

**GK Exim FZE W.L.L**  
**Qalali - Bahrain**  
**Auditors' report and financial statements**  
**For the year ended March 31, 2021**

**Private & Confidential**

**GK Exim FZE W.L.L**

Qalali - Bahrain

Auditors' report and financial statements for the year ended March 31, 2021

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**GK Exim FZE W.L.L**

Qalali - Bahrain

The Entity

**ANNUAL  
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	Principal office address	: Flat /Shop No. 101, Building 1900 Road 5539, Block 255, Qalali, Kingdom of Bahrain		
The Entity	The Board of Directors	: <u>Name</u> Raju Pillai Subramaniam Venkatraman Iyer	<u>Nationality</u> <u>Indian</u> <u>Indian</u>	
Director's report	The Shareholder	: <u>Name</u> Sakuma Exim DMCC	<u>Equity Shareholding</u> 100%	<u>Nationality</u> Emarati
Independent Auditors' report	The Auditor	: Millenial Auditing Office no. 1906, Almoayyed Tower, Building 2504, Road 2832, Block no.428, Al-Seef Kingdom of Bahrain		
Statement of financial position	The Main Bank	: Bank of Bahrain and Kuwait		
Statement of comprehensive income				
Statement of changes in shareholder's equity				
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MILLENNIAL AUDITING  
HIGH GROWTH REPUTATION FUTURE

**GK Exim FZE W.L.L**  
**Qalali - Bahrain**  
**Director's Report**

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The Director's have pleasure in presenting their report and the audited financial statements for the year ended March 31, 2021.

**Principal activities of the Entity :**

The principal activities of the entity consist of goods re-export and other logistics value add services.

The Entity

**Role of the Director:**

**Directors'  
report**

The director's are the Entity's principal decision-making forum. Director have the overall responsibility for leading and supervising the Entity and is accountable to shareholders for delivering sustainable shareholder value through their guidance and supervision of the Entity's business. The director's sets the strategies and policies of the Entity. They monitor performance of the Entity's business, guides and supervises its management.

Independent  
Auditors'  
report

**Auditors:**

**Millenial Auditing, Bahrain** is willing to continue in office and a resolution to re-appoint them will be proposed in the Annual General Meeting.

Statement of  
financial  
position

**Statement of Director responsibilities:**

The applicable requirements, requires the director's to prepare the financial statements for each financial year which presents fairly in all material respects, the financial position of the Entity and its financial performance for the year then ended.

Statement of  
comprehensive  
income

The audited financial statements for the year under review, have been prepared in conformity and in compliance with the relevant statutory requirements and other governing laws. The director's confirms that sufficient care has been taken for the maintenance of proper and adequate accounting records. The director's also confirm that appropriate accounting policies have been selected and applied consistently in order that the financial statements reflect fairly the form and substance of the transactions carried out during the year under review and reasonably present the Entity's financial conditions and results of its operations.

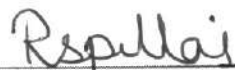
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**Acknowledgements**

The director's wishes to place on record their sincere gratitude for the continuous support extended by various government departments, banks, customers, suppliers, employees and all well wishers.

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**Raju Pillai**  
**Authorised Signatory**  
**GK Exim FZE W.L.L**  
**June 22, 2021**



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## ANNUAL REPORT 2021

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### Independent Auditor's Report

To the shareholders of GK Exim FZE W.L.L  
Qalali - Bahrain

### Report on Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of the **GK Exim FZE W.L.L (the "Company")** which comprise the statement of financial position as at March 31, 2021 and the statement of comprehensive income, statement of changes in equity, 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 present fairly, in all material respects, the financial position of the Company as at **March 31, 2021** its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of **GK Exim FZE W.L.L** in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and the ethical requirements that are relevant to our audit of the financial statements in the Kingdom of Bahrain. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

#### Responsibilities of the management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company 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.



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**Independent Auditor's Report (Continued)**

**Auditors' responsibilities for the audit of the financial statements**

The objectives of our audit 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 ISAs 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 expected to influence the economic decisions of users taken on the basis of these financial statements.

As a part of Audit in accordance with the ISA's, we exercise professional judgement and maintain professional skeptics throughout the audit. We also:

1. 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. The 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.

2. 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 Entity's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in 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 Entity to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.



