Registration No. 199000513C

AESA AIR ENGINEERING PTE. LTD.

(Incorporated in Singapore)

AUDITED FINANCIAL STATEMENTS
31 MARCH 2020

CONTENTS

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AESA AIR ENGINEERING PTE. LTD.

(Incorporated in Singapore)

CORPORATE INFORMATION

Directors

Thomas Friedrich Greiner
Ketan Jagdishchandra Vyas

Company Secretary

Kweok Choon Peng

Registered Office

50 Bukit Batok Street 23 #06-16
Midview Building
Singapore 659578

Auditors

Yap Boh Pin & Co
Public Accountants and
Chartered Accountants, Singapore
190 Middle Road #13-01
Fortune Centre
Singapore 188979

Banker

The Hongkong and Shanghai Banking Corporation Limited

AESA AIR ENGINEERING PTE. LTD.

(Incorporated in Singapore)

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited financial statements of the company for the financial year ended 31 March 2020.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(i) the accompanying statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the financial position of the company as at 31 March 2020 and of the financial performance, changes in equity and cash flows of the company for the year then ended; and

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

2. DIRECTORS

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

Thomas Friedrich Greiner
Ketan Jagdishchandra Vyas

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

No director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the company, or of related corporations, either at the beginning or at the end of the financial year.

5. SHARE OPTIONS

During the financial year, no options have been granted.

6. AUDITORS

Yap Boh Pin & Co. have expressed their willingness to accept re-appointment as auditors.

Thomas Friedrich Greiner
Director

Ketan Jagdishchandra Vyas
Director

13 April 2020
Singapore

INDEPENDENT AUDITOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
TO THE MEMBERS OF AESA AIR ENGINEERING PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of AESA Air Engineering Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements 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 2020 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 the 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 Statement by Directors.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
TO THE MEMBERS OF AESA AIR ENGINEERING PTE. LTD. [continued]

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

* 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. This 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.

INDEPENDENT AUDITOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
TO THE MEMBERS OF AESA AIR ENGINEERING PTE. LTD. [continued]

Auditor's Responsibilities for the Audit of the Financial Statements [continued]

* 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 to 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.

YAP BOH PIN & CO
Public Accountants and
Chartered Accountants
Singapore

13 April 2020
Singapore

AESA AIR ENGINEERING PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	NOTES	2020 S$	2019 S$
Revenue	3	692,460	648,041
Cost of operation:			
Depreciation of plant and equipment		(1,132)	(2,095)
Depreciation of right-of-use assets		(35,868)	-
Other operating expenses		(166,855)	(218,943)
Payroll related costs		(451,688)	(394,044)
Finance cost	4	(1,057)	-
Profit for the year before taxation	5	35,860	32,959
Taxation	6	(2,029)	(2,284)
Total comprehensive income for the year after taxation		33,831	30,675

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

AESA AIR ENGINEERING PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	NOTES	2020 S$	2019 S$
ASSETS			
Non-Current Assets			
Plant and equipment	7	3,278	512
Right-of-use assets	8	100,562	-
		103,840	512
Current Assets			
Amount due from holding company	9	116,951	473,255
Amount due from related company	10	6,175	6,175
Other receivables	11	600	7,079
Deposits and prepayments	12	24,192	17,283
Bank and cash balances		12,618	46,043
		160,536	549,835
TOTAL ASSETS		264,376	550,347
EQUITY AND LIABILITIES			
Capital and Reserves			
Issued capital	13	100,000	100,000
Accumulated profit		44,527	428,045
		144,527	528,045
Non-Current Liabilities			
Lease liabilities	14	42,614	-
Current Liabilities			
Other payables	15	15,134	19,926
Lease liabilities	14	59,478	-
Provision for taxation		2,623	2,376
		77,235	22,302
TOTAL EQUITY AND LIABILITIES		264,376	550,347

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

AESA AIR ENGINEERING PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	2020 S$	2019 S$
ISSUED CAPITAL		
Balance at beginning and at end	100,000	100,000
ACCUMULATED PROFIT		
Balance at beginning	428,045	397,370
Effect of adopting FRS 116 Leases	(349)	-
Interim dividend paid [note 21]	(417,000)	-
Total comprehensive income for the year after taxation	33,831	30,675
Balance at end	44,527	428,045
TOTAL EQUITY	144,527	528,045

