CONTINENTAL SHIPPING AND CONSULTING PTE. LTD.

(Company Registration No. 201734459H)

Management Financial Statements For The Year Ended December 31, 2021

Continental Shipping And Consulting Pte. Ltd.
(Incorporated in the Republic of Singapore)

Directors
Senthilvel Ramkumar
Kuttappan Manikandan
Mehrish Gagan

Secretary
Raja Muhammad Shah Bin Abdullah

Registered Office
22 Cross Street #02-01
Cross Street Exchange
Singapore 048421

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The directors present this statement to the members together with the financial statements of the Company for the financial year ended December 31, 2021.

The financial statements are unaudited as provided for in the Singapore Companies Act, Chapter.50, Section 205C.

No members of the Company holding in aggregate more than 5% in nominal value of the Company's issued share capital had requested for an audit of these financial statements.

1 Directors

The directors in office at the date of this statement are: -
Senthilvel Ramkumar
Kuttappan Manikandan
Mehrish Gagan

2 Arrangements to enable directors to acquire shares and debentures

Neither during nor at the end of the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits through the acquisition of shares in, or debentures of the Company or any other body corporate.

3 Directors' interest in shares and debentures

The directors holding office at the end of the financial year had no interests in shares, debentures, warrants or share options of the Company as recorded in the Register of Directors' Shareholding kept by the Company under Section 164 of the Singapore Companies Act, except as follows:

Name of directors / company in which interests are held	Direct interest		Deemed interest	
	At the beginning of financial year or date of appointment	At the end of financial year	At the beginning of financial year or date of appointment	At the end of financial year
	01.01.2021	31.12.2021	01.01.2021	31.12.2021
Ordinary shares of the Company				
Senthilvel Ramkumar	33,333	33,333	-	-
Kuttappan Manikandan	33,333	33,333	-	-
Mehrish Gagan	33,334	33,334	-	-

4 Share options

During the financial year, there were:

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

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

5 Directors' opinion

In the opinion of the directors,

(a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at December 31, 2021 and the financial performance, changes in equity and cash flows of the Company for the financial period ended on that date in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Financial Reporting Standards in Singapore; and

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

The board of directors

……………………………………………………..
Senthilvel Ramkumar

……………………………………………………..
Kuttappan Manikandan

……………………………………………………..
Mehrish Gagan

Date: February 28, 2022

Statement of Financial Position

As at December 31, 2021

	Note	2021	2020
		US$	US$
Assets			
Non-current assets			
Plant and equipment	4	294	587
Total non-current assets		294	587
Current assets			
Trade receivables	5	1,228,797	564,304
Other receivables	6	5,209	4,896
Prepayments	7	3,107	3,177
Advance for purchases	8	10,227	18,204
Cash at banks	9	1,578,689	155,616
Total current assets		2,826,029	746,197
Total assets		**2,826,323**	**746,784**
Equity and liabilities			
Equity			
Share capital	10	100,000	100,000
Accumulated profits		1,563,621	463,772
Total equity		1,663,621	563,772
Current liabilities			
Trade Payables	11	658,806	38,580
Other payables and accruals	12	249,958	121,077
Contract liabilities	13	-	858
Income tax payable		253,938	22,497
Total current liabilities		1,162,702	183,012
Total liabilities		1,162,702	183,012
Total equity and liabilities		**2,826,323**	**746,784**

The annexed accounting policies and explanatory notes form an integral part of the financial statements

	Note	2021	2020
		US$	US$
Revenue	14	12,264,646	4,568,418
Other income	15	11,959	17
Cost of services		(10,034,900)	(4,022,011)
Depreciation of plant and equipment		(293)	(1,261)
Salaries and employee benefits	16	(493,435)	(281,354)
Other operating expenses		(184,190)	(65,873)
Profit before income tax	17	1,563,787	197,936
Income tax expense	18	(253,938)	(21,740)
Profit after income tax		1,309,849	176,196
Other comprehensive income		-	-
Total comprehensive income for the year		**1,309,849**	**176,196**

The annexed accounting policies and explanatory notes form an integral part of the financial statements

	Share Capital	Accumulated profits	Total
	US$	**US$**	**US$**
Balance as at 01.01.2020	100,000	287,576	387,576
Total comprehensive income for the year	-	176,196	176,196
Balance as at 31.12.2020	**100,000**	**463,772**	**563,772**
Total comprehensive income for the year	-	1,309,849	1,309,849
Dividend declared and paid during the year	-	(210,000)	(210,000)
Balance as at 31.12.2021	**100,000**	**1,563,621**	**1,663,621**