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MISSOURY, REPUBLICAN, TOWERS

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**Independent Auditor's Report (Continued)**

**Report on Anti-Money Laundering and Terrorism Financing Requirements:**

To the best of our knowledge, information and explanations provided to us, we report that:

1. The company maintains proper internal control systems and procedures sufficient of monitoring and reporting of suspicious or extraordinary transactions.
2. The company holds Sufficient measures and internal procedures relevant to verifying the identity of its customers.
3. The company has not identified any suspicious transactions during the period ended 31st March 2021. The company does not have proper operating procedures to identify suspicious transactions.
4. The entity has no relationship of any kind with any individual(s) or organization(s) listed in the United Nations Security Council Resolution or Domestic List.
5. As at the financial year ended 31st March 2021, we are not aware of any violations to the Ministerial order (173) of 2017 regarding the concerning obligations related to the procedures of the prohibition of and combating money laundering and terrorism finance in the business of the persons registered in the commercial register and the audit registry in the Kingdom of Bahrain.

**Report on other legal and regulatory requirements**

As required by the **Commercial Company Law Bahrain**, we further confirm that,

1. We have obtained all the information and explanations necessary for our audit;
2. We are not aware of any contraventions during the year of the above mentioned law or the Entity's Articles of Association; which may have material effect on the financial position of the Entity or the result of its operations for the year.



MILLENIAL AUDITING  
MISSOURY, REPUBLICAN, TOWERS

**Poojan Goyal**  
**Managing Partner**  
**Registration No. 240**  
**Bahrain**  
**June 22, 2021**

**GK Exim FZE W.L.L**

Qalali - Bahrain

Statement of financial position as at March 31, 2021

(In Bahraini Dinar)

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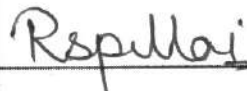
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Particulars	Note	2021	2020
<b>ASSETS</b>			
<b>Current assets</b>			
Due from related parties	4a	18,895	-
Advances, deposits & other receivables	5	841	-
Cash & cash equivalents	6	2,373	20,000
<b>Total current assets</b>		<b>22,109</b>	<b>20,000</b>
<b>TOTAL ASSETS</b>		<b>22,109</b>	<b>20,000</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital &amp; reserves</b>			
Share capital	7	20,000	20,000
Retained earnings	8	(4,825)	(3,654)
<b>Total equity</b>		<b>15,175</b>	<b>16,346</b>
Shareholders' current account	9	-	-
<b>Total fund</b>		<b>15,175</b>	<b>16,346</b>
<b>Current liabilities</b>			
Due to related party	4b	-	2,334
Other payables	9	6,934	1,320
<b>Total liabilities</b>		<b>6,934</b>	<b>3,654</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>22,109</b>	<b>20,000</b>

**The accompanying notes form an integral part of these financial statements.****The report of the auditors is set out on page 3, 4 and 5.**

The financial statements on pages 6 to 17 were approved on June 22, 2021 and signed on behalf of the Entity, by:


**Raju Pillai****Authorised Signatory****GK Exim FZE W.L.L**

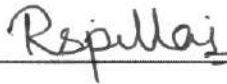


**GK Exim FZE W.L.L**

Qalali - Bahrain

Statement of comprehensive income for the period ended March 31, 2021

(In Bahraini Dinar)

<b>ANNUAL REPORT 2021</b>				<b>For the period from October 17, 2019 (inception) to March 31, 2020</b>
The Entity	<b>Particulars</b>	<b>Note</b>	<b>2021</b>	
Directors' report	Administrative expenses	10	(1,171)	(3,654)
	<b>(Loss) for the year/period</b>		<b>(1,171)</b>	<b>(3,654)</b>
	Other comprehensive income:		-	-
	<b>Total comprehensive (loss) for the year/period</b>		<b>(1,171)</b>	<b>(3,654)</b>
Independent Auditors' report	<p>The accompanying notes form an integral part of these financial statements. The report of the auditors is set out on page 3, 4 and 5.</p>			
Statement of financial position	<p>The financial statements on pages 6 to 17 were approved on June 22, 2021 and signed on behalf of the Entity, by:</p>			
Statement of comprehensive income	<p></p>			
Statement of changes in shareholder's equity	<p><b>Raju Pillai</b> <b>Authorised Signatory</b> <b>GK Exim FZE W.L.L</b></p>			
Statement of cashflows				
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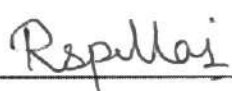


