

Raffles Financial Private Limited
(Incorporated in the Republic of Singapore)
(Company Registration No.201822935E)

Condensed Interim Financial Statements
for the Six-month period ended December 31, 2019

					For the financial period from July 5, 2018 (date of incorporation) to December 31, 2018
	Note	Three-month ended December 31, 2019 S\$	Three-month ended December 31, 2018 S\$	Six-month ended December 31, 2019 S\$	S\$
Revenue	3	1,500,003	-	5,466,672	-
Other income		-	-	849	-
Expenses					
- Administrative	4	(381,625)	(200,973)	(708,792)	(334,679)
Profit/(Loss) before income tax		1,118,378	(200,973)	4,758,729	(334,679)
Income tax expense	5	(783,058)	-	(783,058)	-
Total comprehensive income/(loss), representing net profit/(loss) for the financial period		335,320	(200,973)	3,975,671	(334,679)

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

	Note	December 31, 2019 S\$	June 30, 2019 S\$
ASSETS			
Current assets			
Bank balances		131,363	2,102,734
Trade and other receivables	6	7,278,334	7,933,334
		<u>7,409,697</u>	<u>10,036,068</u>
Total assets		<u>7,409,697</u>	<u>10,036,068</u>
LIABILITIES			
Current liabilities			
Other payables	7	30,000	7,415,100
Current income tax liabilities		1,755,387	612,000
		<u>1,785,387</u>	<u>8,027,100</u>
Non-current liabilities			
Deferred income tax liabilities	8	988,338	1,348,667
Total liabilities		<u>2,773,725</u>	<u>9,375,767</u>
NET ASSETS		<u>4,635,972</u>	<u>660,301</u>
EQUITY			
Share capital	10	100,000	100,000
Retained profits		4,535,972	560,301
TOTAL EQUITY		<u>4,635,972</u>	<u>660,301</u>

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

	Note	Share capital S\$	Retained profits S\$	Total equity S\$
As at July 1, 2019		100,000	560,301	660,301
Total comprehensive income for the financial period		-	3,975,671	3,975,671
Balance as at December 31, 2019		<u>100,000</u>	<u>4,535,972</u>	<u>4,635,972</u>

		Share capital S\$	Accumulated losses S\$	Total equity S\$
As at July 5, 2018 (date of incorporation)		100	-	100
Issue of shares	10	99,900	-	99,900
Total comprehensive loss for the financial period		-	9,560,301	9,560,301
Dividends paid		-	(9,000,000)	(9,000,000)
Balance as at June 30, 2019		<u>100,000</u>	<u>560,301</u>	<u>660,301</u>

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

	Six-month ended December 31, 2019 S\$	For the financial period from July 5, 2018 (date of incorporation) to December 31, 2018 S\$
Cash flows from operating activities		
Net profit/(loss)	3,975,671	(334,679)
Adjustment for:		
-Income tax expense	783,058	-
Operating cash flow before working capital changes	4,758,729	(334,679)
Changes in working capital:		
- Trade and other receivables	655,000	-
- Other payables	(7,385,100)	337,368
Net cash (used in)/generated from operating activities	(1,971,371)	2,689
Cash flows from financing activities		
Proceeds from issuance of shares	-	100
Net cash generated from financing activities	-	100
Net (decrease)/increase in bank balances	(1,971,371)	2,789
Bank balances		
Beginning of financial period/at date of incorporation	2,102,734	-
End of financial period	131,363	2,789

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

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

1. General information

Raffles Financial Private Limited (the "Company") is incorporated and domiciled in Singapore. The address of its registered office is at 3 Shenton Way #11-01 Singapore 068805.

The principal activity of the Company is the provision of corporate finance advisory services.

2. Significant accounting policies

2.1 Basis of preparation

The condensed interim financial statements have been prepared in accordance to IAS 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS"). The condensed interim financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

2.2 Revenue recognition

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

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

(a) Advisory Fee

The provision of financial advisory services are recognised at a point in time upon satisfaction of a performance obligation, which is when services are rendered and accepted by the customer.

(b) Licensing fee

The licensing fee is earned from the right to use the Company's proprietary brands for a fixed fee under a non-cancellable contract, where a contract is granted to the licensee which permits the licensee to exploit the brands over the licensing period in any designated territory. Revenue is recognised over time by reference to the contract period.

2. Significant accounting policies(continued)

2.3 Financial assets

(i) *Classification and measurement*

The Company classifies its financial assets at amortised costs.

The classification depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition, the Company measures financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset.

