

AELIUS SEMICONDUCTORS PTE. LTD.
(Company Registration No. 201509289W)

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2022

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DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited financial statements of Aelius Semiconductors Pte. Ltd. (the company) for the financial year ended 31 March 2022.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

- (i) the financial statements of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standard for Small Entities 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 ended on that date; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

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

Bhumireddy Malla Reddy
Buddharaju Lakshmi Narayana Raju
Mohan Perugupalli

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisitions of shares or debentures in the company or any other body corporate.

4. DIRECTORS' INTEREST IN SHARES AND DEBENTURES

None of the directors, who held office at the end of the financial year had, any interest in shares of the company and related corporations.

DIRECTORS' STATEMENT

5. OPTIONS

There were no options granted during the financial year to subscribe for unissued shares of the company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the company.

There were no unissued shares of the company under option at the end of the financial period.

6. AUDITORS

Shafiq K & Co have expressed their willingness to accept reappointment as auditor.

On Behalf of Board of Directors


.....
BHUMIREDDY MALLA REDDY
DIRECTOR


.....
MOHAN PERUGUPALLI
DIRECTOR

Singapore, 18 May 2022

SHAFIQ K & CO

(Registration No. S98PF0632D)
PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS
141 MIDDLE ROAD, #06-07A GSM BUILDING, SINGAPORE 188976
TEL: 6336 1025 FAX: 6336 0650 EMAIL: shafiq@shafiqkco.com

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF AELIUS SEMICONDUCTORS PTE. LTD.

Report on The Audit of The Financial Statements

Opinion

We have audited the financial statements of Aelius Semiconductors Pte. Ltd. (the Company), which comprise the statement of financial position as at 31 March 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standard for Small Entities (SFRS) so as to give a true and fair view of the financial position of the Company as at 31 March 2022 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the Directors' Statement.

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

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

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF AELIUS SEMICONDUCTORS PTE. LTD.

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Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF AELIUS SEMICONDUCTORS PTE. LTD.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention 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 the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.



SHAFIQ K & CO
Public Accountants and
Chartered Accountants

Singapore, 18 May 2022

AELIUS SEMICONDUCTORS PTE. LTD.
(Company Registration No. 201509289W)

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Note	-2022- US\$	-2021- US\$
ASSETS			
Non-current asset			
Plant and equipment	3	1,209	146
Current assets			
Inventory	4	46,259	91,493
Trade and other receivables	5	30,007	143,542
Bank balance		793,108	438,368
		<u>869,374</u>	<u>673,403</u>
Total assets		<u>870,583</u>	<u>673,549</u>
LIABILITIES			
Current liabilities			
Trade and other payables	6	92,780	50,309
Advance payments from customers		3,750	168,050
Provision for tax		7,000	-
		<u>103,530</u>	<u>218,359</u>
Total liabilities		<u>103,530</u>	<u>218,359</u>
Net assets		<u>767,053</u>	<u>455,190</u>
EQUITY			
Share capital	7	818,426	818,426
Accumulated losses		(51,373)	(363,236)
		<u>767,053</u>	<u>455,190</u>

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

AELIUS SEMICONDUCTORS PTE. LTD.
(Company Registration No. 201509289W)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR 31 MARCH 2022**

	Note	-2022- US\$	-2021- US\$
Revenue			
Sales		927,222	588,736
Sundry income		4,816	9,181
Exchange gain		-	4,304
		<u>932,038</u>	<u>602,221</u>
Less: Cost and expenses			
Purchases		167,462	218,549
Change in inventory		45,234	55,468
Freight charges		15,699	14,080
Office rental		27,266	25,944
Other expenses		22,737	10,557
Depreciation		324	173
Legal and professional fees		8,803	6,154
Directors' fees		1,000	-
Testing fees		65,169	-
Packing charges		21,500	-
Staff costs	8	210,574	171,688
Exchange loss		511	-
Royalty fees to holding company		26,896	19,397
		<u>613,175</u>	<u>522,010</u>
Profit before tax		318,863	80,211
Tax expense	9	(7,000)	-
Total comprehensive income		<u>311,863</u>	<u>80,211</u>

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

AELIUS SEMICONDUCTORS PTE. LTD.
(Company Registration No. 201509289W)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Note	-2022- US\$	-2021- US\$
Share capital			
At the beginning		818,426	818,426
Issued	7	-	-
Balance at the end		<u>818,426</u>	<u>818,426</u>
Accumulated losses			
At the beginning		(363,236)	(443,447)
Total comprehensive income		311,863	80,211
At the end		<u>(51,373)</u>	<u>(363,236)</u>
Total		<u>767,053</u>	<u>455,190</u>

The annexed notes form an integral part of these financial statements

AELIUS SEMICONDUCTORS PTE. LTD.
(Company Registration No. 201509289W)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

	-2022-	-2021-
	US\$	US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	318,863	80,211
Adjustment for:		
Depreciation	324	173
	<u>319,187</u>	<u>80,384</u>
Operating cash flow before working capital changes		
Changes in working capital:		
Trade and other receivables	113,535	(66,598)
Inventory	45,234	55,468
Trade and other payables	42,471	(330)
Advance payments from customers	(164,300)	168,050
Translation differences due to change in functional currency	-	-
Cash generated from/(used in) operations	<u>356,127</u>	<u>236,974</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Plant and equipment acquired	<u>(1,387)</u>	-
NET (DECREASE)/INCREASE IN BANK BALANCES	354,740	236,974
BANK BALANCE AT BEGINNING	438,368	201,394
BANK BALANCE AT END	<u><u>793,108</u></u>	<u><u>438,368</u></u>

The annexed notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

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

1) GENERAL

The financial statements of AELIUS SEMICONDUCTORS PTE. LTD. for the financial year ended 31 March 2022 were authorised for issue in accordance with a resolution by written means of the directors on 18 May 2022

The company is a private company limited by shares, domiciled and incorporated in Singapore. The address of the company's registered office is 141 Middle Road, #06-07A GSM Building, Singapore 188976.