**GK Exim FZE W.L.L**

Qalali - Bahrain

Statement of changes in shareholder's equity for the year ended March 31, 2021

(In Bahraini Dinar)

<b>ANNUAL REPORT 2021</b>	<b>Particulars</b>	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
The Entity	<b>Capital introduced during the period</b>	20,000	-	20,000
	Comprehensive (loss) for the period	-	(3,654)	(3,654)
Directors' report	As at March 31, 2020	<b>20,000</b>	<b>(3,654)</b>	<b>16,346</b>
	Comprehensive (loss) for the year	-	(1,171)	(1,171)
	<b>As at March 31, 2021</b>	<b>20,000</b>	<b>(4,825)</b>	<b>15,175</b>
Independent Auditors' report	<b>The accompanying notes form an integral part of these financial statements.</b> <b>The report of the auditors is set out on page 3, 4 and 5.</b>			
Statement of financial position				
Statement of comprehensive income				
Statement of changes in shareholder's equity	<b>Raju Pillai</b> <b>Authorised Signatory</b> <b>GK Exim FZE W.L.L</b>			
Statement of cashflows				
Notes to financial statement				



**GK Exim FZE W.L.L**

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Statement of cash flows for the year ended March 31, 2021

(In Bahraini Dinar)

<b>ANNUAL REPORT 2021</b>		<b>For the period from October 17, 2019 (inception) to March 31, 2020</b>	
		<b>2021</b>	
The Entity	<b>Cash flows from operating activities</b>		
	Net (loss) for the year/period	(1,171)	(3,654)
Directors' report	<b>Funds (used in) operations</b>	(1,171)	(3,654)
	Advances, deposits & other receivables	(841)	1,320
	Due from related parties	(18,895)	-
	Due to related party	(2,334)	-
Independent Auditors' report	Other payables	5,614	-
	<b>Cash (outflow)/inflow from working capital</b>	(16,456)	1,320
	<b>Net cash (outflow) from operating activities</b>	(17,627)	(2,334)
Statement of financial position	<b>Cash flows from financing activities</b>		
	Capital introduced during the period	-	20,000
	<b>Net cash inflow from financing activities</b>	-	20,000
	<b>Net (decrease)/ increase in cash and cash equivalents</b>	(17,627)	17,666
	Cash and cash equivalents, beginning of the year	20,000	-
Statement of comprehensive income	<b>Cash and cash equivalents, end of the year</b>	2,373	17,666
	Represented by:		
	Cash at bank	2,373	20,000
Statement of changes in shareholder's equity		2,373	20,000
<b>Statement of cashflows</b>			
Notes to financial statement			

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

The report of the auditors is set out on page 3, 4 and 5.



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statement**1 Legal status and business activities**

**1.1 GK Exim FZE S.P.C (the "Entity")** was registered on October 17, 2019 as Single Person Company and operates in kingdom of Bahrain under a commercial registration number 134167 -1 issued by Ministry of Industry, Commerce and Tourism.

The legal status of the entity has been changed from Single Person Company(S.P.C) to With Limited Liability Company(W.L.L) w.e.f 01.12.2020.

**1.2** The authorised, issued and fully paid share capital of BHD 20,000 is divided into 400 shares of BHD 50 each.

**1.3** The Entity is licensed by the Government of Bahrain for goods re-export and other logistics value add services.

**1.4** The registered office of the Entity is located at Qalali - Kingdom of Bahrain.

**2 Basis of preparation****2.1 Statement of Compliance**

These Financial statements have been prepared in accordance with the International Financial Reporting Standards issued by International Accounting Standards Board(IASB) and in conformity requirements of Commercial Company Law.

**2.2 Functional & Presentation Currency**

The financial statements are presented in Bahraini Dinars ("BHD") which is also the functional and presentation currency of the Company. All financial information is presented in BHD has been rounded off to the nearest Bahraini Dinar.

**2.3 Basis of Measurement and Accounting & Coverage**

The financial statements have been prepared on Historical Cost Convention except in respect of those financial instruments, which are presented at their fair values and properly disclosed elsewhere in the report. These financial statements have been prepared under going concern assumption.

