

PATAMAR | CAPITAL

ANNUAL REPORTING PACKAGE

- PATAMAR FUND II, LP -

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PATAMAR FUND II, LP

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PATAMAR FUND II, LP

Dear Limited Partners of Patamar Fund II,

We hope you are keeping well and healthy during this challenging COVID-19 situation.

With the closure of year 2019, we are delighted to deliver the annual reporting package which includes:

- 1. 2019 Partners Annual Report*
- 2. Patamar Fund II, LP Audited Financial Statements for 31 December 2019*
- 3. Patamar Fund II Singapore Pte. Ltd. Audited Financial Statements for 31 December 2019*
- 4. Revised Capital Account Statement*
- 5. Schedule K-1 & Supporting Schedules*

We would also like to take the chance to highlight that the management has adopted the International Financial Reporting Standards (IFRS) in the preparation of the Audited Financial Statements. As a result, there are minor differences in the way the financial statements were presented.

In line with the adoption of IFRS and the audit adjustments made, we have revised the capital account statement for Q4 2019 accordingly.

As always, should you have any questions, please feel free to reach out to us.

We hope you stay safe and healthy, we look forward to connecting with you soon.

Best regards,

Prestige Fiduciary Pte. Ltd.

Fund Administrator of Patamar Fund II

PATAMAR | CAPITAL

2019 ANNUAL REPORT

Patamar Fund II, LP

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Dear Limited Partners,

We hope you and your families are safe and healthy during this extraordinary period.

It is a challenging time for everyone around the world, and it is the first time in our lives that all of us are simultaneously facing an interruption to daily life in a similar way. The need for the global community to come together has never been stronger.

As active board members and investors in companies focused on driving positive impact, we continue to feel the strong connection (a) to our portfolio companies as they tirelessly work to help their customers and increase the resilience of the societies in which they operate and (b) to you as our investors who carry a deep commitment to improving the state of the world.

Right now, the mission and vision of our portfolio companies is more important than ever as they work to (a) improve access to essential products and services and (b) provide income generating opportunities for low and middle-income communities:

From Patamar Fund II, [Kinara Capital](#) is helping its 27,820 small business borrowers weather the economic fallout from COVID-19 and the lockdown in India.

Over the last few weeks, a number of you have reached out to me directly and we have had the chance to trade notes and briefly catch up on the phone. We deeply appreciate your support and engagement, and will continue sharing real-time insights and updates from our offices and our key markets during this critical time.

KEY MARKET UPDATES

Across South and SE Asia, we are seeing various government responses targeting health security and economic support for small businesses.

Due to the varied government responses and the timing of such responses, we believe that each country will experience different hardships, and the resulting impact on the operations, growth rates, and valuations of companies will likely carry a strong correlation to such responses and results.

Investment activity by venture capital and private equity firms has definitely cooled off in recent months, but we are seeing renewed activity and interest in SE Asia from (a) investment firms located in China, Hong Kong, Korea, and Taiwan where the COVID-19 curve has flattened and deep interest in SE Asia as a growth market remains, and (b) SE Asian firms with significant dry powder and opportunities to take advantage of attractive valuations in strong companies they have been tracking in the past. We are counseling our portfolio companies to conserve cash and delay fundraising plans until there is more certainty regarding the impact of COVID-19.

Even with all the challenges that are likely to come, we still believe investing in emerging Asian markets that have proven resilient in past economic crises will provide tremendous opportunities for financial returns and positive social impact for low and middle-income communities.

Asia is still projected to generate the highest percentage of global economic growth over the coming decades and “we may look back on this pandemic as the tipping point when the Asian Century truly began” (see full article [here](#)).

INVESTMENT STRATEGY

To date, Patamar Fund II has only made one investment into the SME lending company Kinara Capital in India. We believe this provides us with a strong opportunity to seek attractively priced investment opportunities and build a portfolio of more mature companies with strong management teams at lower valuations over the coming year.

We are currently evaluating a number of attractive investment opportunities, but are judiciously performing due diligence on each company's business model and their ability to weather the economic downturn, how the management team plans to double-down on strengthening their product and operations during a time of reduced demand, and then position the company to emerge as a market leader on the other side.

CONTINUITY OF PATAMAR OPERATIONS

Luckily, with offices and team members located across our key markets, and nearly a decade working as a distributed team, the COVID-19 situation has not significantly disrupted our work flow, team collaboration, or communication. If anything, the frequency of interaction and cooperation between Patamar's team has increased due to a decrease in meetings with outside parties. Our regularly-scheduled Zoom-based “Monday morning meetings” continue as usual and our use of technology tools such as Slack over the last few years has been instrumental in fostering collaboration and “virtual water cooler” discussions on key topics and trends across our markets.