The annexed accounting policies and explanatory notes form an integral part of the financial statements

	2021	2020
	US$	US$
Cash flows from operating activities		
Profit before income tax	1,563,787	197,936
Adjustments for :-		
Interest income	(71)	(17)
Depreciation of plant and equipment	293	1,261
Operating profit before working capital changes	1,564,009	199,180
Trade receivables	(664,493)	(74,393)
Other receivables	(313)	(2)
Prepayments	70	(3,177)
Advance for purchases	7,977	(18,204)
Trade payables	620,226	(90,912)
Other payables and accruals	60,285	1,141
Contract liabilities	(858)	858
Cash generated from operations	1,586,903	14,491
Interest received	71	17
Income tax (paid)	(22,497)	(3,780)
Net cash generated from operating activities	1,564,477	10,728
Cash flows from investing activities		
Purchase of plant and equipment	-	(879)
Net cash used in investing activities	-	(879)
Cash flows from financing activities		
Dividends paid	(210,000)	-
Other payables - related party and director	68,596	108,918
Net cash (used in)/generated from financing activities	(141,404)	108,918
Net increase in cash and cash equivalents	1,423,073	118,767
Cash and cash equivalents brought forward	155,616	36,849
Cash and cash equivalents carried forward	**1,578,689**	**155,616**
Cash and cash equivalents comprise:-		
Cash at banks	1,578,689	155,616
	1,578,689	**155,616**

The annexed accounting policies and explanatory notes form an integral part of the financial statements

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

The financial statements are unaudited as provided for in Section 205C of the Singapore Companies Act, Chapter 50.

1 Corporate information

The Company (Registration No. 201734459H) is a private limited company incorporated and domiciled in Singapore.

The registered office and principal place of business is at 22 Cross Street, #02-01 Cross Street Exchange, Singapore 048421.

The principal activities of the Company are to provide freight forwarding, packing and crating services. There have been no significant changes in the nature of these activities during the financial year.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ("FRS") as required by the Singapore Companies Act, Chapter 50. The financial statements are expressed in United States Dollars (US$) and are prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement 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. These estimates and assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances (refer **Note 3** to the financial statements).

2.2 Adoption of new and amended standards and interpretation

The accounting policies adopted are consistent with those of 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 periods beginning on or after 1 January 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Company. The following standards and interpretations are effective for the annual period beginning on or after 1 January 2021:

Amendments to References to the Conceptual Framework in FRS Standards

FRS 109 Financial Instruments, FRS 39 Financial Instruments: Recognition and Measurement, FRS107 Financial Instruments: Disclosures, FRS 104 Insurance Contracts, FRS 116 (Amendments) Financial Instruments Disclosures: Interest Rate Benchmark Reform – Phase 2
FRS 116 (Amendments) Covid 19-Related Rent Concessions

2 Significant accounting policies *(cont'd)*

2.3 Standards issued but not yet effective

At the date of authorisation of these financial statements, the following FRS and INT FRS that are relevant to the Company were issued but not effective:

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 37 Provisions, Contingent liabilities, Contingent Assets, Onerous Contracts – Cost of fulfilling a Contract	1 January 2022
Annual Improvements to FRSs2018-2020	1 January 2022
Amendments to FRS 16 Property, Plant and Equipment, Proceeds before intended use.	1 January 2022
Amendments to FRS 103 Business Combinations: Reference to Conceptual Framework	1 January 2022
Amendments to FRS 12 Deferred tax related to Assets and Liabilities arising from a single transaction	1 January 2023
FRS 17 - Insurance Contracts	1 January 2023
Amendments to FRS 1 Presentation of Financial Statements and Practice Statement 2 Making Materiality Judgements: Disclosure of Accounting Policies	1 January 2023
Amendments to FRS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to FRS 8 Definition of Accounting Estimate	1 January 2023
Amendments to FRS 110 Consolidated Financial statements and FRS 28 Investments in Associates or Joint ventures: Sale or Contribution of assets between an Investor and its Associate or Joint venture	Date to be determined

The management anticipates that the adoption of the above FRS and INT FRS does not result in any significant changes to the Company's accounting policies or have any significant impact on the financial statements of the Company.