The Company follows the accrual basis of accounting, except for the statement of cash flows which is presented on cash basis. Under accrual basis, the transactions and events are recognized as and when they occur and are recorded in financial statements for the period to which they relate to.

The financial statements enclosed covers the period April 01, 2020 to March 31, 2021.

**3 Summary of significant accounting policies:**

The following accounting policies have been consistently applied by the management in preparation of the financial statements, except where stated here under:

**3.1 Property, plant & Equipment:**

Property, plant & Equipment are carried at their cost of acquisition including any incidental expenses related to acquisition or installation, less accumulated depreciation and accumulated impairment loss. Depreciation has been provided on straight line method over the estimated useful lives, as determined by the management.

Property, plant & equipment are, at the reporting date, subject to impairment. Where any indication of impairment exist, the carrying amount is written down to its recoverable amount.

The management's estimate of useful life of various asset is as follows:

Property, plant & equipment	Period
Motor Vehicle	5 years



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statement**3 Summary of significant accounting policies (continued)****3.1 Property, plant & Equipment: (continued)**

Gains and losses are determined by comparing proceeds with the asset's carrying amount. These are recognized under 'other income or expense' in the statement of comprehensive income.

**3.2 IFRS 9 Financial Instruments**

These instruments are accounted as basic financial instrument :

**a) Cash & Cash equivalents:**

Cash and cash equivalents comprise cash and liquid funds with an original maturity of three months or less which includes balance with bank in current account. Other bank deposits with maturity less than a year are classified as short term bank deposits.

**b) Accounts Receivables:**

Accounts receivables are due from customers in ordinary course of business. They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Where there is objective evidence of amounts that are not collectible, a provision is made for the difference between the carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

**c) Accounts payables:**

Accounts payables represents obligations towards vendors in ordinary course of business. Accounts payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

**3.3 Leases:**

Leases are classified as finance lease, when substantially all the risk and reward of ownership are transferred to lessee. All other leases are operating lease.

**Operating lease**

Lease payments under an operating lease are recognised as an expense in the statement of comprehensive income on a straight line basis over the lease term.

**3.4 Provisions & Contingencies**

Provisions are recognised when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting year, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Contingent liabilities are not recognized but are disclosed in the notes to financial statements. A disclosure of contingent liability is made when there is a possible obligation or present obligation that may, or may not, require an outflow of resources. When likelihood of outflow is remote, no provision or disclosure is made.

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statement****3 Summary of significant accounting policies (continued)****3.5 Expenditure:**

Expenses are accounted for on the accrual basis and provisions are made for all known losses and liabilities. Expenses are presented in the statement of comprehensive income, classified according to the function of expense.

**3.6 Use of Estimates & Judgements**

The preparation of financial statements, in conformity with IFRS, requires management to make estimates, judgements and assumptions that affect the application of policies and reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected & same are mentioned under respective accounting policy note. The following accounting estimates and management judgements have been considered, which are material in nature, in preparation of financial statements.

**(a) Useful life of property, plant & equipment:**

Company's management estimates the useful life of property, plant & equipment and residual value for calculating depreciation. It reviews the estimated life & residual value on annual basis & future depreciation expense would be adjusted where the management believes that useful life differs from the previous estimates.

**3.7 Financial Instruments****Financial Assets**

On initial recognition, a financial asset is classified as measured at amortised cost; FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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4 Related party transactions

The Entity enters into transactions with other entities that fall within the definition of a related party as contained in IAS 24, Related party disclosures. Such transactions are in the normal course of business and at terms that correspond to those on normal arms-length transactions (except revenue related transactions) with third parties. Related parties comprise entities under common ownership and/or common management and control; their partners and key management personnel.