Although everything is not “business as usual”—due to the reduction of in-person meetings with our portfolio companies, potential investees, our LPs, and other VC funds and co-investors—the Patamar team continues to work closely with our portfolio companies and provide real-time feedback, assistance, and connections utilizing the local market knowledge and networks we have developed from being embedded in each market.

PORTFOLIO COMPANY ENGAGEMENT

The Patamar team has been in close touch with our portfolio companies and conducted a portfolio review to understand the potential impact that COVID-19 could have in the short and medium term. We are currently working and will continue to work with each company on scenario planning to vigilantly prepare for potential challenges and cash flow constraints that may come from decreased demand and economic activity. Until there is more clarity on the severity, spread, and persistence of COVID-19 in each market, we feel it is more valuable to conduct scenario planning and internal expense management strategies, as opposed to resetting growth targets and business plans that could be speculative and outside anyone's control.

OUR GRATITUDE

The entire Patamar team wishes to express its gratitude for your support.

Although we will all face numerous challenges over the coming months, we are energized to have such a strong investor group and set of portfolio company founders dedicated to driving positive change through their companies and platforms.

Our focus is to demonstrate leadership as we work to assist our portfolio companies address challenges and opportunities with creativity and humanity in a time of strong uncertainty.

If you have any questions or would like to engage more deeply with any of our portfolio companies as an outside mentor, please reach out at any time and do not hesitate to contact me or anyone on the Patamar team.

Sending all our best,

Beau & the Patamar Capital team



Geoff "Chester" Woolley



Beau Seil



Lee FitzGerald



Dondi Hananto



Shuyin Tang

Kinara Capital - Company Overview



Kinara Capital provides debt capital to micro and small businesses directly and through an innovative supply chain financing model without requiring land or property collateral.

Country

India

Sector

SME Lending

Livelihoods Improved

As of December 2019, Kinara created 61,906 jobs, of which 1,966 are first time jobs and 22,256 are jobs held by women

of Employees

As of December 2019, the company has 1,261 employees

Increase in Income

Kinara's borrowers have increased their income 19% on average, post-loan disbursement

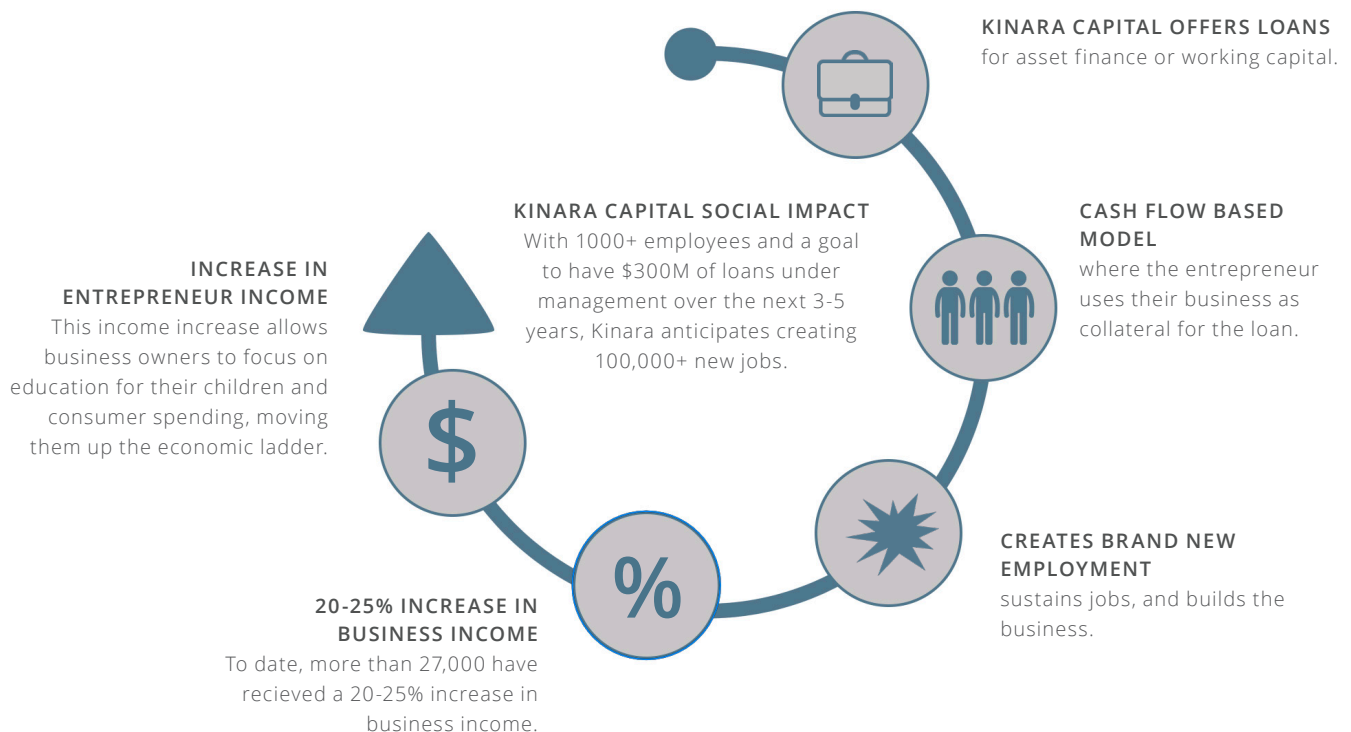
Kinara Capital - Social Impact

In the words of Kinara Capital CEO, Hardika Shah:

Kinara Capital offers loans to entrepreneurs for asset finance or working capital, for a term of anywhere from a short-term loan (which could be as short as three months) all the way up to 60 months if they're buying large machinery. The company finances this by taking on a cash flow-based model where the entrepreneur uses their business as collateral to receive the loan.





















Kinara creates brand new employment at the bottom of the pyramid, sustains jobs, and builds the business. The businesses it finances have increased their incomes between 20-25%, which means the small business owner is taking home an extra 20-25%. The assumption is an extra 20-25% of incremental income for the business owner increases his or her focus on education for their children, increases consumer spending, and moves them up the economic ladder.

Today, Kinara has about [1,000] employees with a goal to get \$300M of loans under management over the next three to five years (upwards of 100,000-150,000 loans). In terms of social impact, that would create at least 100,000 new jobs (one job per business) with 100,000 businesses getting a 20-25% bump in income and therefore entrepreneur income.



Kinara Capital - Social Impact

Social Impact Metrics

	2015	2016	2017	2018	2019	Total
# of Kinara Employees <i>*Units of 100</i>	103 	240 	498 	856 	1,261 	1,261
New Jobs Created <i>*Units of 1000</i>	1,865 	4,785 	10,448 	20,116 	24,692 	61,906
OF NEW JOBS: First Time Jobs Created <i>*Units of 100</i>	653 	840 	1,127 	1,347 	1,966 	5,933
OF NEW JOBS: Female Jobs Created <i>*Units of 1000</i>	628 	1,743 	3,025 	6,104 	10,756 	22,256
# of Active Loans	1,736 \$	4,725 \$\$\$\$	10,536 \$\$\$\$\$	21,949 \$\$\$\$\$\$\$\$	29,587 \$\$\$\$\$\$\$\$\$	29,587
Average Increase in Small Business Income	32%	27%	24%	17%	19%	24%

Patamar Fund II, LP

Audited Financial Statements
31 December 2019



Patamar Fund II, LP

General information

General Partner

Patamar Fund II GP, LLC

Management Company

Patamar Capital LLC

Registered Office

PO Box 309, Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Auditor

Ernst & Young LLP

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Audited financial statements of Patamar Fund II Singapore Pte. Ltd.

Patamar Fund II, LP

Statement by General Partner

We do hereby state that, in our opinion:

- (a) the accompanying statement of comprehensive income, statement of financial position, statement of changes in partners' capital and statement of cash flows together with notes thereto are drawn up so as to give a fair view of the financial position of Patamar Fund II, LP (the "Partnership") as at 31 December 2019 and the financial performance, changes in partners' capital and cash flows of the Partnership for the financial year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Partnership will be able to pay its debts as and when they fall due.



Patamar Fund II GP, LLC
Cayman

31 MAR 2020

Patamar Fund II, LP

Independent auditor's report For the financial year ended 31 December 2019

Independent auditor's report to the partners of Patamar Fund II, LP

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Patamar Fund II, LP (the "Partnership"), which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in partners' capital and statement of cash flows of the Partnership for the financial 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 Partnership as at 31 December 2019, and of its financial performance and its cash flows for the financial year ended on that date, in accordance with International Financial Reporting Standards (IFRS).

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 Statements section of our report. We are independent of the Partnership 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

The General Partner is responsible for other information. The other information comprises the general information and statement by General Partner, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information 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 or 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.

Patamar Fund II, LP

Independent auditor's report

For the financial year ended 31 December 2019

Independent auditor's report to the partners of Patamar Fund II, LP

Responsibilities of management and General Partner for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Partnership'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 Partnership or to cease operations, or has no realistic alternative but to do so.

The General Partner's responsibilities include overseeing the Partnership's financial reporting process.

Auditor's 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 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 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 ISAs, 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.
- 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 Partnership's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Patamar Fund II, LP

**Independent auditor's report
For the financial year ended 31 December 2019**

Independent auditor's report to the partners of Patamar Fund II, LP

Auditor's responsibilities for the audit of the financial statements (cont'd)

- 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 Partnership'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 Partnership 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 General Partner 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.

Other matter

The financial statements of the Partnership for the financial period from 31 August 2017 (date of incorporation) to 31 December 2018 was not audited and our opinion does not relate to the financial statements for the period.



Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

31 March 2020

Patamar Fund II, LP

**Statement of comprehensive income
For the financial year ended 31 December 2019**

	2019 US\$	For the financial period from 31 August 2017 (date of incorporation) to 31 December 2018 US\$ (Unaudited)
Expenses		
Syndication costs	(381,668)	(142,882)
Management fees	(287,868)	–
Unrealised loss on financial assets at fair value through profit or loss	(238,666)	–
Professional fees	(238,562)	(89,003)
Other expenses	(32,186)	(14,580)
Total expenses	(1,178,950)	(246,465)
Profit before taxation	(1,178,950)	(246,465)
Less: Taxation	–	–
Profit for the year/period	(1,178,950)	(246,465)
Other comprehensive income	–	–
Total comprehensive income for the year/period	(1,178,950)	(246,465)

The accompanying accounting policies, explanatory notes and audited financial statements of Patamar Fund II Singapore Pte. Ltd. form an integral part of the financial statements.

Patamar Fund II, LP**Statement of financial position
As at 31 December 2019**

	Notes	2019 US\$	2018 US\$ (Unaudited)
Assets			
Investment in subsidiary at fair value through profit or loss	4, 5	2,276,334	–
Cash and cash equivalents	6	3,288	5,619
Amount due from related parties	7	33,374	10,562
Other receivables		3,358	–
Total assets		2,316,354	16,181
Liabilities			
Other payables and accruals		89,334	12,646
Amount due to related parties	7	315,061	250,000
Total liabilities		404,395	262,646
Partners' capital	8	1,911,959	(246,465)
Total liabilities and partners' capital		2,316,354	16,181

The accompanying accounting policies, explanatory notes and audited financial statements of Patamar Fund II Singapore Pte. Ltd. form an integral part of the financial statements.

Patamar Fund II, LP**Statement of changes in partners' capital
For the financial year ended 31 December 2019**

	General Partner US\$	Limited Partners US\$	Total US\$
At 31 August 2017 (date of incorporation)	—	—	—
Capital contributions from partners	—	—	—
Total comprehensive income for the period	(2,465)	(244,000)	(246,465)
At 31 December 2018 and at 1 January 2019	(2,465)	(244,000)	(246,465)
Capital contributions from partners	33,374	3,304,000	3,337,374
Total comprehensive income for the year	(8,910)	(1,170,040)	(1,178,950)
At 31 December 2019	21,999	1,889,960	1,911,959

The accompanying accounting policies, explanatory notes and audited financial statements of Patamar Fund II Singapore Pte. Ltd. form an integral part of the financial statements.

Patamar Fund II, LP**Statement of cash flows****For the financial year ended 31 December 2019**

	2019 US\$	For the financial period from 31 August 2017 (date of incorporation) to 31 December 2018 US\$ (Unaudited)
Cash flows from operating activities		
Loss before taxation	(1,178,950)	(246,465)
Adjustments:		
Unrealised loss on financial assets at fair value through profit or loss	238,666	–
	(940,284)	(246,465)
Changes in working capital:		
Increase in amount due from related party	(22,812)	(10,562)
Increase in other receivables	(3,358)	–
Increase in other payables and accruals	76,688	12,646
Increase in amount due to related parties	65,061	250,000
Net cash flows used in operating activities	(824,705)	(5,619)
Cash flows from investing activity		
Investment in subsidiary	(2,515,000)	–
Net cash flows used in investing activity	(2,515,000)	–
Cash flows from financing activities		
Capital contributions from the General Partners	33,374	–
Capital contributions from the Limited Partners	3,304,000	–
Net cash flows generated from financing activities	3,337,374	–
Net increase in cash and cash equivalents	(2,331)	5,619
Cash and cash equivalents at beginning of financial year/period	5,619	–
Cash and cash equivalents at end of financial year/period	3,288	5,619

The accompanying accounting policies, explanatory notes and audited financial statements of Patamar Fund II Singapore Pte. Ltd. form an integral part of the financial statements.

Patamar Fund II, LP

Notes to the financial statements For the financial year ended 31 December 2019

1. Corporate information

Patamar Fund II, LP (the “Partnership”) is an exempted limited partnership registered in the Cayman Islands on 31 August 2017. The registered office of the Partnership is at c/o Maples Corporate Services Limited, PO Box 309, Ugland House, George Town, Grand Cayman, KY1-1104, Cayman Islands.

The objective of the Partnership is to provide its investors with the opportunity to realise long-term appreciation, generally through venture capital investments in equity, equity-related securities, loans, any form of debt instruments and/or derivative instruments of private companies in various industries. The Partnership operates by placing some or all of its assets in Patamar Fund II Singapore Pte. Ltd. (the “subsidiary”).

The General Partner of the Partnership is Patamar Fund II GP, LLC (the “General Partner”), a Delaware limited liability company and registered as a foreign company in the Cayman Islands. The General Partner is responsible to operate, manage and control the affairs of the Partnership and to make all decisions affecting Partnership’s affairs.