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

AESA AIR ENGINEERING PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	2020 S$	2019 S$
Cash Flows From Operating Activities		
Profit for the year before taxation	35,860	32,959
Adjustments:		
Depreciation of plant and equipment	1,132	2,095
Depreciation of right-of-use assets	35,868	-
Interest expenses on lease liabilities	1,057	-
Operating cash flow before working capital changes	73,917	35,054
Decrease in amount due from holding company	356,304	6,257
Decrease in other receivables	6,479	153
(Increase)/decrease in deposits and prepayments	(6,909)	208
(Decrease)/increase in other payables	(4,792)	2,970
	424,999	44,642
Add: Income tax refund	594	-
Less: Income tax paid	(2,376)	(1,943)
Net cash generated from operating activities	423,217	42,699
Cash Flow From Investing Activities		
Purchase of plant and equipment	(3,898)	-
Net cash outflow from investing activities	(3,898)	-
Cash Flow From Financing Activities		
Interim dividend paid [note 21]	(417,000)	-
Interest paid on lease liabilities	(1,057)	-
Repayment principal portion of lease liabilities	(34,687)	-
Net cash outflow from investing activities	(452,744)	-
Net (decrease)/increase in cash and cash equivalents	(33,425)	42,699
Cash and cash equivalents at beginning of reporting period	46,043	3,344
Cash and cash equivalents at end of reporting period [Note 22]	12,618	46,043

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

AESA AIR ENGINEERING PTE. LTD.
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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

1. CORPORATE INFORMATION

The financial statements of the company for the year ended 31 March 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 13 April 2020.

The company is incorporated as a limited liability company and domiciled in the Republic of Singapore. The company is a wholly-owned subsidiary company of AESA Air Engineering S.A., a company incorporated in France.

The registered office of the company is located at 50 Bukit Batok Street 23 #06-16, Midview Building, Singapore 659578.

The principal activities of the company are to provide service supports to its holding company. All expenses incurred by the company in providing such services are reimbursed by the holding company.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS) as required by the Companies Act. In the current financial year, the company has adopted all the new and revised FRSs and Interpretations of FRS that are relevant to its operations and effective for the periods beginning on or after 1 April 2019.

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS were issued but not effective:

a) Basis of preparation [continued]

Description	Effective for annual periods beginning on or after
Amendments to References to the Conceptual Framework in FRS Standards	1 January 2020
Amendments to FRS 1 and FRS 8 *Definition of Material*	1 January 2020
Amendments to FRS 110 and FRS 28 *Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined
Amendments to FRS 103 *Definition of a Business*	1 January 2020
Amendments to FRS 109, FRS 39 and FRS 107 *Interest Rate Benchmark Reform*	1 January 2020
FRS 117 *Insurance Contracts*	1 January 2021

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will have no material impact on the financial statement of the company in the period of their initial application.

The preparation of financial statements in conformity with FRS requires management to exercise its judgment in the process of applying the company's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. There were no significant judgements and estimates made during the financial year, except for the following:-

	Notes	2020 S$	2019 S$
Depreciation on plant and equipment	7	1,132	2,095
Depreciation on right-of-use assets	8	35,868	-
Lease liabilities	14	102,092	-
Interest expense on lease liabilities	4	1,057	-

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

The financial statements are presented in Singapore dollar which is the functional currency of the company.

b) Adoption of new and amended standards and interpretations

The accounting policies have been consistently applied by the company and are consistent with those used in the previous financial year except that in the current financial year, the company has adopted all the new and amended standards which are relevant to the company and are effective for annual financial periods beginning on or after 1 January 2019. Except for the adoption FRS 116 Leases described below, the adoption of these standards did not have any material effect on the financial performance or position of the company.

FRS 116 Leases

FRS 116 supersedes FRS 17 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease, INT FRS 15 Operating Leases-Incentives and INT FRS 27* Evaluating the *Substance of Transactions involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

The company adopted FRS 116 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application as an adjustment to the opening balance of retained earnings. The company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 April 2019. Instead, the company applied the standard only to contracts that were previously identified as leases applying FRS 17 and INT FRS 104 at the date of initial application.

The effect of adopting FRS 116 as at 1 April 2019 was as follows:

	Increase/(decrease) S$
Right-of-use assets	65,603
Lease liabilities	65,952
Retained earnings	(349)

The company has lease contracts for office space, director's accommodation and equipment rental. Before the adoption of FRS 116, the company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

Upon adoption of FRS 116, the company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the company.