The Entity believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

a) Due from related party

Sakuma Exim DMCC

18,895	-
18,895	-

b) Due to related parties

Sakuma Exim DMCC

-	2,334
-	2,334

5 Advances, deposits and other receivables

Prepaid rent

841	-
841	-

6 Cash and cash equivalents

Cash at bank

2,373	20,000
2,373	20,000

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Authorised, issued and paid up capital of the Entity is BHD 20,000 divided into 400 shares of BHD 50 each fully paid up. The details of the shareholding as at reporting date are as follows:

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**Name**  
Sakuma Exim DMCC

Percentage	No of share	2021	2020
100%	400	20,000	20,000
100%	400	20,000	20,000

**8 Retained earnings**

Balance at the beginning of the year/period

Comprehensive (loss) for the year/period

Balance at the end of the year/period

(3,654)	-
(1,171)	(3,654)
(4,825)	(3,654)

**9 Other payables**

Trade payable

Loan &amp; advances

Other payables

1,580	-
3,800	-
1,554	1,320
6,934	1,320

**10 Administrative expenses**

Legal, visa, professional and related expenses

Rent

Bank charges

Other administrative expenses

1,043	2,900
95	-
33	-
-	754
1,171	3,654



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statement**11 Financial instruments****a) Significant accounting policies**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

**b) Categories of financial instruments**

Financial assets

Due to related parties

Cash and cash equivalents

Financial liabilities at amortised cost

Other payables

As at March 31,	
2021	2020
18,895	-
2,373	20,000
21,268	20,000

6,934	1,320
6,934	1,320

**c) Fair values of financial instruments**

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, trade receivables, investments, due from related parties and certain other assets. Financial liabilities consist of trade payables and accruals, due to related parties, term loans, bank overdrafts and certain other liabilities.

The fair values of financial assets and liabilities are not materially different from their carrying values as at the reporting date.

**12 Financial risk management objectives**

The Entity management set out the Entity's overall business strategies and its risk management philosophy. The Entity's overall financial risk management program seeks to minimize potential adverse effects on the financial performance of the Entity. The Entity policies include financial risk management policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk), liquidity risk and credit risk. Periodic reviews are undertaken to ensure that the Entity's policy guidelines are complied with.

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

The Entity is exposed to the following risks related to financial instruments. The Entity does not enter into or trade in financial instruments, investment in securities, including derivative financial instruments, for speculative or risk management purposes.

**a) Foreign currency risk management**

The Entity does not have any significant exposure to currency risk, as most of its assets and liabilities are denominated in Bahraini Dinar BHD and Dinar to USD conversion is pegged.



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statement**12 Financial risk management objectives (continued)****b) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the management which has built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Entity's financial assets. The contractual maturities of the financial assets have been determined on the basis of the remaining period at the financial position date to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity were maintained. The maturity profile of the assets and liabilities at the financial position date based on contractual repayment arrangements were also show on the following table.

Particulars	Interest bearing			Non Interest bearing			Total
	On demand or less than 3 months	Within 1 year	More than 1 year	On demand or less than 3 months	Within 1 year	More than 1 year	
	As at March 31, 2021						
Financial assets							
Cash and cash equivalents	-	-	-	2,373	-	-	2,373
Total	-	-	-	2,373	18,895	-	21,268
Financial liabilities							
Other payables	-	-	-	-	6,934	-	6,934
Total	-	-	-	-	6,934	-	6,934

Particulars	Interest bearing			Non Interest bearing			Total
	On demand or less than 3 months	Within 1 year	More than 1 year	On demand or less than 3 months	Within 1 year	More than 1 year	
	As at March 31, 2020						
Financial assets							
Cash and cash equivalents	-	-	-	20,000	-	-	20,000
Total	-	-	-	20,000	-	-	20,000
Financial liabilities							
Other payables	-	-	-	-	1,320	-	1,320
Total	-	-	-	-	3,654	-	3,654



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statement****12 Financial risk management objectives (continued)****c) Credit risk management**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Entity. The Entity has adopted a policy of only dealing with creditworthy counterparties. The Entity uses its own trading records to rate its existing customers and increase their credits limits. The Entity's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management regularly and the Entity maintains an allowance for doubtful debts based on expected collectability of all trade receivables.

The Entity does not have significant credit risk exposure to a single counterparty or any group of counter parties having similar characteristics. The Entity defines counterparties as having similar characteristics if they are related entities.

The carrying amounts of the financial assets recorded in the financial statements, which is net of impairment losses, represents the Entity's maximum exposure to credit risks.

**13 Capital risk management**

The Entity manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the equity balance. The Entity's overall strategy remains unchanged from prior year.

The capital structure of the Entity consists of cash and cash equivalents and equity comprising issued capital, reserves and retained earnings as disclosed in the financial statements.