The Management Company of the Partnership is Patamar Capital LLC (the “Management Company”), a Delaware limited liability company. The Management Company is appointed by the General Partner to manage the Partnership, to have the right to execute and deliver documents on behalf of the General Partner and the Partnership and to make determinations with respect to investments of the Partnership.

The Manager of the subsidiary is Vulpes Investment Management Private Limited (the “Manager”), a limited liability company incorporated in Singapore. The Manager holds a Capital Markets Services License with the Monetary Authority of Singapore. The Manager is appointed to provide investment management services to the subsidiary and to assist the subsidiary with respect to identification, evaluation, acquisition, management, monitoring and realisation of investments of the subsidiary.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The financial statements of the Partnership have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars (“USD” or “US\$”), which is also the Partnership’s functional currency.

2.2 *Adoption of new and revised standards*

The Partnership has adopted all the new and revised standards that are effective annual periods beginning on or after 1 January 2019. The adoption of these standards did not have any effect on the financial performance or position of the Partnership.

2. Summary of significant accounting policies (cont'd)

2.2 Adoption of new and revised standards (cont'd)

IFRIC 23 Uncertainty Over Income Tax Treatments ("Interpretation")

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 *Income Taxes* ("IAS 12"). It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Partnership determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

Upon adoption of the Interpretation, the Partnership considered whether it has any uncertain tax positions, particularly those relating to its income generated from investment in subsidiary. The Partnership determined, based on its assessment of current tax laws in various jurisdictions, that it is probable that its tax treatments will be accepted by the taxation authorities. The Interpretation did not have an impact on the financial statements of the Partnership.

2.3 Interpretation issued but not yet effective

The Partnership has not adopted the following interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 1 and FRS 8 <i>Definition of Material</i>	1 January 2020
Amendments to FRS 109, FRS 39 and FRS 107 <i>Interest Rate Benchmark Reform</i>	1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020

The Partnership expects that the adoption of the interpretation above will have no material impact on the financial statements in the period of initial application.

2. Summary of significant accounting policies (cont'd)

2.4 Foreign currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the Partnership operates (the “functional currency”). The financial statements are presented in USD, which is the Partnership’s functional and presentation currency.

Transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Partnership 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 end of the reporting period. 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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank which is subjected to an insignificant risk of changes in value. The Partnership places its cash and cash equivalents with a credit worthy and high-quality financial institution.

2.6 Financial instruments

In accordance with IFRS 9 *Financial Instruments*, the Partnership classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

2. Summary of significant accounting policies (cont'd)

2.6 Financial instruments (cont'd)

(a) *Financial assets*

Initial recognition and measurement

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVPL"), directly attributable transaction costs.

Subsequent measurement

The Partnership classifies its financial assets as subsequently measured at amortised cost or measured at FVPL on the basis of both:

- The Partnership's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset.

(i) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Partnership includes in this category balances relating to cash and cash equivalents, amount due from related parties and other receivables. Gains and losses are recognised in statement of comprehensive income when the assets are derecognised or impaired, and through the amortisation process.

(ii) Financial assets measured at FVPL

A financial asset is measured at FVPL if:

- Its contractual terms do not give rise to cash flows on specified dates that are SPPI on the principal amount outstanding; or
- It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

2. Summary of significant accounting policies (cont'd)

2.6 Financial instruments (cont'd)

(a) *Financial assets (cont'd)*

Subsequent measurement (cont'd)

(ii) Financial assets measured at FVPL (cont'd)

The Partnership includes in this category investment in subsidiary.

In accordance with the exception under IFRS 10 *Consolidated Financial Statements*, the Partnership does not consolidate its subsidiaries in the financial statements unless the subsidiaries are not itself an investment entity and its main purpose and activities are providing services that relate to the Partnership's investment activities. The Partnership has not consolidated its subsidiaries. The Partnership measures unconsolidated subsidiary at FVPL.

Changes in fair value and gains and losses upon derecognition are recognised in statement of comprehensive income.

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 differences between the carrying amount and the sum of the consideration received and any cumulative gains or losses that have been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Partnership commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(b) *Financial liabilities*

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

All financial liabilities are recognised initially at fair value and in the case of other financial liabilities, plus directly attributable transaction costs.

2. Summary of significant accounting policies (cont'd)

2.6 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

Financial liabilities measured at amortised cost

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

This category includes all financial liabilities, other than those measured at FVPL. The Partnership includes in this category amount due to related parties and other payables and accruals.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in statement of comprehensive income.