2.4 Foreign currency transactions and balances

(i) Functional currency

The functional currency of the Company is United States dollars (US$). The measurement and presentation currency are United States dollars (US$). As the income and expenses are usually transacted in US$, the directors are of the view that presenting the results and financial position of the Company in US$ reflects the economic substance of the underlying events and circumstances relevant to the Company.

(i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign currency monetary assets and liabilities are translated into the functional currency at the exchange rates prevailing at the statement of financial position date.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of foreign currency denominated assets and liabilities are recognised in the profit or loss.

Currency translation differences on non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

2 Significant accounting policies *(cont'd)*

2.5 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment in value, if any. The cost of plant and equipment comprises its purchase price and any directly attributable costs of bringing the plant and equipment to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit or loss. When plant and equipment are sold or retired, their cost and accumulated depreciation and impairment loss are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit or loss.

Depreciation is calculated on a straight-line method to write off the cost of the plant and equipment over its estimated useful life at the following annual rate.

Computers and peripherals	-	33.33%

Fully depreciated property, plant and equipment still in use are retained in the financial statements. Right of use asset is depreciated over the period of lease term.

2.6 Impairment of non-financial assets

At each statement of financial position date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of impairment loss is recognised immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.7 Financial instruments

a) Financial assets
Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Company measures a financial asset at its fair value, plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

2 Significant accounting policies *(cont'd)*
2.7. Financial instruments *(cont'd)*
a) Financial assets *(cont'd)*
Initial recognition and measurement *(cont'd)*

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined per the Company's revenue recognition policy.

Trade receivables are measured at the amount of 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 party, if the trade receivables do not contain a significant financing component at initial recognition.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss (FVPL).
Financial assets that are classified and measured at amortised cost or fair value through OCI, are financial assets that give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. The assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified in four categories: -
- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses ("FVOCI")
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
-Financial assets at fair value through profit or loss

The Company's relevant financial assets category are financial assets at amortised cost

<u>Financial assets at amortised cost</u>
The Company measures financial assets at amortised cost if both of the following conditions are met: -
-The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
-The contractual terms of the financial asset give rise specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. For short-term receivables the nominal cost approximates the fair value.

The Company's financial assets at amortised cost includes trade and other receivables and cash and bank balances.

2 Significant accounting policies *(cont'd)*

2.7. Financial instruments *(cont'd)*

a) Financial assets *(cont'd)*

Derecognition

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has entered into a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade and other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Company makes judgmental assessment for financial asset in default when contractual payments are past due. The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2 Significant accounting policies *(cont'd)*

2.7. Financial instruments *(cont'd)*

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. For short term payables the nominal costs approximate the fair value

The Company's financial liabilities include trade payables on normal trade terms, other payables and accruals and interest-bearing borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification.
After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires when an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.8 Contract Liability

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

2.9 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents consist of cash at banks.

2.10 Government Grants

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received, and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

To tide the Covid-19 pandemic, the government has assisted with the below grants during the year
(i) Property tax rebate
(ii) Jobs support scheme
(iii) Rental relief
(iv) Foreign worker levy waiver and rebate
(v) Jobs Growth Incentive

2 Significant accounting policies *(cont'd)*

2.11 Employee benefits

Retirement benefit costs
As required by law, the Company makes contributions to the Central Provident Fund (CPF), a defined contribution plan regulated and managed by the Government of Singapore. CPF contributions are recognised as expense in the same year to which the contribution relates.

Employee entitlements to annual leave are recognised when they accrue to the employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by the employees up to the statement of financial position date.

A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Key management personnel
Directors and certain managers that have the authority and responsibility for planning, directing and controlling the activities of the Company are considered key management personnel.

2.12 Leases

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 recognizes 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 recognizes 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 include the amount of lease liabilities recognized, 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 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 costs 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 2.6.**

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 an 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 reasonably 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.

2 Significant accounting policies *(cont'd)*

2.12 Leases *(cont'd)*

a) **As lessee** *(cont'd)*

Lease liabilities *(cont'd)*

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because 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 and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of office premises (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). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

b) **As lessor**

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on the Company's investment properties is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.13 Revenue

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 and based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

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.

Revenue for the Company comprises income from freight forwarding and other service income. Revenue is recognised when services are provided to the customer and all criteria for acceptance have been satisfied. There is no variable consideration involved in the Company's business activity.

