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

Condensed Interim Financial Statements for the Nine-month Period Ended 31 March 2020

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of Raffles Financial Private Limited have been prepared by management and approved by the Board of Directors of the Company and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Institute of Singapore Chartered Accountants for a review of condensed interim financial statements by an entity’s auditor.

	Note	Three-month period ended 31 March 2020	Three-month period ended 31 March 2019	Nine-month period ended 31 March 2020	Period from 5 July 2018 (date of incorporation) to 31 March 2019
Revenue	3	S$ -	S$ 7,600,000	S$ 5,466,672	S$ 7,600,000
Other income		1,960,667	-	1,961,516	-
Expenses					
Administrative	4	(413,578)	(204,669)	(1,122,370)	(539,348)
Profit before income tax		1,547,089	7,395,331	6,305,818	7,060,652
Income tax recovery		783,058	-	-	-
Total comprehensive income, representing net profit for the financial period		S$ 2,330,147	S$ 7,395,331	S$ 6,305,818	S$ 7,060,652
Basic and diluted earnings per share		S$ 23.30	S$ 73,953.31	S$ 63.06	S$ 70,606.52
Weighted average number of ordinary shares outstanding		100,000	100	100,000	100

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

	Note	31 March 2020	30 June 2019
		S$	S$
			(Audited)
ASSETS			
Current assets			
Bank balances		74,373	2,102,734
Trade and other receivables	5	6,780,467	7,933,334
Prepaid expenses and deposits		111,500	-
TOTAL ASSETS		6,966,340	10,036,068
LIABILITIES			
Current liabilities			
Other payables	6	221	7,415,100
Current income tax liabilities		-	612,000
		221	8,027,100
Non-current liabilities			
Deferred income tax liabilities		-	1,348,667
Total liabilities		221	9,375,767
NET ASSETS		6,966,119	660,301
EQUITY			
Share capital	8	100,000	100,000
Retained earnings		6,866,119	560,301
TOTAL EQUITY		6,966,119	660,301
TOTAL LIABILITIES AND EQUITY		6,966,340	10,036,068

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

	Note	**Share capital S$**	**Retained earnings S$**	**Total equity S$**
Balance as at July 1, 2019	8	100,000	560,301	660,301
Total comprehensive income for the financial period		-	6,305,818	6,305,818
Balance as at March 31, 2020		100,000	6,866,119	6,966,119

	Note	**Share capital S$**	**Retained earnings S$**	**Total equity S$**
Balance as at July 5, 2018 (date of incorporation)	8	100	-	100
Total comprehensive income for the financial period		-	7,060,652	7,060,652
Balance as at March 31, 2019		100	7,060,652	7,060,752

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

	For the Nine-months Ended 31 March 2020 S$	Period from 5 July 2018 (date of incorporation) to 31 March 2019 S$
Cash flows from operating activities		
Net profit	6,305,818	7,060,652
Adjustment for:		
- Other income	(1,960,667)	-
Operating cash flow before working capital	4,345,151	7,060,652
Changes in working capital:		
- Trade and other receivables	(1,018,733)	(7,600,000)
- Other payables	(5,354,779)	542,037
Net cash generated (used in) from operating activities	(2,028,361)	2,689
Cash flows from financing activities		
Proceeds from issuance of shares	-	100
Net cash generated from financing activities	-	100
Net increase (decrease) in bank balances	(2,028,361)	2,789
Bank balances		
Beginning of financial period/at date of incorporation	2,102,734	-
End of financial period	74,373	2,789

The accompanying notes form an integral part of these condensed interim 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 condensed interim 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 instruments

The classification of a financial asset or liability is determined at the time of initial recognition. The Company does not enter into derivative contracts.

(i) Financial assets

A financial asset is recognized when the Company has the contractual right to collect future cash flows. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. Financial assets are recognized at fair value through profit or loss (“FVTPL”), fair value through other comprehensive income (“FVOCI”) or amortized cost.

Cash and cash equivalents are recognized at their fair value and carried at amortized cost.

Receivables are initially recognized at their fair value, less transaction costs and subsequently carried at amortized cost using the effective interest method less impairment losses.

Interest income is recognized by applying the effective interest rate except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

Impairment of financial assets

IFRS 9 replaces the incurred loss model from IAS 39 with an expected loss model (“ECL”). The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments measured at FVOCI. Under IFRS 9, credit losses will be recognized earlier than under IAS 39. The ECL model applies to the Company’s trade receivables.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions and forecasts that affect the expected collectability of future cash flows of the instrument.

In applying this forward-looking approach, the Company separates instruments into the below categories:

1. Financial instruments that have not deteriorated significantly since initial recognition or that have low credit risk.
2. Financial instruments that have deteriorated significantly since initial recognition and whose credit loss is not low.
3. Financial instruments that have objective evidence of impairment at the reporting date.

12-month expected credit losses are recognized for the first category while ‘lifetime expected credit losses’ are recognized for the second category.

