

RESPONSIVE INDUSTRIES LLC

Company Registration Number: 61-1963070

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2022

<u>CONTENTS</u>	<u>PAGE</u>
Director's Statement	1
Compilation Report	2
Statement of Profit or Loss and Other Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 – 26

RESPONSIVE INDUSTRIES LLC

Company Registration No.: 61-1963070

DIRECTOR'S STATEMENT

For the financial year ended 31 March 2022

The director presents his statement to the member together with the financial statements of Responsive Industries LLC (the "Company") for the financial year ended 31 March 2022.

OPINION OF THE DIRECTOR

In my opinion, being the sole director of the Company,

- (i) 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 31 March 2022 and the financial performance, changes in equity and cash flows of the Company for the financial year then ended; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company, will be able to pay its debts as and when they fall due.

The Sole Director

DocuSigned by:

Mr. Rishabh Agarwal

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AGARWAL RISHAB RAJKUMAR

Director

Date: 28 April 2022

Helmi Talib LLP



Registration No. (UEN): T20LL1986E
Chartered Accountants of Singapore
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COMPILATION REPORT
TO THE MANAGEMENT OF RESPONSIVE INDUSTRIES LLC

We have compiled the accompanying financial statements of Responsive Industries LLC (the "Company") based on information you have provided. These financial statements comprise the statement of financial position of the Company as at 31 March 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards ("IFRS"). We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with IFRS.

Our compilation report is intended solely for the parties specified in the engagement letter, and should not be distributed to other parties.

DocuSigned by:

Helmi Talib LLP

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HELMI TALIB LLP
Public Accountants and
Chartered Accountants

Singapore

Date: 28 April 2022

Partner-in-charge : Mari Jane Tiburcio
PAB No. : 01780



RESPONSIVE INDUSTRIES LLC

Company Registration No.: 61-1963070

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2022

	Note	1 April 2021 to 31 March 2022	6 March 2020 (date of incorporation) to 31 March 2021
		US\$	US\$
Revenue	5	12,123,679	716,935
Cost of sales		<u>(11,437,060)</u>	<u>(665,571)</u>
Gross profit		686,619	51,364
Other income		783	-
Expenses			
Other operating expenses		<u>(1,363,126)</u>	<u>(98,745)</u>
Loss before income tax	6	(675,724)	(47,381)
Income tax expense	7(a)	<u>-</u>	<u>-</u>
Loss for the financial year/period, representing total comprehensive loss for the financial year/period		<u>(675,724)</u>	<u>(47,381)</u>
Attributable to:			
<u>Owner of the Company</u>			
Loss for the financial year/period		<u>(675,724)</u>	<u>(47,381)</u>
<u>Owner of the Company</u>			
Total comprehensive loss for the financial year/period		<u>(675,724)</u>	<u>(47,381)</u>

The accompanying accounting policies and explanatory notes
form an integral part of these financial statements.

RESPONSIVE INDUSTRIES LLC
Company Registration No.: 61-1963070

STATEMENT OF FINANCIAL POSITION
As at 31 March 2022

	Note	<u>2022</u> US\$	<u>2021</u> US\$
<u>ASSETS</u>			
<u>Current assets</u>			
Cash and cash equivalents	8	1,497,641	4,359,761
Trade and other receivables	9	3,063,781	243,609
Inventories	10	3,377,685	677,906
Total current assets		<u>7,939,107</u>	<u>5,281,276</u>
<u>Non-current assets</u>			
Plant and equipment	11	37,805	9,500
Total non-current assets		<u>37,805</u>	<u>9,500</u>
Total assets		<u>7,976,912</u>	<u>5,290,776</u>
<u>LIABILITIES AND EQUITY</u>			
<u>LIABILITIES</u>			
<u>Current liabilities</u>			
Trade and other payables	12	4,072,107	738,157
Loans and borrowings	13	6,758	-
Total current liabilities		<u>4,078,865</u>	<u>738,157</u>
<u>Non-current liabilities</u>			
Loans and borrowings	13	21,152	-
Total non-current liabilities		<u>21,152</u>	<u>-</u>
Total liabilities		<u>4,100,017</u>	<u>738,157</u>
<u>EQUITY</u>			
Share capital	14	100,000	100,000
Subscription received in advance	15	4,500,000	4,500,000
Accumulated losses/Loss for the financial period		(723,105)	(47,381)
Total equity		<u>3,876,895</u>	<u>4,552,619</u>
Total liabilities and equity		<u>7,976,912</u>	<u>5,290,776</u>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