The amount of revenue recognised is based on the transaction price, which comprises the contractual price less any discounts given.

2 Significant accounting policies *(cont'd)*

2.14 Taxes

(a) Current income tax

Income tax expense represents the sum of tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is calculated using statutory tax rate at the statement of financial position date.

(b) Deferred income tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset, realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt, within equity.

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on net basis.

(c) Goods and service tax

Revenues, expenses and assets are recognised net of the amount of GST except:

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

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

2.15 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.16 Related parties

The related parties are defined as follows:

a) A person or a close member of that person's family is related to the Company if that person:
   (i) has control or joint control over the Company.
   (ii) has significant influence over the Company; or
   (iii) is a member of the key management personnel of the Company.

2 Significant accounting policies *(cont'd)*

2.16 Related parties *(cont'd)*

b) An entity is related to the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
(iii) Both entities are joint ventures of the same third party;
(iv) One entity is a joint venture of the third entity and the other entity is an associate of the third entity;
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
(vi) The entity is controlled or jointly controlled by a person identified in (a);
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity); and
(viii) The entity, or any member of a group of which it is part, provides key management personnel services to the Company.

3 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.

In the process of applying the entity's accounting policies, management is of opinion that there are no critical judgements (other than those involving estimates) that have significant effect on the amounts recognised in the financial statements

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Depreciation

The Company depreciates the plant and equipment over their estimated useful lives, after taking into account their estimated residual values, if any, using the straight-line method. The estimated useful life reflects the directors' estimate of the periods that the Company intends to derive future economic benefits from the use of the Company's plant and equipment. The residual values reflect the directors' estimated amount that the Company would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

(b) Provision for expected credit losses (ECLs) of other receivables

The Company uses a provision matrix to calculate ECLs for other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

3 Significant accounting judgements and estimates *(cont'd)*

(b) Provision for expected credit losses (ECLs) of other receivables *(cont'd)*

The level of estimation and judgement used in the ECL calculation has increased as a result of the COVID-19 outbreak. The Company has considered the impact of COVID-19 on its customers and grouped them based on shared credit risk characteristics.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

4 Plant and equipment

2021	**Computers and peripherals**	**Total**
	US$	**US$**
Cost		
At January 1, 2021	3,784	3,784
At December 31, 2021	3,784	3,784
Depreciation		
At January 1, 2021	3,197	3,197
Charge for the year	293	293
At December 31, 2021	3,490	3,490
Net book value		
At December 31, 2021	**294**	**294**

2020	**Computers and peripherals**	**Total**
	US$	**US$**
Cost		
At January 1, 2020	2,905	2,905
Additions	879	879
At December 31, 2020	3,784	3,784
Depreciation		
At January 1, 2020	1,936	1,936
Charge for the year	1,261	1,261
At December 31, 2020	3,197	3,197
Net book value		
At December 31, 2020	**587**	**587**

5 Trade Receivables:

	2021	2020
	US$	US$
Trade receivables	1,228,797	564,304
	1,228,797	**564,304**

The credit term for services provided is 30 days. The trade receivables are non-interest bearing.

The table below is an analysis of trade receivables aging as at year ended December 31:

	2021	2020
	US$	US$
Not past due	1,073,740	455,000
Past due 30 to 90 days	64,714	33,237
Past due more than 90 days	90,343	76,067
	1,228,797	**564,304**

The Company has not made any allowance on all these receivables as the directors are of the view that all the receivables are recoverable.

6 Other receivables

	2021	2020
	US$	US$
Deposits	5,209	4,896
	5,209	**4,896**

The Company's other receivables that are not denominated in United States Dollars are as follow: -

	2021	2020
	US$	US$
Singapore Dollars	5,209	4,896

Other receivable is deposit towards commitment of utilization of office space, which is refundable at the end of commitment term. Refer **Note 20**.

7 Prepayments

	2021	2020
	US$	US$
Prepayments	3,107	3,177
	3,107	**3,177**

The Company's prepayments that are not denominated in United States Dollars are as follow: -

	2021	2020
	US$	US$
Singapore Dollars	3,107	3,177

8 Advance for Purchases

	2021	2020
	US$	US$
Advance for purchases	10,227	18,204
	10,227	**18,204**

9 Cash at banks

	2021	2020
	US$	US$
Cash at banks	1,578,689	155,616
	1,578,689	**155,616**

The Company's bank balance that is not denominated in United States dollars is as follows: -

	2021	2020
	US$	US$
Singapore Dollars	6,743	33,167
	6,743	**33,167**

10 Share capital

	2021	2021	2020	2020
	No. of shares issued	US$	No. of shares issued	US$
Ordinary shares issued and fully paid				
Balance at beginning and end of year	**100,000**	**100,000**	**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 and have no par value. The ordinary shares are denominated in United States dollars.