At subsequent measurement, debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(ii) *Impairment*

The Company assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(iii) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

2.4 Other payables

Other payables represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2. Significant accounting policies (continued)

2.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.6 Leases

(a) The accounting policy for leases before 1 July 2019 are as follows:

(i) *When the Company is the lessee:*

The Company leases office space under operating lease from a related party.

- *Lessee – Operating leases*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating lease. Payments made under operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) The accounting policy for leases from 1 July 2019 are as follows:

(i) *When the Company is the lessee:*

At the inception of the contract, the Company assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- *Right-of-use assets*

The Company recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets. These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

2. Significant accounting policies (continued)

2.6 Leases (continued)

(i) *When the Company is the lessee:* (continued)

- Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Company shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

For contract that contain both lease and non-lease components, the Company allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Company has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Company's assessment of whether it will exercise an extension option; or
- There is modification in the scope or the consideration of the lease that was not part of the original term. Lease liability is remeasured with a corresponding adjustment to the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short term and low value leases

The Company has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

2. Significant accounting policies (continued)

2.7 Income taxes

Current income tax for current period is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised for all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

A deferred income tax liability is recognised on temporary differences except where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and
- (ii) based on the tax consequence that will follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss.

2.8 Provisions

Provisions for other liabilities are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2.9 Currency translation

(i) *Functional and presentation currency*

Items included in the condensed Interim Financial Statements of the Company are measured using the currency of the primary economic environment in which it operates ("functional currency"). The condensed Interim Statements are presented in Singapore Dollar ("S\$"), which is the functional currency of the Company.

(ii) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

2. Significant accounting policies (continued)

2.10 Bank balances

For the purpose of presentation in the statement of cash flows, bank balances include cash deposits with financial institutions which are subject to an insignificant risk of change in value.

2.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital amount.

3. Revenue

The Company derives revenue from the rendering of services over time and at a point in the following type of services:

	At a point in time S\$	Over time S\$	Total S\$
Six-month ended December 31, 2019			
Advisory fee	2,800,000	-	2,800,000
Licensing fee	-	2,666,672	2,666,672
	<u>2,800,000</u>	<u>2,666,672</u>	<u>5,466,672</u>

There were no revenue generated in the prior six-month interim reporting period.

	At a point in time S\$	Over time S\$	Total S\$
Three-month ended December 31, 2019			
Licensing fee	-	1,500,003	1,500,003
	<u>-</u>	<u>1,500,003</u>	<u>1,500,003</u>

There were no revenue generated in the prior three-month interim reporting period.

4. Expenses by nature

	Three-month ended December 31, 2019 S\$	Three-month ended December 31, 2018 S\$	Six-month ended December 31, 2019 S\$	For the financial period from July 5, 2018 (date of incorporation) to December 31, 2018 S\$
Contract for services	181,500	175,500	363,000	292,500
Listing expenses	138,471	-	154,359	-
Office expenses	1,890	337	2,509	1,985
Pension fund contribution	2,806	-	2,806	-
Rental on operating lease	8,333	15,518	33,477	20,690
Staff cost	12,500	-	15,590	-
Travelling and accommodation	6,614	8,659	16,616	13,059
Other expenses	29,511	959	120,435	6,445
Total administrative expenses	<u>381,625</u>	<u>200,973</u>	<u>708,792</u>	<u>334,679</u>

5. Income tax expense

	Six-month ended December 31, 2019 S\$	For the financial period from July 5, 2018 (date of incorporation) to December 31, 2018 S\$
Tax expense attributable to profit is made up of:		
- Current income tax	1,143,387	-
- Deferred income tax (Note 8)	(360,329)	-
	<u>783,058</u>	<u>-</u>

5. Income tax expense (continued)

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Six-month ended December 31, 2019 S\$	For the financial period from July 5, 2018 (date of incorporation) to December 31, 2018 S\$
Profit before tax	4,758,729	-
Tax calculated at a tax rate of 17%	808,984	-
Effects of:		
- Tax incentives	(25,926)	-
	783,058	-

6. Trade and other receivables

	December 31, 2019 S\$	June 30, 2019 S\$
Trade receivables - non related parties	2,813,750	7,600,000
Other receivables		
- Non related parties	5,000	-
- Related parties	3,119,839	333,334
- Amount due from directors	1,339,745	-
	4,464,584	-
	7,278,334	7,933,334

Other receivables from related parties and amount due from directors are unsecured, interest-free and repayable on demand.

7. Other payables

	December 31, 2019 S\$	June 30, 2019 S\$
Amount due to directors	-	7,400,100
Accruals for operating expenses	30,000	15,000
	30,000	7,415,100

Amounts due to directors are unsecured, interest-free and repayable on demand.