RESPONSIVE INDUSTRIES LLC

Company Registration No.: 61-1963070

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2022

	1 April 2021 to 31 March 2022			
	<u>Share capital</u> US\$	<u>Subscription received in advance</u> US\$	<u>Accumulated losses</u> US\$	<u>Total</u> US\$
Equity				
At the beginning of financial year	100,000	4,500,000	(47,381)	4,552,619
Comprehensive loss				
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	(675,724)	(675,724)
At 31 March 2022	<u>100,000</u>	<u>4,500,000</u>	<u>(723,105)</u>	<u>3,876,895</u>

	6 March 2020 (date of incorporation) to 31 March 2021			
	<u>Share capital</u> US\$	<u>Subscription received in advance</u> US\$	<u>Loss for the financial period</u> US\$	<u>Total</u> US\$
Equity				
At the date of incorporation	-	-	-	-
Issuance of ordinary shares	14	100,000	-	100,000
Comprehensive loss				
Loss for the financial period, representing total comprehensive loss for the financial period	-	-	(47,381)	(47,381)
Subscription for additional shares	15	4,500,000	-	4,500,000
At 31 March 2021	<u>100,000</u>	<u>4,500,000</u>	<u>(47,381)</u>	<u>4,552,619</u>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

RESPONSIVE INDUSTRIES LLC

Company Registration No.: 61-1963070

STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2022

	Note	1 April 2021 to 31 March 2022 US\$	6 March 2020 (date of incorporation) to 31 March 2021 US\$
Cash flows from operating activities			
Loss before income tax		(675,724)	(47,381)
Adjustments for:			
Loss on disposal of plant and equipment		9,500	-
Depreciation of plant and equipment	11	1,990	-
Interest expense		415	-
Total adjustments to loss account		<u>11,905</u>	<u>-</u>
Changes in working capital			
Increase in trade and other receivables		(2,820,172)	(243,609)
Increase in inventories		(2,699,779)	(677,906)
Increase in trade and other payables		3,333,950	738,157
Total changes in working capital		<u>(2,186,001)</u>	<u>(183,358)</u>
Cash flows used in operations, representing net cash flows used in operating activities		<u>(2,849,820)</u>	<u>(230,739)</u>
Cash flows from investing activity			
Purchase of plant and equipment, representing net cash flows used in investing activity	11	<u>(39,795)</u>	<u>(9,500)</u>
Cash flows from financing activities			
Proceeds from bank borrowings	13	29,795	-
Payment of bank loan	13	(1,885)	-
Interest expense paid	13	(415)	-
Proceeds from issuance of ordinary shares	14	-	4,500,000
Subscription received to increase the share capital of the subsidiary	15	-	100,000
Net cash flows from financing activities		<u>27,495</u>	<u>4,600,000</u>
Net (decrease)/increase in cash and cash equivalents		(2,862,120)	4,359,761
Cash and cash equivalents at the beginning of financial year/period		4,359,761	-
Cash and cash equivalents at the end of financial year/period	8	<u>1,497,641</u>	<u>4,359,761</u>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

RESPONSIVE INDUSTRIES LLC

Company Registration No.: 61-1963070

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

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

1 CORPORATE INFORMATION

Responsive Industries LLC (the “Company”) is domiciled and incorporated in the United States of America on 6 March 2020 with its registered office and principal place of business of the Company located at 360 Old Laurens Road State 100, Simpsonville, South Carolina 29681.

The principal activity of the Company is wholesale trade of vinyl flooring and synthetic leather.

The Company’s immediate holding company is Responsive Industries Pte. Ltd., a company incorporated in Singapore. Its ultimate holding company is Responsive Industries Limited, a company listed in Securities and Exchange Board in India.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 Basis of preparation**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The financial statements have been prepared on the historical basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollar (“USD” or “US\$”), except when otherwise indicated.