11 Trade payables

	2021	2020
	US$	US$
Trade payables	658,806	38,580
	658,806	**38,580**

The credit period for services received is immediate (2020: immediate).

12 Other payables and accruals

	2021	2020
	US$	US$
Loan received	7,639	7,639
Amount due to Directors	139,461	85,956
Withholding tax payable	39,053	23,962
Accrued expenses	63,805	3,520
	249,958	**121,077**

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

The Company’s other payables and accruals that are not denominated in United States dollars are as follows: -

	2021	2020
	US$	US$
Singapore Dollars	186,715	117,834

13 Contract liabilities

	2021	2020
	US$	US$
Contract liabilities	-	858
	-	**858**

14 Revenue

	2021	2020
	US$	US$
Type of service:		
Income from freight forwarding	11,525,793	4,318,551
Other service income	738,853	249,867
	12,264,646	**4,568,418**
Timing of transfer of service:		
At a point in time	**12,264,646**	**4,568,418**

There is no variable consideration recognised during the financial year.

15 Other income

	2021	2020
	US$	US$
Interest income	71	17
Government grant- Jobs Growth Incentive	10,668	-
- Jobs Support scheme	1,220	
	11,959	**17**

16 Salaries and employee benefits

Salaries and employee benefits for the financial year ended December 31;

	2021	2020
	US$	US$
Salaries and bonus	24,167	6,685
CPF contribution	4,161	1,151
Non-Resident Directors' fees	177,514	108,918
Local Director		
- remuneration	134,028	130,854
- bonus	100,000	-
Other benefits to Local director		
- medical insurance	4,179	5,419
- medical expenses	5,336	1,046
- other benefits	44,050	27,281

	493,435	**281,354**

16 Salaries and employee benefits *(cont'd)*

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the financial year is as follows:

	2021	2020
	US$	US$
Salaries and employee benefits	287,593	164,600
Non-Resident Directors' fees	177,514	108,918
	465,107	**273,518**

The key management personnel comprise directors who do not receive any short-term employee benefits during the financial year.

17 Profit before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the income statement, this item includes the following charges/(credits):-

	2021	2020
	US$	US$
Bad debts written off – trade	-	11,200
Documentation, handling, and haulage charges	2,279,088	1,615,166
Freight forwarding charges	7,702,846	2,348,677
Foreign exchange loss	2,961	351
Marketing fees		
-Current year	60,000	-
-Prior year not provided	42,237	-
Professional fees	6,778	5,255
Office rental expenses	20,967	22,581

18 Income tax expense

	2021	2020
	US$	US$
Current year	253,938	21,740
	253,938	**21,740**

The income tax expense varies from the amount of income tax expense determined by applying the Singapore income tax rate of 17% to the profit before income tax as a result of the following differences:

18 Income tax expense *(cont'd)*

	2021	2020
	US$	US$
Profit before income tax	**1,563,787**	**197,936**
Tax expense at tax rate of 17%	265,843	33,649
Non -Taxable income	(207)	-
Non-deductible items	1,219	678
Deferred tax arising during the year not provided	50	(65)
Statutory stepped income exemption	(12,967)	(12,652)
Income tax expense for the financial year	**253,938**	**21,740**

The following deferred tax liability is not recognised in the financial statements as at end of financial year there are no significant temporary differences.

	2021	2020
	US$	US$
Difference in depreciation	(50)	(100)

19 Related parties' transactions

Some of the Company's transactions and arrangement are with the related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances with these parties are unsecured, interest free and repayable on demand unless otherwise stated.
During the year, the Company entered into the following transactions with the related party:

	2021	2020
	US$	US$
Local director's remuneration	134,028	130,854
Non-Resident Directors' fees	177,514	108,918
Other benefits to Local director	53,565	33,746

20 Commitments

The Company has entered into a commitment term of 24 months for utilization of office space.