[a] Leases previously classified as finance leases

The company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e. the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under FRS 17). The requirements of FRS 116 were applied to these leases from 1 April 2019.

b) Adoption of new and amended standards and interpretations [continued]

<u>FRS 116 Leases</u> [continued]

[b] Leases previously accounted for as operating leases

The company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for the leases were recognised based on the carrying amount as if the standard had always been applied, using the incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The company also applied the available practical expedients wherein it:

* used a single discount rate to a portfolio of leases with reasonably similar characteristics;
* relied on its assessment of whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review;
* applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;
* excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
* used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 April 2019:

* right-of-use assets of S$65,603 were recognised, and this includes the leases recognised previously under operating leases of S$109,388.
* additional lease liabilities of S$65,952 were recognised;
* the net effect of these adjustments of S$349 had been adjusted to retained earnings. Comparative information is not restated.

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as at 31 March 2019 as follows:

	S$
Operating lease commitments as at 31 March 2019	109,388
Less: Commitments related to short-term leases	(42,000)
	67,388
Weighted average incremental borrowing rate as at 1 April 2019	1.5%
Discounted operating lease commitments as at 1 April 2019	65,952
Lease liabilities as at 1 April 2019	65,952

c) Foreign currency translation

Transactions in foreign currencies are measured in functional currency and recorded at exchange rates approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities are measured using the exchange rates ruling at the end of the reporting period. Non-monetary assets and liabilities are measured using the exchange rates ruling at the transaction dates. All resultant exchange differences are recognised in the statement of comprehensive income.

d) Revenue recognition

Revenue is measured based on the consideration to which the company expects to be entitled in exchange for transferring promised goods or 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 services. 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.

Sale of services

The company provides information technology and consultancy services.

Service income is recognised when the services are provided.

e) Employee benefits

(i) Pensions and other past employment benefits

The company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. These contributions are recognised as an expense in the period in which the related services are performed.

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the end of the reporting period.

f) Plant and Equipment

Plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Depreciation is calculated on a straight-line basis to write off the cost of assets over the expected useful lives. The estimated useful lives are as follows:

Leasehold Improvements	2 years
Computers	2 years
Furniture & Fittings	5 years
Office Equipment	5 years

Repairs and maintenance are taken to the statement of comprehensive income during the financial year in which they are incurred. The cost of major renovations and restorations is included in the carrying amount of the asset 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 and depreciated over the remaining useful lives of the assets.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the profit/(loss) from operations.

The useful life and depreciation method are reviewed annually to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of plant and equipment.

g) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

h) Other receivables

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

i) Other payables

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

j) Leases

These accounting policies are applied on and after the initial application date of FRS 116, 1 April 2019:

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

[a] *As lessee*

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

The accounting policy for impairment is disclosed in note 2(l)

Lease liabilities

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on the index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonable certain to be exercised by the company and payments of penalties for terminating the lease, if the lease term reflects the company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

j) Leases [continued]

[a] *As lessee [continued]*

Lease liabilities [continued]

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date, if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases

The company applies the short-term lease recognition exemption to its short-term leases for director's accommodation (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

These accounting policies are applied before the initial application date of FRS 116, 1 April 2019:

[i] *As lessee*

Finance leases which transfer to the company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of minimum lease payments. Any direct costs are also added to the amount capitalised. Lease payments are apportioned between the financial charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the period in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

k) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

l) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the statement of comprehensive income.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recorded in income. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for that asset in prior years.

m) Income taxes

Current income tax liabilities for current and prior periods are recognised at the amounts expected to be paid using the tax rates that have been enacted or substantially enacted by the end of the reporting period.

Deferred taxation is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantially enacted at the end of the reporting period.

At the end of each reporting period, the company re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The company recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The company conversely reduced the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax assets to be utilised.

Deferred tax assets are recognised for all deductible temporary differences and carry-forward of unabsorbed capital allowances and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax losses can be utilised.

n) Government grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and all attaching conditions will be complied with.

o) Related companies

Related companies are companies within the group of Aesa Air Engineering S.A.

p) Related party

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

[a] A person or a close member of that person's family is related to a reporting entity if that person:

[i] Has control or joint control of the reporting entity;

[ii] Has significant influence over the reporting entity; or

[iii] Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

[b] An entity is related to the reporting entity if any of the following conditions applies:

[i] The entity and the reporting entity 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 reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

[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 of a parent of the entity).