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial period except that in the current financial year, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 April 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

2.3 Standards issued but not yet effective

The Company has not adopted the following standards applicable to the Company that have been issued but not yet effective:

	<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IAS 16	: Property, Plant and Equipment (Proceeds before Intended Use)	1 January 2022
Amendments to IAS 37	: Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts – Cost of Fulfilling a Contract)	1 January 2022
Various	: Annual Improvements to IFRSs 2018 – 2020	1 January 2022
Amendments to IAS 1	: Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)	1 January 2023
Amendments to IAS 1	: Presentation of Financial Statements and FRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023

RESPONSIVE INDUSTRIES LLC

Company Registration No.: 61-1963070

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.3 Standards issued but not yet effective (Continued)**

The Company has not adopted the following standards applicable to the Company that have been issued but not yet effective: (Continued)

	<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IAS 8	: Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	: Income Taxes: Deferred Tax related to Assets and Liabilities arising from Single Transaction	1 January 2023

The director expects that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application.

2.4 Foreign currency transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

2.5 Plant and equipment

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Depreciation is computed on a straight-line basis method over their estimated useful lives of the assets.

RESPONSIVE INDUSTRIES LLC*Company Registration No.: 61-1963070***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 March 2022*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.5 Plant and equipment (Continued)**

Construction-in-progress represents plant and equipment in the course of construction for production or for its own use purposes. Construction-in-progress consists of construction costs including other attributable direct cost and finance costs incurred during the period of construction. Construction-in-progress is classified to the appropriate category of plant and equipment when completed and ready for use. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful lives and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.6 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.7 Cash and cash equivalents

Cash and cash equivalents comprise of cash at banks, which is subject to an insignificant risk of changes in value.

RESPONSIVE INDUSTRIES LLC

Company Registration No.: 61-1963070

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in first-out method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

When necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

2.9 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.

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.

Subsequent measurement

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. 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.

RESPONSIVE INDUSTRIES LLC*Company Registration No.: 61-1963070***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 March 2022***2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.9 Financial instruments (Continued)****(b) Financial liabilities****Initial recognition and measurement**

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

Subsequent measurement

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, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.10 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 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 considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider 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.

RESPONSIVE INDUSTRIES LLC

Company Registration No.: 61-1963070

NOTES TO THE FINANCIAL STATEMENTSFor the financial year ended 31 March 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.11 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events where it is probable that it will result in an outflow of economic benefits to settle the obligation and the amount of obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.12 Share capital and share issuance expenses

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.

2.13 Revenue recognition

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

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or 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.

Sale of goods

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

Delivery occurs when the goods have been shipped to the specific location and that the risks of obsolescence and loss have been transferred to the customer, or the customer has accepted the goods in accordance with the sales contract.

The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price, net of the estimated volume discounts and adjusted for expected returns.

2.14 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.

As lessee

The Company applies the short-term lease recognition exemption to its short-term lease 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.

RESPONSIVE INDUSTRIES LLC

Company Registration No.: 61-1963070

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)2.15 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.16 Related party

A related party is 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 or of a parent of the Company.

(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 a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of the 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); or
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

RESPONSIVE INDUSTRIES LLC

Company Registration No.: 61-1963070

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)2.16 Related party (Continued)Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company.

3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgments, 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.

3.1 Judgments made in applying accounting policies

The management is of the opinion that there are no significant judgments made in applying accounting estimates and policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.2 Key sources of estimation uncertainty

The management is of the opinion that there are no key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4 SIGNIFICANT RELATED PARTY TRANSACTIONS

Apart from the disclosures made elsewhere in the financial statements, the following significant transactions between the Company and related parties took place during the financial period at terms agreed between the parties.