2.7 Impairment of financial assets

The Partnership 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 Partnership 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 receivables, the Partnership applies a simplified approach in calculating ECLs. Therefore, the Partnership does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Partnership 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 Partnership considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Partnership may also consider a financial asset to be in default when internal or external information indicates that the Partnership is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Partnership. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. Summary of significant accounting policies (cont'd)

2.8 Provisions

Provisions are recognised when the Partnership has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the 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 economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.9 Taxes

The Partnership is not subjected to income tax in the Cayman Islands. The Partnership is a pass-through vehicle that is not itself a taxable entity and the partners are individually liable for the taxes on their respective allocable shares of the Partnership's income, gain, loss, deductions and credits which will flow through the Partnerships to the partners. Therefore, no provisions or payments are made for income taxes.

Uncertain tax positions can arise where the Partnership, through its subsidiary, invests in jurisdiction with domestic tax legislation that might impose a capital gain tax payment or filing obligation on a non-resident deriving investment return from the jurisdiction. The Partnership periodically evaluates positions taken in the tax returns with respect to situation in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. As at 31 December 2019 and 2018, the Partnership is not aware of any tax position for which it is reasonably possible that the total amounts of unrecognised tax benefit/expenses will change materially in the next twelve months.

2. Summary of significant accounting policies (cont'd)

2.10 *Related parties*

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Partnership if that person:
 - (i) Has control or joint control over the Partnership;
 - (ii) Has significant influence over the Partnership; or
 - (iii) Is a member of the key management personnel of the Partnership or of a parent of the Partnership.
- (b) An entity is related to the Partnership if any of the following conditions applies:
 - (i) The entity and the Partnership 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 employees of either the Partnership or an entity related to the Partnership. If the Partnership is itself such a plan, the sponsoring employers are also related to the Partnership;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - (viii) The entity or member of the Partnership of which it is a part, provides key management personnel services to the reporting entity or the parent

2.11 *Investment transactions and related investment income*

Investment transactions are accounted for on a trade date basis. Unrealised gains and losses on investments are recorded based on the carrying amount and the fair value of the investment at the end of the reporting period.

2.12 *Investment in subsidiary*

The Partnership carries its investment in Patamar Fund II Singapore Pte. Ltd. at fair value through profit or loss. The performance of the Partnership is directly affected by the performance of the subsidiary. Allocated earnings from the subsidiary represent the Partnership's proportionate share of profit or loss of the subsidiary. In addition, the Partnership accrues its own income and expenses.

3. Critical accounting estimates, assumptions and judgements

The preparation of the Partnership's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. 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.

Judgements made in applying accounting policies

In the process of applying the Partnership's accounting policies, management has made the following judgements apart from those involving estimates, which have the most significant effect on the amounts recognised in the financial statements:

(a) *Assessment as investment entity*

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them. The criteria which define an investment entity are, as follows:

- (i) An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services.
- (ii) An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both.
- (iii) An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Partnership's Limited Partnership Agreement ("LPA") details its objective of providing investment management services to investors which includes investing in securities for the purpose of returns in the form of investment income and capital appreciation.

Management has concluded that the Partnership meets the definition of an investment entity. These conclusions will be reassessed on an annual basis, if any of these criteria or characteristics change.

(b) *Functional currency*

The primary objective of the Partnership is to generate returns in USD, its capital-raising currency. The liquidity of the Partnership is managed on a day-to-day basis in USD. The Partnership's performance is evaluated in USD therefore management has determined the currency of the primary economic environment in which the Partnership operates, i.e., functional currency, to be USD.

3. Critical accounting estimates, assumptions and judgements (cont'd)

Key sources of estimation uncertainty

The key assumption concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, is discussed below.

Fair value of investments in financial assets at fair value through profit or loss

In estimating the fair value of the investments at fair value through profit or loss, management takes into consideration the financial condition, including the ability of the investments at fair value through profit or loss to obtain debt financing, operating results of the investments at fair value through profit or loss, the nature of its investments, local market conditions, trading values and other factors that the management deem appropriate. The use of different market assumptions and/or estimation methodologies may have a material effect on the fair value. Due to the lack of observable pricing inputs, a significant degree of management judgement is required by management which may significantly impact the resulting fair value. Accordingly, the estimate of the investments' fair value amounts presented in the financial statements is not necessarily an indication of the amount that management could realise in an actively traded market.

The determination of fair value is based on the best information available specific to the investments and may incorporate management's own assumptions. The fair value of the investments at fair value through profit or loss are disclosed in Note 4.

4. Fair value of financial instruments

Financial instruments at fair value through profit or loss

The Partnership classifies fair value measurements using a fair value hierarchy that reflects the significant of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - Inputs for the assets or liabilities that are not based on observable market data (i.e., unobservable inputs).

Financial instruments that are not carried at fair value consist of cash and cash equivalents, amount due from related parties and other receivables. The carrying amount of these financial assets and liabilities approximates fair value due to their short-term nature.

All of the Partnership's investments are recorded as financial instruments at fair value through profit or loss. At 31 December 2019, the investment in subsidiary is classified as Level 3 financial instruments. There were no transfers of investments made among different levels during the financial period ended 31 December 2019.

