.6 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by 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 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 for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they 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.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

4. CASH AND CASH EQUIVALENTS

	2023 S$	2022 S$
Cash at bank	13,619	8,091
Cash and cash equivalents	**13,619**	**8,091**

The carrying amount is assumed to be a reasonable approximation of its fair value and is denominated in Singapore dollars.

5. TRADE AND OTHER RECEIVABLES

	2023 S$	2022 S$

Trade receivables	58,355	102,211
Provision for doubtful debts	(21,220)	(21,220)
Trade receivables	**37,135**	**80,991**

The carrying amount is assumed to be a reasonable approximation of its fair value and is denominated in Singapore dollar. The average credit terms given to customers are 30 days.

6. INVENTORY

Inventories comprise of raw materials and finished goods used in production activities by the Company for sale. The value of purchases during the year is $ 92,477.

7. TRADE AND OTHER PAYABLES

The carrying amount of trade and other payables is assumed to be a reasonable approximation of its fair value and is denominated in Singapore dollar. The average credit terms given by suppliers are 30 days.

The non-trade amount due to director is unsecured, interest free and repayable on demand.

8. TERM LOAN

	2023 **S$**	**2022** **S$**
Term loans	52,034	71,349
- Current portion	21,825	21,825
- Non-current portion	30,209	49,524

The effective interest rate of all term loans for the financial year is 3.52%. (2022: 4.41%). Term loans are accounted for using the amortised cost method.

9. PROVISION FOR TAX

	2023 **S$**	**2022** **S$**
Profit before tax	(91,050)	(94,311)
Tax at 17%	-	-
Tax effect of non-deductible/non-taxable items	-	-
Tax exemption	-	-
Tax expense	**-**	**-**

10. SHARE CAPITAL

	2023 S$	2022 S$
Issued and fully paid:		
10,000 ordinary shares (2022: 10,000 ordinary shares)	10,000	10,000

The Company was incorporated with 1 ordinary share for a total cash consideration of $1.

The ordinary shares of no par value carry no right to fixed income and are fully paid. Fully paid ordinary shares carry one vote per share and carry to a right to dividends as and when declared by the Company.

11. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The main risk arising from the Company's financial instruments are credit risk, liquidity risk and capital risk. The Company reviews and agrees policies for managing each of these risk as summarised below:

11.1 Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	2023 S$	2022 S$
Financial assets		
Loans and receivables at amortised cost:		
- Cash and bank balances	13,619	8,091
- Trade and other receivables	37,135	80,991
	50,754	**89,082**
Financial liabilities		
Financial liabilities at amortised cost:		
- Trade and other payables	121,150	133,535
- Term loans	52,034	71,349
	173,184	**204,884**

Further quantitative disclosures are included throughout these financial statements. There are no significant fair value measurements recognised in the statement of financial position.

11.2 Credit risk

The Company manages credit risk by ongoing credit evaluation of the counterparties' financial position, limiting the aggregate financial exposure to any individual counter-party and requiring counter-parties to provide letters of credit or other forms of security, if considered necessary.

Credit risk arising from the inability of a customer to meet the terms of the Company's financial instrument contracts is generally limited to the amounts, if any, by which the customer's obligations exceed the obligations of the Company. It is the Company's policy to sell to a diversity of creditworthy customers so as to reduce concentration of credit risk. Therefore, the Company does not expect to incur material credit losses on its risk management or other financial instruments.

11.3 Fair values
The carrying value of cash on hand and at bank, trade and other receivables and payables and provisions and other liabilities approximates fair value due to the relatively short-term maturity of these financial instruments.

11.4 Liquidity risk
The Company maintains sufficient cash and cash equivalents and internally generated cash flows to finance its activities.

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. It is expected that all liabilities will be paid at their contractual maturity. The other payables are with short term durations.

The remaining contractual maturity for non-derivative financial liabilities is as follows:

	Weighted average	On demand or within one year	Within 2 years to 5 years	After 5 years	Total
	S$	S$	S$	S$	S$
2023					
Non-interest bearing	405,150	405,150	-	-	405,150
Term loans	52,034	52,034	-	-	52,034
2022					
Non-interest bearing	383,535	383,535	-	-	383,535
Term loans	71,349	71,349	-	-	71,349

11.5 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 the changes in market interest rate. The fair values of financial assets and financial liabilities of the Company are not exposed to interest rate risk.

11.6 Foreign currency exchange risk
The Company operates internationally, giving rise to significant exposure to market risk from change in foreign currency rates. The Company does not have any formal policy with respect to the foreign currency exposure but monitors it on an ongoing basis.

12. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES
The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty

about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of asset or liability affected in the future.

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

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