[viii] The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

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

q) 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 end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

[i] Judgements made in applying accounting policies

[a] Determination of functional currency

In determining the functional currency of the company, judgement is used by the company to determine the currency of the primary economic environment in which the company operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

[b] Determination of lease term of contracts with extension options

The company determines the lease terms as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

[ii] Key sources of estimation uncertainty

The key assumptions concerning in the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the company. Such changes are reflected in the assumptions when they occur.

[a] Leases - estimating the incremental borrowing rate

The company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The company estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

3. REVENUE

	2020 S$	2019 S$
Reimbursement of expenses from holding company	656,600	615,082
Service fee	32,830	30,754
Miscellaneous income	3,030	2,205
	692,460	648,041

4. FINANCE COST

	2020 S$	2019 S$
Interest expense on:		
Lease liabilities [Note 17]	1,057	-

5. PROFIT FOR THE YEAR BEFORE TAXATION

Profit for the year before taxation is arrived at after charging/(crediting):

	2020 S$	2019 S$
Depreciation of right-of-use assets	35,868	-
Depreciation of plant and equipment	1,132	2,095
Government grants	(1,293)	(2,205)

6. TAXATION

a) Tax expenses

	2020 S$	2019 S$
Tax expense attributable to profit is made up of:		
Current tax	(2,623)	(2,376)
Overprovision in prior year	594	92
	(2,029)	(2,284)

b) Tax reconciliation

The income tax expense on the results for the financial year varies from the amount of income tax determined by applying the Singapore income tax rate to profit before taxation due to the following:

	2020 S$	2019 S$
Profit for the year before taxation	35,860	32,959
Tax calculated at a tax rate of 17% (2019 : 17%)	(6,096)	(5,603)
Expenses disallowed	-	-
Singapore statutory income exemption	3,473	3,227
Corporate tax rebate	-	-
Current tax	(2,623)	(2,376)

7. PLANT AND EQUIPMENT

	Computer	Furniture & Fittings	Office Equipment	Leasehold Improvements	Total
	S$	S$	S$	S$	S$
2020					
Cost					
At 01.04.2019	38,002	57,513	17,798	33,357	146,670
Additions	3,898	-	-	-	3,898
At 31.03.2020	41,900	57,513	17,798	33,357	150,568
Accumulated Depreciation					
At 01.04.2019	37,564	57,513	17,724	33,357	146,158
Additions	1,058	-	74	-	1,132
At 31.03.2020	38,622	57,513	17,798	33,357	147,290
Carrying Value					
At 31.03.2020	3,278	-	-	-	3,278
2019					
Cost					
At 01.04.2018	38,002	57,513	17,798	33,357	146,670
Additions	-	-	-	-	-
At 31.03.2019	38,002	57,513	17,798	33,357	146,670
Accumulated Depreciation					
At 01.04.2018	35,914	57,513	17,279	33,357	144,063
Additions	1,650	-	445	-	2,095
At 31.03.2019	37,564	57,513	17,724	33,357	146,158
Carrying Value					
At 31.03.2019	438	-	74	-	512

Fully depreciated assets are retained in the financial statements until they are no longer in use.

8. RIGHT-OF-USE ASSETS

	Office Premise	Copier	Accommodation Premises	Total
	S$	S$	S$	S$
2020				
Cost				
At 01.04.2019	-	-	-	-
Effect of adopting FRS 116	49,621	21,371	-	70,992
At 01.04.2019 [restated]	49,621	21,371	-	70,992
Additions	-	-	70,827	70,827
At 31.03.2020	49,621	21,371	70,827	141,819
Accumulated Depreciation				
At 01.04.2019	-	-	-	-
Effect of adopting FRS 116	4,135	1,254	-	5,389
At 01.04.2019 [restated]	4,135	1,254	-	5,389
Additions	24,810	4,204	6,854	35,868
At 31.03.2020	28,945	5,458	6,854	41,257
Carrying Value				
At 31.03.2020	20,676	15,913	63,973	100,562

2019

Nil

9. AMOUNT DUE FROM HOLDING COMPANY

The amount due from holding company is trade related, interest free and repayable on demand. It is denominated in Singapore dollar.

10. AMOUNT DUE FROM RELATED COMPANY

The amount due from related company is interest free and repayable on demand. It is denominated in Singapore dollar.