(a) Significant related party transactions

	1 April 2021 to 31 March 2022	6 March 2020 (date of incorporation) to 31 March 2021
	US\$	US\$
<u>Immediate holding company</u>		
Expenses paid on behalf for the Company	2,977	-
Subscription for additional shares (Note 14)	-	400,000
Proceeds from issuance of share capital (Note 13)	-	100,000
	<hr/>	<hr/>

RESPONSIVE INDUSTRIES LLC

Company Registration No.: 61-1963070

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

4 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

Apart from the disclosures made elsewhere in the financial statements, the following significant transactions between the Company and related parties took place during the financial period at terms agreed between the parties. (Continued)

(a) Significant related party transactions (Continued)

	<u>1 April 2021</u> <u>to 31 March 2022</u> US\$	<u>6 March 2020</u> <u>(date of incorporation)</u> <u>to 31 March 2021</u> US\$
<u>Ultimate holding company</u>		
Subscription for additional shares (Note 14)	-	4,100,000
Purchases	-	133,538
	<hr/>	<hr/>
<u>Shareholder</u>		
Expenses paid on behalf by the Company	2,058	-
	<hr/>	<hr/>

(b) Key management personnel

There is no key management remuneration as the key management having authority and responsibility for planning, directing and controlling the activities of the Company, namely the director of the Company, is employed by a related corporation. The Company does not reimburse the related corporation for the services rendered by the director.

5 REVENUE

	<u>1 April 2021</u> <u>to 31 March 2022</u> US\$	<u>6 March 2020</u> <u>(date of incorporation)</u> <u>to 31 March 2021</u> US\$
<u>Type of goods</u>		
Sale of PVC products	12,123,679	716,935
	<hr/>	<hr/>
<u>Timing of transfer of goods</u>		
At a point in time	12,123,679	716,935
	<hr/>	<hr/>

RESPONSIVE INDUSTRIES LLC

Company Registration No.: 61-1963070

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

6 LOSS BEFORE INCOME TAX

In addition to the charges disclosed elsewhere in the financial statements, the following charges were included in the determination of loss before income tax:

	1 April 2021 to 31 March 2022	6 March 2020 (date of incorporation) to 31 March 2021
	US\$	US\$
<i>Included under cost of sales</i>		
Purchases	9,687,036	643,569
Freight charges	1,689,797	22,002
Miscellaneous	60,227	-
	<u>11,437,060</u>	<u>665,571</u>
<i>Included under other operating expenses</i>		
Salaries and related expenses	536,144	59,182
Office and storage rental	174,509	9,866
Professional fees	225,934	8,076
Travel, meal and entertainment	76,219	7,298
Depreciation of plant and equipment	1,990	-
Insurance	59,039	-
Commission expenses	26,461	-
Miscellaneous	262,830	14,323
	<u>1,363,126</u>	<u>98,745</u>

7 INCOME TAX EXPENSE

(a) Major component of income tax expense

The major component of income tax expense recognised in profit or loss for the financial year/period ended 31 March 2022 and 2021 is:

	1 April 2021 to 31 March 2022	6 March 2020 (date of incorporation) to 31 March 2021
	US\$	US\$
Current period tax:		
Current period provision, representing income tax expense recognised in profit or loss	<u>-</u>	<u>-</u>

RESPONSIVE INDUSTRIES LLC

Company Registration No.: 61-1963070

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

7 INCOME TAX EXPENSE (Continued)

(a) Relationship between income tax expense and accounting loss

A relationship between income tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the financial period is as follows:

	1 April 2021 to 31 March 2022	6 March 2020 (date of incorporation) to 31 March 2021
	US\$	US\$
Loss before income tax	(675,724)	(47,381)
Tax calculated at a tax rate of 21%	(103,386)	(9,950)
Deferred tax assets not recognised	103,386	9,950
	<u>-</u>	<u>-</u>

As at the end of the financial year/period, the Company has unutilised tax losses of approximately US\$657,000 (2021: US\$47,300) which can be carried forward for set-off against future taxable profits. The potential deferred tax assets arising from these unutilised tax losses has not been recognised in the financial statements because of the uncertainty of future taxable profits.

8 CASH AND CASH EQUIVALENTS

	<u>2022</u>	<u>2021</u>
	US\$	US\$
Cash at bank	1,497,641	4,359,761
Cash at bank is held in non-interest bearing account.		

For the purpose of the statement of cash flows, cash and cash equivalents are comprised of the balances as shown above.