8. Deferred income tax liabilities

The movements in deferred income tax liabilities are as follows:

	31 December 2019	30 June 2019
	S\$	S\$
<i>Unremitted foreign income</i>		
Beginning of financial period	1,348,667	-
(Credit)/charged to profit or loss (Note 5)	(360,329)	1,348,667
End of financial period	<u>988,338</u>	<u>1,348,667</u>

9. Commitments

Operating lease commitment – where the Company is a lessee

The Company leases officespace under operating lease from a related party.

The future minimum lease payable under operating lease contracted for at the reporting date but not recognised as liabilities, is as follows:

	December 31, 2019	June 30, 2019
	S\$	S\$
Not later than one year	<u>-</u>	<u>33,618</u>

10. Share capital

	No. of ordinary shares	S\$
As at July 1, 2019 and December 31, 2019	<u>100,000</u>	<u>100,000</u>
	No. of ordinary shares	S\$
At July 5, 2018 (date of incorporation)	100	100
Shares issued	<u>99,900</u>	<u>99,900</u>
As at June 30, 2019	<u>100,000</u>	<u>100,000</u>

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

Fully paid ordinary shares carry one vote per share and carry a right to dividend as and when declared by the Company.

11. Related party transactions

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

	Three-month Ended December 31, 2019 S\$	Three-month ended December 31, 2018 S\$	Six-month ended December 31, 2018 S\$	For the financial period from July 5, 2018 (date of incorporation) to December 31, 2018 S\$
Rental expenses paid to related parties	8,333	15,518	33,477	20,690

Related parties refers to companies which are controlled by the Company's directors and their close family members.

Key management personnel compensation

	Three-month Ended December 31, 2019 S\$	Three-month ended December 31, 2018 S\$	Six-month ended December 31, 2018 S\$	For the financial period from July 5, 2018 (date of incorporation) to December 31, 2018 S\$
Contract for services, a director	30,000	30,000	60,000	50,000
Contract for services, a director	30,000	30,000	60,000	50,000
Contract for services, a director	30,000	30,000	60,000	50,000
Contract for services, Chief Financial Officer	30,000	24,000	60,000	40,000
Contract for services, Chief Investment Officer	24,000	24,000	48,000	40,000
Contract for services, Chief Management Officer	19,500	19,500	39,000	32,500
Contract for services, Chief Legal Officer	18,000	18,000	36,000	30,000

The services fee is paid to directors of the Company for the service performed for the financial period.

12. Financial risk management

Financial risks factors

The Company's activities expose it to credit risk, liquidity risk and capital risk. The Company's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Company's financial performance.

The Board of Directors are responsible for setting the objectives and underlying principles of financial risk management for the Company. This includes establishing detailed policies such as risk identification, measurement and exposure limits.

(a) *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are bank deposits and trade and other receivables. For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit history to mitigate credit risk. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties.

Bank balances are placed with banks and financial institutions with high credit-ratings assigned by international credit rating agencies. Trade receivables are substantially companies with a good collection track record.

As the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments present on the statement of financial position.

The Company has applied the simplified approach to measure the lifetime expected credit losses for trade receivables.

In measuring the expected credit losses, receivables are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Company has considered the customers' available credit history and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery, such as counterparty failing to engage in a repayment plan with the Company. Where receivables have been written off, the Company continues to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

Bank balances and other receivables are subject to immaterial credit loss.

Based on management assessment, the receivables as at 31 December 2019 are not subject to any material credit losses.

(b) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company manages liquidity risk by maintaining sufficient bank balances to enable it to meet its operating commitments. As at the reporting date, all the non-derivative financial liabilities of the Company are due within 12 months. Balance due within 12 months equal their carrying amounts as the impact of discounting is not significant.

12. Financial risk management (continued)

Financial risks factors (continued)

(c) Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares.

The Company is not subject to any externally imposed capital requirements.

(d) Fair value measurements

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

(e) Financial instruments by category

The carrying amounts of the different categories of financial instruments are as disclosed on the face of the condensed statement of financial position except for the following:

	December 31, 2019	June 30, 2019
	S\$	S\$
Financial assets at amortised cost	7,409,697	10,036,068
Financial liabilities at amortised cost	<u>30,000</u>	<u>7,415,100</u>

13. New or revised accounting standards and interpretations

Certain new standards, amendments and interpretations to existing standards that have been published and are mandatory for accounting periods beginning on or after July 1, 2019 or later periods and which the Company has not early adopted. The management anticipates that the adoption of the new standards, amendments and interpretations in the future periods will not have a material impact on the condensed interim financial statements of the Company in the period of their initial adoption.

14. Authorisation of financial statements for issue

The interim condensed consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 28 February 2020.