4. Fair value of financial instruments (cont'd)

Financial instruments at fair value through profit or loss (cont'd)

Level 3 financial instruments for which market quotations are not readily available are valued using estimated fair value as determined in good faith by the management. The management considers original transaction price, recent transactions in the same or similar financial instruments in the determination of the fair value of these Level 3 financial instruments.

The following table presents the movement in Level 3 instruments for the financial year/period:

	2019 US\$	2018 US\$ (Unaudited)
At beginning of period	–	–
Purchase of investment	2,515,000	–
Net investment income allocated from subsidiary	(238,666)	–
At end of period	2,276,334	–

Quantitative information of significant unobservable inputs - Level 3

Financial assets at fair value through profit or loss:

2019	Fair value US\$	Valuation technique	Unobservable input	Range
Investment in subsidiary	2,276,334	Net asset value	N/A	N/A

The Partnership used net asset value approach to value its investment in subsidiary. As such, there were no unobservable inputs identified that would require disclosure of sensitivity analysis on possible movements on the fair value of the investment in subsidiary.

The subsidiary used the last transaction price to value its investments.

The Partnership has no investment in 2018.

Patamar Fund II, LP

Notes to the financial statements For the financial year ended 31 December 2019

5. Investments in subsidiary at fair value through profit or loss

	Principal place of business	Principal activity	Proportion of shares held 2019 %	2018 % (Unaudited)
Unconsolidated subsidiary				
Patamar Fund II Singapore Pte. Ltd.	Singapore	Investment Holding	100	–

The Partnership has pooled its assets in the subsidiary to invest in securities and other financial instruments. Since the Partnership meets the definition of an investment entity, it does not consolidate its subsidiary but rather, recognises the subsidiary as financial assets at FVPL.

The audited financial statements of the subsidiary, including the significant accounting policies, which form an integral part of this financial statements is attached. Valuation of the investments held by the subsidiary is discussed in the notes of the subsidiary's financial statements.

The Partnership undertakes to provide continuing financial support to the subsidiary to enable it to continue its operations in the foreseeable future.

6. Cash and cash equivalents

	2019 US\$	2018 US\$ (Unaudited)
Cash at bank	3,288	5,619

Cash at bank is deposited in non-interest bearing current accounts with reputable banks and the carrying amount approximates its fair value.

Notes to the financial statements
For the financial year ended 31 December 2019

7. Related party transactions

During the financial period, the Partnership transacted with related parties. Details of the balances with the related parties are as follows:

	2019 US\$	2018 US\$ (Unaudited)
Amount due from related parties	33,374	10,562
Amount due to related parties	315,061	250,000

Amount due from related parties relates to capital contributions receivable from General Partner.

Amount due to related parties relates to expenses paid on behalf of the Partnership by a related corporation. The related corporation shares a common shareholder with the Management Company.

The related party balances are unsecured, interest free and repayable on demand. The carrying amount approximates its fair value.

Management fees

Under the private placement memorandum, the Partnership will pay an annual management fee of 2.0% of aggregate capital commitments quarterly in advance to the Management Company until the earlier of the end of the investment period; the date in which a new fund has its first capital call and the fourth anniversary of the date of the final closing. Thereafter, the management fee will be calculated at 2.0% of assets under management.

For the financial period ended 31 December 2019, total management fees are amounting to US\$287,868 which is fully paid as at year end.

8. Partners' capital

Upon entering the Partnership, each partner shall make contributions of capital with respect to its capital commitment, from time to time, pro rata based on its capital commitment, in accordance with a written notice (a "capital call notice") to do so by the General Partner. No partner shall be paid interest on its capital contribution or on its capital account.

As of reporting date, US\$3,304,000 was committed to the Partnership by the partners. As at reporting date, the total commitment of the Partnership by the partners is US\$23,600,000 amount. The first capital call was on 22 May 2019.

Notes to the financial statements
For the financial year ended 31 December 2019

8. Partners' capital (cont'd)

(a) ***Participating interests***

The limited partners shall not participate or take part in, or have any involvement in the management, control or operations of the Partnership or any portfolio company; shall have no right or authority to act for or bind the Partnership; and shall have no right to vote on any matters, in each case except as specifically required under the Partnership Act or as provided in the Limited Partnership Agreement.

(b) ***Distributions of allocations of profits and losses of the Partnership***

Allocations of profits and losses for each fiscal year shall, after giving effect to all capital account adjustments attributable to the capital contributions and distributions made with respect to such fiscal year, be allocated among the partners such that the capital account of each partner, immediately after making such allocation, is, as nearly as possible, equal to the distributions that would made to such partner. If the Partnership were dissolved, its affairs wound up and its assets sold for cash equal to their book values, all Partnership liabilities were satisfied, and the net assets of the Partnership were distributed to the partners immediately after making such allocation, provided that the losses allocated to a partner shall not exceed the maximum amount of losses that can be so allocated without causing such partner to have a negative adjusted capital account balance at the end of any fiscal year.