Cash and cash equivalents are denominated in United States Dollar.

RESPONSIVE INDUSTRIES LLC

Company Registration No.: 61-1963070

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

9 TRADE AND OTHER RECEIVABLES

	<u>2022</u> US\$	<u>2021</u> US\$
<u>Trade receivables</u>		
Third parties	2,601,762	218,609
<u>Other receivable</u>		
Advance payments to related party supplier	375,315	-
Prepayments	84,646	-
Shareholder	2,058	-
Refundable deposit	-	25,000
	<u>462,019</u>	<u>25,000</u>
	<u>3,063,781</u>	<u>243,609</u>
Total trade and other receivables (excluding advance payments to related party supplier)	2,688,466	243,609
Add: Cash and cash equivalents (Note 8)	1,497,641	4,359,761
Total financial assets carried at amortised cost	<u>4,186,107</u>	<u>4,603,370</u>

Trade receivables

Trade receivables are unsecured, non-interest bearing and normally settled on 30 days' credit term. These are recognised at their original invoice amounts which represent their fair values on initial recognition.

Other receivables

On 14 October 2020, the Company, acting on behalf of its holding company, entered into a Purchase and Sale Agreement to acquire a property in the United States for a consideration of US\$3.9 million. Pursuant to the Agreement, an earnest money of US\$25,000 was deposited and will be deducted from the total acquisition price of the property upon completion of the purchase.

Trade and other receivables are denominated in United States Dollar.

10 INVENTORIES

	<u>2022</u> US\$	<u>2021</u> US\$
Building materials, at cost	3,377,685	677,906

The cost of inventories recognised as an expense in cost of sales for the Company amounted to US\$6,987,257 (2021: US\$618,561).

RESPONSIVE INDUSTRIES LLC

Company Registration No.: 61-1963070

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

11 PLANT AND EQUIPMENT

	<u>Construction- in-progress</u> US\$	<u>Motor vehicle</u> US\$	<u>Total</u> US\$
Cost			
At 6 March 2020 (date of incorporation)	-	-	-
Additions	9,500	-	9,500
At 31 March 2021	9,500	-	9,500
Additions	-	39,795	39,795
Disposals	(9,500)	-	(9,500)
At 31 March 2022	-	39,795	39,795
Accumulated depreciation			
At 6 March 2020 (date of incorporation)	-	-	-
Charge for the financial period	-	-	-
At 31 March 2021	-	-	-
Charge for the financial year	-	1,990	1,990
At 31 March 2022	-	1,990	1,990
Net carrying amount			
At 31 March 2021	9,500	-	9,500
At 31 March 2022	-	37,805	37,805

12 TRADE AND OTHER PAYABLES

	<u>2022</u> US\$	<u>2021</u> US\$
<u>Trade payables</u>		
Third parties	3,955,829	-
Accrued costs	8,000	729,462
	<u>3,963,829</u>	<u>729,462</u>
<u>Other payables</u>		
Deposits received	105,301	-
Immediate holding company	2,977	-
Accrued operating expenses	-	8,695
	<u>108,278</u>	<u>8,695</u>
Total trade and other payables, representing total financial liabilities carried at amortised cost	<u>4,072,107</u>	<u>738,157</u>

Trade payables

Trade payables are non-interest bearing and are generally settled on 30 to 90 days' terms. These amounts are unsecured and are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade and other payables are denominated in United States Dollar.

RESPONSIVE INDUSTRIES LLC

Company Registration No.: 61-1963070

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

13 LOANS AND BORROWINGS

	<u>Maturity</u>	<u>2022</u> US\$	<u>2021</u> US\$
<u>Current</u>			
Bank borrowings	2023	6,758	-
<u>Non-current</u>			
Bank borrowings	2026	21,152	-
		<u>21,152</u>	<u>-</u>

On 4 November 2021, the Company issued a promissory note to Synovous Bank for the financing of the vehicle purchase. The note bears an interest of 5% per annum and is payable within 5 years.