11. OTHER RECEIVABLES

	2020 S$	2019 S$
Sundry receivables	-	6,607
GST receivable	600	472
	600	7,079

12. DEPOSITS AND PREPAYMENTS

	2020 S$	2019 S$
Deposits	17,606	13,740
Prepayments	6,586	3,543
	24,192	17,283

13. ISSUED CAPITAL

	2020 S$	2019 S$
Issued and fully paid:		
100,000 ordinary shares	100,000	100,000

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. The ordinary shares have no par value.

14. LEASE LIABILITIES

	2020 S$	2019 S$
Maturity analysis		
Year 1	60,576	-
Year 2	43,193	-
	103,769	-
Less: Unearned interest	(1,677)	-
	102,092	-
Current	59,478	-
Non-current	42,614	-
	102,092	-

15. OTHER PAYABLES

	2020 S$	2019 S$
Other payables		
- accrued operating expenses	15,134	19,926

Other payables are denominated in Singapore dollar.

16. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details charges in the company's liabilities arising from financing activities:

	Balance at beginning	Financing cash flows	(Non cash changes) Accretion of interest	New lease liabilities	Others	Balance at end
	S$	S$	S$	S$	S$	S$
2020						
Lease liabilities:						
Current	27,979	(35,744)	1,057	6,708	59,478	59,478
Non-current	37,973	-	-	64,119	(59,478)	42,614
	65,952	(35,744)	1,057	70,827	-	102,092

2019

Nil

17. LEASES

Company as a lessee

The company has lease contracts for leases of office space, copier equipment and accommodation premises. The company's obligations under these lease are as follows:

The company also has certain leases of premises with lease terms of 12 months or less. The company applies 'short-term lease' recognition exemptions of the leases.

[a] *Carrying amounts of right-of-use assets*

The company amounts of right-of-use sets are disclosed in Note 8.

[b] *Lease liabilities*

The carrying amounts of lease liabilities are disclosed under Note 14 and the movements during the year are disclosed under Note 16 and the maturity analysis of lease liabilities is disclosed under liquidity risk, Note 22.

17. LEASES [continued]

[c] *Amount recognised in profit or loss*

	2020 S$
Depreciation of right-of-use assets	35,868
Interest expense on lease liabilities	1,057
Lease expenses not capitalised in lease liabilities	
- expense relating to short term leases [accommodation]	38,194
Total amount recognised in profit or loss	75,119

[d] Total cash outflow

The company had total cash outflows for leases of S$35,744 in the financial year 2020.

18. COMMITMENTS

Operating lease commitments - as lessee

The company leases office premises, copier equipment and accommodation premises under non-cancellable operating lease agreements. These lease have varying terms.

As at 31 March 2019, the future minimum lease payables under non-cancellable operating leases contracted for but not recognised as liabilities, are as follows:

	2019 S$
Within 1 year	70,776
Between 2 to 5 year	38,612
	109,388

Minimum lease payments recognised as an expense in profit or loss for the financial year 31 March 2019 amounted to S$82,432.

The company has adopted FRS 116 on 1 April 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the statement of financial position as at 31 March 2020, except for short term leases.

19. PAYROLL RELATED COSTS

	2020 S$	2019 S$
Salaries	402,269	346,094
Employer's contribution to CPF	49,419	47,950
	451,688	394,044

20. RELATED PARTY TRANSACTIONS

The following were significant related party transactions on terms agreed between the parties as follows:

	2020 S$	2019 S$
Reimbursement of expenses from holding company	656,600	615,082
Service income from holding company	32,830	30,754

21. DIVIDEND PAID

During the current financial year, the company paid a 1-tier tax exempt interim dividend of S$4.17 (2019 : Nil) per share amounted to S$417,000 (2019 : Nil). No final dividend has been proposed at the end of the financial year.

22. CASH AND CASH EQUIVALENTS

	2020 S$	2019 S$
Cash and cash equivalents comprise the following:		
Cash at bank	11,863	45,288
Cash in hand	755	755
	12,618	46,043

Cash and cash equivalents are denominated in Singapore dollar.

23. FINANCIAL RISK MANAGEMENT

The main risks arising from the company's financial management are interest rate risk, credit risk, liquidity risk and foreign currency risk. The company reviews and agrees policies for managing each of these risks and they are summarised below:

(i) 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 recognition of interest expenses arising from leases.