The future minimum fees payable for at the reporting date but not recognised as liabilities is as follows:

	2021	2020
	US$	US$
Rental expense:		
Within 1 year	21,969	22,431
Within 2 to 5 years	-	22,432
	21,969	**44,863**

21 Financial instruments, financial and capital risk management

(a) **Categories of financial instruments**
The following table sets out the financial instruments as at the statement of financial position date:

	2021	2020
	US$	US$
Financial assets		
At amortised cost:		
- Trade Receivables	1,228,797	564,304
- Other Receivables	5,209	4,896
- Cash at Bank	1,578,689	155,616
Total financial assets	**2,812,695**	**724,816**
Financial liabilities		
At amortised cost:		
- Trade payables	658,806	38,580
- Other payables and accruals	249,958	121,077
Total financial liabilities	**908,764**	**159,657**

(b) **Fair value measurements**
Fair value hierarchy

The assets and liabilities measured at fair value are classified by the following level of fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

21 Financial instruments, financial and capital risk management*(cont'd)*

(b) **Fair value measurements** *(cont'd)*

Assets and liabilities not measured at fair value

(i) **Trade receivables and trade payables**

The carrying amounts of these receivables and payables approximate their fair values as they are subject to normal trade credit terms.

(ii) **Other receivables, cash and bank balances and other payables**

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

(c) **Financial risk management**

The Company's activities expose it to a variety of financial risks from its operations. The key financial risks include liquidity risk, credit risk and market risk (including interest rate risk, foreign currency risk and price risk).

The directors review and agree policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. As of period end, the Company's current liabilities exceed its current assets. The Company does not anticipate any problems in obtaining additional funding from its directors if the need arises. As at the date of this report, its directors have undertaken to provide adequate financial support to enable the Company to meet its liabilities as and when they fall due.

The table below summarises the maturity profile of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

		Cash flows		
	Carrying amount	**Contractual cash flow**	**Less than 1 year**	**Within 2 to 5 years**
	US$	US$	US$	US$
2021				
Financial assets				
Trade receivables	1,228,797	1,228,797	1,228,797	-
Other receivables	5,209	5,209	5,209	-
Cash at banks	1,578,689	1,578,689	1,578,689	-
Total undiscounted financial assets	**2,812,695**	**2,812,695**	**2,812,695**	-
Financial liabilities				
Trade payables	(658,806)	(658,806)	(658,806)	-
Other payables and accruals	(249,958)	(249,958)	(249,958)	-
Total undiscounted financial liabilities	**(908,764)**	**(908,764)**	**(908,764)**	-
Total net undiscounted financial assets	**1,903,931**	**1,903,931**	**1,903,931**	**-**

21 Financial instruments, financial and capital risk management*(cont'd)*
(c) **Financial risk management** *(Cont'd)*
Liquidity risk *(cont'd)*

		Cash flows		
	Carrying amount	**Contractual cash flow**	**Less than 1 year**	**Within 2 to 5 years**
	US$	US$	US$	US$
2020				
Financial assets				
Trade receivables	564,304	564,304	564,304	-
Other receivables	4,896	4,896	4,896	-
Cash at banks	155,616	155,616	155,616	-
Total undiscounted financial assets	**724,816**	**724,816**	**724,816**	-
Financial liabilities				
Trade payables	(38,580)	(38,580)	(38,580)	-
Other payables and accruals	(121,077)	(121,077)	(121,077)	-
Total undiscounted financial liabilities	**(159,657)**	**(159,657)**	**(159,657)**	-
Total net undiscounted financial assets	**565,159**	**565,159**	**565,159**	**-**

Credit risk
Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company has adopted a policy of only dealing with creditworthy counterparties. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Company has determined the default event on financial asset be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 60 days past the credit due dates, default of interest due for more than 30 days or there is significant financial difficulty of the counterparty.

Cash at banks are placed with a credit worthy financial institution.

Trade and other receivables
The Company assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

As at statement of financial position date, the Company has no significant concentration of credit risk in relation to any external receivables except for three (2020: three) customers who account for 67% (2020: 29%) of total trade receivables. Further details of credit risks on trade receivables are disclosed in **Note 5** to the financial statements.

21 Financial instruments, financial and capital risk management*(cont'd)*
(c) **Financial risk management** *(cont'd)*

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company has no significant exposure to market risk for changes in interest rates. As of end of the financial year, the Company has no interest-bearing borrowings from any external sources.