A reconciliation of liabilities arising from financing activities is as follows:

	<u>1 April</u> <u>2021</u> US\$	<u>Cash</u> <u>flows</u> US\$	<u>Non-cash changes</u>		<u>31 March</u> <u>2022</u> US\$
			<u>Acquisition</u> US\$	<u>Interest</u> US\$	
Bank borrowings					
- Current	-	(2,300)	29,795	415	27,910
- Non-current	-	-	-	-	-
	<u>-</u>	<u>(2,300)</u>	<u>29,795</u>	<u>415</u>	<u>27,910</u>

14 SHARE CAPITAL

	<u>2022</u> US\$	<u>2021</u> US\$
At the beginning of financial year/period	100,000	-
Issuance of ordinary shares	-	100,000
At the end of financial year/period	<u>100,000</u>	<u>100,000</u>

Ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company. All issued ordinary shares are fully paid. There are no par values for these ordinary shares.

15 SUBSCRIPTIONS RECEIVED IN ADVANCE

	<u>2022</u> US\$	<u>2021</u> US\$
Subscription for additional shares	<u>4,500,000</u>	<u>4,500,000</u>

On 18 January 2021, Responsive Industries Pte. Ltd. transferred an amount of US\$400,000 for the subscription of additional shares in the Company.

RESPONSIVE INDUSTRIES LLC

Company Registration No.: 61-1963070

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

15 SUBSCRIPTIONS RECEIVED IN ADVANCE (Continued)

On 26 February 2021, Responsive Industries Limited transferred an amount of US\$4,100,000 for the subscription of shares in the Company.

At the date of this Report, the subsidiary has not increased its issued share capital.

16 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks from its operations. The key financial risks include credit risk and liquidity risk.

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

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.

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.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from cash and cash equivalents and trade and other receivables. The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. It is the Company's policy to provide credit terms to creditworthy customers. In addition, trade and other receivable balances are monitored on an on-going basis with the result that the Company's exposure to bad debts is not significant.

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 a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Company's historical information.

To minimise credit risk, the Company has developed and maintained the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit rating;
- External credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor; or
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of borrowers in the group and changes in the operating results of the debtor.

RESPONSIVE INDUSTRIES LLC

Company Registration No.: 61-1963070

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

16 FINANCIAL RISK MANAGEMENT (Continued)**Credit risk** (Continued)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Company determines that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the debtor;
- A breach of contract, such as a default or past due event;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- There is a disappearance of an active market for that financial asset because of financial difficulty.

The Company categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

The Company's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognising expected credit loss ("ECL")
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
III	Amount is >60 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

The table below details the credit quality of the Company's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

	Note	Category	12-month or lifetime ECL	Gross carrying amount US\$	Loss allowance US\$	Net carrying amount US\$
31 March 2022						
Trade receivables	9	Note 1	Lifetime ECL (simplified)	2,601,762	-	2,601,762
Other receivables (excluding advance payments to related party)	9	II	Lifetime ECL	86,704	-	86,704
					-	
					-	
31 March 2021						
Trade receivables	9	Note 1	Lifetime ECL (simplified)	218,609	-	218,609
Other receivables	9	II	Lifetime ECL	25,000	-	25,000
					-	
					-	

RESPONSIVE INDUSTRIES LLC

Company Registration No.: 61-1963070

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

16 FINANCIAL RISK MANAGEMENT (Continued)**Credit risk (Continued)**Trade receivables (Note 1)

For trade receivables, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

	<u>Current</u> US\$	<u>Less than</u> <u>30 days</u> US\$	<u>More than 30</u> <u>days</u> <u>past due</u> US\$	<u>More than 60</u> <u>days</u> <u>past due</u> US\$	<u>More than</u> <u>90 days</u> <u>past due</u> US\$	Total US\$
31 March 2022						
Gross carrying amount	2,276,651	206,918	16,318	33,838	68,037	2,601,762
Less: Allowance for ECL	-	-	-	-	-	-
	<u>Current</u> US\$	<u>Less than</u> <u>30 days</u> US\$	<u>More than 30</u> <u>days</u> <u>past due</u> US\$	<u>More than 60</u> <u>days</u> <u>past due</u> US\$	<u>More than</u> <u>90 days</u> <u>past due</u> US\$	Total US\$
31 March 2021						
Gross carrying amount	97,377	-	78,036	3,019	40,177	218,609
Less: Allowance for ECL	-	-	-	-	-	-

Other receivables

The Company's other receivables comprise mainly of refundable deposit. The Company assessed 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 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 ECL is insignificant.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

The Company determines concentrations of credit risk by monitoring the geographical areas of its trade receivables on an on-going basis. As at 31 March 2022 and 2021, 100% of the Company's trade receivables were due from third parties who are located in the United States of America.