The company does not expect any significant effect on the company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

At the reporting date, if the interest rates had been 50 (2019 : 50) basis points higher/lower with all other variables held constant, the company's profit after tax would have been S$293 (2019 : Nil) higher/lower, arising mainly as a result of higher/lower interest expenses on a secured borrowing from the holding company. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(ii) Credit risk

The company has no major concentration of credit risk except for amounts owing by holding and related companies.

The carrying amounts of the financial assets in the financial statements, net of any provision of losses, represent the company's maximum exposure to credit risk.

The company places its excess funds with reputable financial institutions.

(iii) Liquidity risk

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

The table below summarises the maturity profile of the company's financial liabilities at the end of the reporting period based on contractual undiscounted cash flows:

		Contractual undiscounted cash flows			
	Carrying Amount	Within 1 year	Between 2 - 5 years	After 5 years	Total
2020	S$	S$	S$	S$	S$
Financial liabilities					
Other payables	15,134	15,134	-	-	15,134
Lease liabilities	102,092	60,576	43,193	-	103,769
2019					
Financial liabilities					
Other payables	19,926	-	19,926	-	19,926

23. FINANCIAL RISK MANAGEMENT [continued]

(iv) Foreign currency risk

The company's foreign currency risk results mainly from cash flows and transactions denominated in foreign currency. It is the company's policy not to enter into derivative forward exchange contracts for hedging and speculative purposes.

At the end of the reporting period, the company has no significant exposure in foreign currency.

24. FAIR VALUES

The carrying amounts of the financial assets and financial liabilities recorded in the financial statements of the company approximate their fair values.

25. CAPITAL MANAGEMENT

The primary objective of the company when managing capital is to safeguard the entity's ability as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

The company monitors capital by reviewing the level of total equity and total liabilities. The review of the company's capital management policy and objective is conducted by the board of directors. As part of the review, the company makes use of the annual budgeting process and takes into consideration the projected profitability, projected operating cash flow and projected capital expenditure. The company's approach to capital management remains unchanged from the previous year.

The company is not subject to externally imposed capital requirements.

26. EVENTS OCCURRING AFTER THE REPORTING PERIOD

The Coronavirus Disease (COVID-19) outbreak and the measures taken to contain the spread of the pandemic have created a high level of uncertainty to global economic prospects and this has impacted the company's operations and its financial performance subsequent to the financial year end.

The Singapore Multi-Ministry Taskforce implemented an elevated set of safe distancing measures as a circuit breaker from 7 April 2020 to 1 June 2020, to pre-empt the trend of increasing local transmission of COVID-19. Except for those providing essential services and selected economic sectors which are critical for our local and the global supply chains, all businesses are required to suspend all in-person activities and activities at the business location.

As the situation continues to evolve with significant level of uncertainty, the company is unable to reasonably estimate the full financial impact of the COVID-19 outbreak. The company is monitoring the situation closely and to mitigate the financial impact, it is conscientiously managing its cost by adopting an operating cost reduction strategy and conserving liquidity by working with major creditors to align repayment obligations with receivable collections.

Registration No. 199000513C

AESA AIR ENGINEERING PTE. LTD.
(Incorporated in Singapore)

The accompanying schedule is an additional information only and does not form part of the audited financial statements.

YAP BOH PIN & CO
Public Accountants and
Chartered Accountants
Singapore

13 April 2020
Singapore

AESA AIR ENGINEERING PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	S$	S$
INCOME		
Reimbursement of expenses from holding company		656,600
Service income		32,830
Miscellaneous income		3,030
		692,460
LESS EXPENSES		
Advertising	755	
Audit fee	5,000	
Bank charges	5,476	
Computer maintenance	364	
Depreciation of plant and equipment	1,132	
Depreciation of right-of-use assets	35,868	
Entertainment	164	
Exchange loss	129	
Forwarding charges	489	
General expenses	3,410	
Insurance	7,734	
Medical fee	6,805	
Payroll related costs	451,688	
Postage	60	
Printing and stationery	3,435	
Professional fee	3,040	
Rental - short term lease	38,194	
Secretarial fee	1,280	
Taxation fee	1,250	
Telecommunication	11,953	
Transportation	1,315	
Travelling	73,863	
Water and electricity	2,139	
		(655,543)
FINANCE COST		
Interest expenses on lease liabilities		(1,057)
PROFIT FOR THE YEAR		35,860