2. Significant accounting policies (continued)

2.3 Financial instruments (continued)

(i) Financial assets (continued)

Trade and other receivables

The Company makes use of a simplified approach in accounting for trade receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. To calculate, the Company uses historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assesses impairment of trade receivables on a collective basis when they possess shared credit risk characteristics and days past due.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

Financial assets, other than those at FVTPL and amortized cost, are assessed for indicators of impairment at each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

De-recognition of financial assets

A financial asset is derecognized when the contractual right to the asset's cash flows expire or the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

(ii) Financial liabilities

The Company classifies its financial liabilities in the following category:

Amortized cost

A financial liability is recognized when the Company has the contractual obligation to pay future cash flows. Financial liabilities such as accounts payable and accrued liabilities are recognized at amortized cost using the effective interest rate method.

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

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.

(i) Right-of-use assets

The Company recognises 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.

(ii) 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 contracts 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 signle 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 oriinal term. Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit and lossif the carrying amount of the right-of-use asset has been reduced to zero.

2. Significant accounting policies (continued)

2.6 Leases (continued)

(iii) Short term and low value leases

The Company has elected to not recognise 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.

2.7 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 financial statements are presented in Singapore Dollar (“S$”), which is the functional currency of the Company.

2. Significant accounting policies (continued)

2.9 Currency translation (continued)

(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.

2.10 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.

2.12 Dividends to Company's shareholders

Dividends to Company's shareholders are recognised when the dividends are approved for payment.

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$
For the three-month period ended 31 March 2020			
Advisory fee	-	-	-
	-	-	-
For the three-month period ended 31 March 2019			
Advisory fee	7,600,000	-	7,600,000
	7,600,000	-	7,600,000

	At a point in time S$	Over time S$	Total S$
For the nine-month period ended 31 March 2020			
Advisory fee	2,800,000	-	2,800,000
Licensing fee	-	2,666,672	2,666,672
	2,800,000	2,666,672	5,466,672
For the Period from 5 July 2018 (date of incorporation) to 31 March 2019			
Advisory fee	7,600,000	-	7,600,000
	7,600,000	-	7,600,000

4. Administrative expenses by nature

	Three-month ended 31 March 2020 S$	Three-month ended 31 March 2019 S$	Nine-month ended 31 March 2020 S$	Period from 5 July 2018 (date of incorporation) to 31 March 2019 S$
Contract for services	181,500	175,500	544,500	468,000
Listing expenses	214,334	-	368,693	-
Office expenses	1,363	-	3,872	1,985
Pension fund contribution	2,793	-	5,599	-
Professional fees	14,198	-	14,198	-
Rental on operating lease	41,951	16,811	75,428	37,501
Staff cost	13,800	-	29,390	-
Travelling and accommodation	2,518	8,881	19,134	21,941
Other expenses (recovery)	(58,879)	3,477	61,556	9,922
Total administrative expenses	413,578	204,669	1,122,370	539,348

5. Trade and other receivables

	31 March 2020 S$	30 June 2019 S$
Trade receivables - non related parties	1,800,000	7,600,000
Other receivablies		
- Related parties	3,000,006	333,334
- Amount due from directors	1,980,461	-
	4,980,467	333,334
	6,780,467	7,933,334

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

6. Other payables

	31 March 2020 S$	30 June 2019 S$
Amount due to directors	-	7,400,100
Accruals for operating expenses	221	15,000
	221	7,415,100

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

7. Commitments

The Company leased office spaces from an unrelated and a related party during the nine-month period ended 31 March 2020.

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

	31 March 2020 S$	30 June 2019 S$
Not later than one year	78,768	33,618

8. Share capital

	No. of ordinary shares	S$
At 5 July 2018 (date of incorporation)	100	100
Shares issued	99,900	99,900
At June 30, 2019 and March 31, 2020	100,000	100,000

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

At the date of incorporation, the Company issued 100 ordinary shares for a total consideration of S$100 for cash as subscriber's shares to incorporate the Company.

On 18 April 2019, the Company issued and allotted 99,900 ordinary shares for a total consideration of S$99,900.

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

9. 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 31 March 2020 S$	Three-month ended 31 March 2019 S$	Nine-month ended 31 March 2020 S$	Period from 5 July 2018 (date of incorporation) to 31 March 2019 S$
Rental expenses paid to related parties	33,619	16,810	67,096	37,500

Related party refers to the company which is controlled by the Company's directors and their close family members.

9. Related party transactions (continued)

Key management personnel compensation

	Three-month ended 31 March 2020 S$	Three-month ended 31 March 2019 S$	Nine-month ended 31 March 2020 S$	Period from 5 July 2018 (date of incorporation) to 31 March 2019 S$
Contract for services, a director	30,000	30,000	90,000	80,000
Contract for services, a director	30,000	30,000	90,000	80,000
Contract for services, a director	30,000	30,000	90,000	80,000
Contract for services, Chief Financial Officer	30,000	24,000	90,000	64,000
Contract for services, Chief Investment Officer	24,000	24,000	72,000	64,000
Contract for services, Chief Management Officer	19,500	19,500	58,500	52,000
Contract for services, Chief Legal Officer	18,000	18,000	54,000	48,000
Total administrative expenses	181,500	175,500	544,500	468,000

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

10. 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.

10. Financial risk management (continued)

(a) Credit risk (continued)

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-lookingmacroeconomic 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 March 2020 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.

(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.

10. Financial risk management (continued)

(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:

	31 March 2020 S$	30 June 2019 S$
Financial assets at amortised cost	6,854,840	10,036,068
Financial liabilities at amortised cost	221	7,415,100

11. 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 1 July 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.

12. Authorisation of financial statements for issue

The condensed interim financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 1 June 2020.