The principal activities of the company are those of design and development of engineering products.

2) SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standard for Small Entities (SFRS). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

b) Adoption of new and amended standards and interpretations There are no new or amended standards and interpretations that are applicable to the company with effect from 1 April 2021. The accounting policies adopted are consistent with those of the previous financial year.

c) Key sources of estimation uncertainty

Useful lives of plant and equipment

The useful lives of plant and equipment are reviewed at each balance sheet date and adjusted accordingly whenever the useful lives differ significantly.

Impairment of non- financial assets

Non-financial assets are assessed for any objective indication of impairment at each balance sheet date.

Impairment of trade and other receivables

Assessment is made at each balance sheet date, whether there is any objective evidence that a financial asset is impaired. This requires assessment of various factors affecting debtors probability of payments.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

d) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on the straight line method over their estimated useful lives. The estimated useful lives have been taken as follows:

	<u>No. of years</u>
Computer	5

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

e) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Company. The financial statements are presented in United States dollars, which is the functional currency of the Company.

(ii) Transactions and balances

Transactions in foreign currencies are measured and recorded in United States dollars, using the exchange rate in effect at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into United States dollars at rates of exchange approximating those ruling at the balance sheet date. All exchange adjustments are recognised in the income statement.

f) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in income and expenditure statement for items of assets carried at cost. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit.

Reversal of an impairment loss recognized in prior years is recorded when there is an indication that the impairment loss recognized for an asset no longer exists or has decreased. The reversal is recorded in income statement or as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

g) Operating leases

Rentals payable under operating leases are charged to income statement on a straight line basis over the lease term.

h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by weighted average method. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of selling expenses.

Provision is made where necessary for obsolete, slow-moving and defective inventories.

i) Revenue

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange of 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.

j) Employee benefits

Defined contribution plans

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

k) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

l) Trade and other payables

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

m) Income tax

Income tax for the financial year comprises current and deferred tax. Income tax is recognised in the income and expenditure statement except to the extent that it relates to items recognised directly in equity, in which such tax is recognised in equity.

Current taxation is provided based on the tax payable on the income for the financial year that is chargeable to tax.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, carry forward of unused tax losses and tax credits can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet 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 deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022

3) PLANT AND EQUIPMENT

	<u>Computer</u>
<u>Cost</u>	US\$
At 1/4/2021	1,310
Additions	1,387
Disposal	-
At 31/3/2022	<u>2,697</u>

Accumulated Depreciation

At 1/4/2021	1,164
Additions	324
Disposal	-
At 31/3/2022	<u>1,488</u>

Net Book Value 2022 1,209

	US\$
At 1/4/2020	1,310
Additions	-
Disposal	-
At 31/3/2021	<u>1,310</u>

Accumulated Depreciation

At 1/4/2020	991
Additions	173
Disposal	-
At 31/3/2021	<u>1,164</u>

Net Book Value 2021 146

4) INVENTORY

This consists of engineering materials.

5) TRADE AND OTHER RECEIVABLES

	-2022-	-2021-
		US\$
Trade debtors	20,218	135,868
Prepayments	2,244	2,217
Deposits	4,108	4,108
Advance payment to supplier	3,437	1,349
	<u>30,007</u>	<u>143,542</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

6) TRADE AND OTHER PAYABLES

	-2022-	-2021-
	US\$	US\$
Trade creditors - holding company	59,040	35,455
Accruals	33,740	14,854
	<u>92,780</u>	<u>50,309</u>

7) SHARE CAPITAL

	-2022-	-2021-
	US\$	US\$
At the beginning	818,426	818,426
Issued	-	-
At the end - 111,700 ordinary shares	<u>818,426</u>	<u>818,426</u>

The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

8) STAFF COSTS

	-2022-	-2021-
	US\$	US\$
Salaries and bonus	202,828	163,740
Employer's contribution to CPF	7,746	7,948
	<u>210,574</u>	<u>171,688</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

9) INCOME TAX

	-2022-
	US\$
Current income tax	<u>7,000</u>

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

	-2022-
	US\$
Tax at statutory rate	54,206
Tax losses utilised	(41,650)
Exempt amount	<u>(5,556)</u>
	<u>7,000</u>

2021

Subject to agreement by the Comptroller of Income Tax, the company has tax losses available for offsetting against future taxable income as follows:

	-2021-
	US\$
At the beginning	316,000
Amount utilised	<u>(71,000)</u>
	<u>245,000</u>
Deferred tax benefit on above unrecorded	<u>41,650</u>

The realisation of the future income tax benefit from the tax losses and capital allowances carried forward is available for an unlimited future period subject to there being no substantial change in the shareholders as required by provisions of the Income Tax Act.

10) HOLDING COMPANY

The company's immediate and ultimate holding company is Astra Microwave Products Limited, a listed company incorporated in India with a 100% equity interest in the company.

11) RELATED PARTY TRANSACTIONS

During the financial year, significant transactions with related party on terms agreed between the parties are as follows:

	-2022-	-2021-
	US\$	US\$
Purchases from holding company	84,444	22,923
Royalty fees expense - holding company	26,896	19,397
Amount received from holding company for recovery of professional fees	55,125	-