Foreign currency risk

The Company has no significant exposure to foreign exchange risk as its transactions and balances are mainly denominated in its functional currency, i.e., in United States Dollar. However, it does have balances denominated in Singapore Dollar.

Foreign currency received are kept in a foreign currency account and converted to United States Dollars on a need to basis so as to minimize the foreign currency exposure.
-
As at financial period end, the carrying value of monetary assets and liabilities denominated in currencies other than in United States Dollar are disclosed in the respective notes to the financial statements. Any fluctuations in the Singapore dollars against the United States dollars will have a minimal impact on the results of the Company as these balances are not significant.

Foreign currency sensitivity analysis

Any increase or decrease in the Singapore dollars against United States dollars will have a minimal impact on the financial statements. An increase/decrease in 10% in the S$ rate, will decrease /increase the profit before tax by US$17,166 (2020:US$7,660) and a similar decrease/increase in the S$ rate will correspondingly increase/decrease the profit before tax by a similar amount.

Price risk

Price 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 prices (other than interest or exchange rates). The Company has no significant exposure to price risk.

(d) **Capital risk management**

The management considers the capital of the Company to mainly consist of shareholders equity.
The management manages the capital to ensure the Company will be able to continue as a going concern while maximising the return to shareholders through optimisation of the capital.

The management's overall strategy remains unchanged from 2020.

22 Development of COVID-19 outbreak and its corresponding impact on the Company

COVID-19 outbreak has brought about an unprecedented challenge for many entities, with increased uncertainty in the global economy. As the situation is still evolving, the full effect of the outbreak is still uncertain, and the Company is therefore unable to provide a quantitative estimate of the potential impact of this outbreak on the Company. The Company continues to monitor and evaluate any possible impact on the Company's business and will consider implementation of various measures to mitigate the effects arising from the COVID-19 situation. Based on management's latest assessment, there is no indicator that the going concern assumption used by the Company in preparing the financial statement is inappropriate.

23 Authorisation of financial statements
These financial statements were authorised for issue in accordance with a resolution of the directors on February 28, 2022.

Continental Shipping And Consulting Pte. Ltd.

The Accompanying Supplementary Detailed Income Statement

Has Been Prepared For Management Purposes Only

	2021	2020
	US$	US$
Revenue		
Income from freight forwarding	11,525,793	4,318,551
Other service income	738,853	249,867
	12,264,646	4,568,418
Other income		
Interest income	71	17
Government grant- Jobs Growth Incentive	10,668	-
- Jobs Support Scheme	1,220	-
	11,959	17
Cost of services		
Freight forwarding charges	(7,702,846)	(2,348,677)
Documentation, handling and haulage charges	(2,279,088)	(1,615,166)
Other services charges	(43,128)	(51,169)
Insurance	(9,838)	(6,999)
	(10,034,900)	(4,022,011)
Depreciation of plant and equipment	(293)	(1,261)
Salaries and employee benefits		
Salaries and bonus	(24,167)	(6,685)
CPF Contribution	(4,161)	(1,151)
Non-Resident Director's fees	(177,514)	(108,918)
Local Director		
- remuneration	(134,028)	(130,854)
- bonus	(100,000)	-
- medical insurance	(4,179)	(5,419)
- medical expenses	(5,336)	(1,046)
- other benefits	(44,050)	(27,281)
	(493,435)	(281,354)
Other operating expenses		
Bad debts written off	-	(11,200)
Bank charges	(12,054)	(10,129)
Conveyance	(10,341)	(2,910)
Foreign exchange loss	(2,961)	(351)
Filing fees	(44)	(44)
Marketing fees		
- Current year	(60,000)	-
- Prior year not provided	(42,237)	-
Office expenses		
- Current year	(17,423)	(9,171)
- Prior year over provided	315	-
Office Rent	(20,967)	(22,581)

Cont'd…

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Postage & courier	-	(420)
Printing and stationary	(4,572)	(2,181)
Professional fees	(6,778)	(5,255)
Repairs and maintenance	(587)	(677)
Stamp duty	(76)	-
Telephone	(3,268)	(954)
Travelling	(3,197)	-
	(184,190)	(65,873)
Profit before income tax	1,563,787	197,936
Income tax expense	(253,938)	(21,740)
Profit after income tax	1,309,849	176,196
Other comprehensive income	-	-
Total comprehensive income for the year	**1,309,849**	**176,196**