RESPONSIVE INDUSTRIES LLC

Company Registration No.: 61-1963070

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

16 FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk refers to the risk in which the Company is unable to meet its short-term financial obligations, and this arises from the possibility that customers may not be able to settle obligations within normal terms of trade.

The liquidity risk for the Company is minimal as the Company is able to meet its funding requirements through its operations.

Analysis of financial instruments by remaining contractual maturities

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:

	<u>Carrying amounts</u> US\$	<u>Contractual cash flows</u> US\$	<u>One year or less</u> US\$	<u>One to five years</u> US\$
31 March 2022				
<u>Financial assets</u>				
Cash and cash equivalents	1,497,641	1,497,641	1,497,641	-
Trade and other receivables (excluding advance payments to related party supplier)	2,688,466	2,688,466	2,688,466	-
Total undiscounted financial assets	<u>4,186,107</u>	<u>4,186,107</u>	<u>4,186,107</u>	<u>-</u>
<u>Financial liabilities</u>				
Trade and other payables	4,072,107	4,072,107	4,072,107	-
Loans and borrowings	27,910	31,539	6,758	24,781
Total undiscounted financial liabilities	<u>4,100,017</u>	<u>4,103,646</u>	<u>4,078,865</u>	<u>24,781</u>
Total net undiscounted financial assets/liabilities	<u>86,090</u>	<u>82,461</u>	<u>107,242</u>	<u>(24,781)</u>
31 March 2021				
<u>Financial assets</u>				
Cash and cash equivalents	4,359,761	4,359,761	4,359,761	-
Trade and other receivables	243,609	243,609	243,609	-
Total undiscounted financial assets	<u>4,603,370</u>	<u>4,603,370</u>	<u>4,603,370</u>	<u>-</u>
<u>Financial liabilities</u>				
Trade and other payables	738,157	738,157	738,157	-
Total undiscounted financial liabilities	<u>738,157</u>	<u>738,157</u>	<u>738,157</u>	<u>-</u>
Total net undiscounted financial assets	<u>3,865,213</u>	<u>3,865,213</u>	<u>3,865,213</u>	<u>-</u>

RESPONSIVE INDUSTRIES LLC

Company Registration No.: 61-1963070

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

17 FAIR VALUE OF ASSETS AND LIABILITIES

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

(a) Fair value hierarchy

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that are inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets and liabilities not measured at fair value

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Cash and cash equivalents, other receivables and other payables

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

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.

There have been no transfers between Level 1 and 2 during the financial year/period ended 31 March 2022 and 2021.

The Company has no fair value measurement recognised in the statement of financial position as at 31 March 2022 and 2021.

18 FINANCIAL INSTRUMENTS BY CATEGORY

At the reporting date, the aggregate carrying amounts of financial assets and financial liabilities carried at amortised cost were disclosed in Notes 9 and 12, respectively.

RESPONSIVE INDUSTRIES LLC

Company Registration No.: 61-1963070

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

19 CAPITAL MANAGEMENT

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern. The Company monitors its cash resources to enable it to pay its creditors as and when they fall due. The capital structure of the Company comprises of share capital, subscriptions received in advance and accumulated losses/loss for the financial period.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to its shareholder, return capital to its shareholder or issue new shares.

The Company is not subject to any externally imposed capital requirements for the financial year/period ended 31 March 2022 and 2021.

20 COMPARATIVE FIGURES

The current figures presented in the financial statements are not entirely comparable as it covered 12 months from 1 April 2021 to 31 March 2022.

The comparative financial statements cover 13-month financial period from 6 March 2020 (date of incorporation) to 31 March 2021.