Cash flow and net proceeds from securities will be distributed promptly at the discretion of the General Partner, following the receipt of such proceeds by the Partnership in proportion to the partners' respective funded capital contributions.

All distributions (other than in connection with the winding up of the Partnership) shall be made as follows:

- (a) First, 100% to such partner until such partner has received distributions equal to such partner's respective unreturned capital contributions;
- (b) Second, 100% to such Partner until such Partner has received distributions equal to a 6% return per annum, compounded annually, on the average daily balance of the partner's unreturned capital contribution;
- (c) Third, 100% to the General Partner until the General Partner has received amounts equal to 20% of the amounts distributed to each partner pursuant to (b) above; and
- (d) Thereafter, 80% to such Partner and 20% to the General Partner.

To the extent investment proceeds received by the Partnership represent the partial realisation of an investment, the portion so disposed of and the portion retained shall for the purposes of calculating distributions be deemed to have separate investments with all amounts received in respect of such a partial disposition attributable to the portion so disposed of distributed. Investment proceeds from any investment in short-term investment shall be distributed as deemed appropriate by the General Partner to all partners pro rata based on their respective interests with respect to such investment or their respective proportionate shares of such investment proceeds.

9. Financial risk management objectives and policies

Risk arising from holding financial instruments is inherent in the Partnership's activities and is managed through a process of ongoing identification, measurement and monitoring. The Partnership's investments in the subsidiary subjected to a variety of financial risks, such as market risk (which includes equity price risk, interest rate risk and foreign currency risk), credit risk and liquidity risk.

The General Partner is responsible for identifying and controlling the risks that arise from these financial instruments. The General Partner undertakes ongoing analysis of the risks of the portfolio, if any, in order to maintain a level of risk in the Partnership that is compatible with the aim of producing positive absolute return on the Partnership's investment portfolio.

The risks are measured using a method that reflects the expected impact on the results and net assets attributable to partners of the Partnership from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the end of the reporting period, measured on this basis is disclosed in the following pages.

Information about the total fair value of financial instruments exposed to risks, as well as compliance with established investments mandate limits is also monitored by the General Partner. These guidelines reflect the investment strategy and market environment of the Partnership, as well as the level of risk that the Partnership is willing to accept with additional emphasis on selected industries.

In order to avoid excessive concentrations of risk, the Partnership monitors its exposure to ensure concentrations of risk remain within acceptable levels and reduces exposures to manage the excessive risk concentrations when they arise.

The following sections provide details regarding the Partnership's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks:

(a) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as prices, foreign exchange rates and interest rates. Market risk is managed and monitored using risk management strategies and analytical monitoring techniques and minimised through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies.

At reporting date, the Partnership's assets principally consist of investment in subsidiary, which is classified as financial assets at fair value through profit or loss, cash and cash equivalents, amount due from related parties and other receivables. The investment objective of the Partnership is disclosed in Note 1.

9. Financial risk management objectives and policies (cont'd)

(a) **Market risk (cont'd)**

(i) *Equity price risk*

Equity price risk is the risk of unfavorable changes in the fair values of equity securities as the result of changes in the value of individual shares. The equity price risk exposure arises from the subsidiary's investments in equity securities. The Partnership manages this risk by investing in accordance with its investment strategy.

The Partnership used net asset value approach to value its investment in subsidiary. As such, there were no unobservable inputs identified that would require disclosure of sensitivity analysis on possible movements on the fair value of the investment in subsidiary.

(ii) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Partnership's financial instruments will fluctuate because of changes in market interest rates.

The Partnership does not hold any interest bearing instrument. Any fluctuation in interest rates would not have any effect on the Partnership's income or on its operating cash flows.

(iii) *Foreign currency risk*

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

As at 31 December 2019, the Partnership does not hold any material foreign currency balance.

9. Financial risk management objectives and policies (cont'd)

(b) **Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial asset should a counterparty default on its obligations.

Financial assets which potentially expose the Partnership to credit risk consist principally of cash and cash equivalents, amount due from related parties and other receivables. The Partnership seeks to mitigate its exposure to credit risk by placing its cash and cash equivalents with a reputable and regulated financial institution. The Partnership measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward-looking information in determining any expected credit loss. As at 31 December 2019, the Partnership only holds cash and cash equivalents, amount due from related parties and other receivables. Cash and cash equivalents and other receivables have maturities of less than 12 months at amortised cost. Amount due from related parties are unsecured, interest free and repayable on demand. Management consider the probability of default to be minimal as the management believes the counterparties have the capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses.

The Partnership holds no collateral as security or any other credit enhancements. At the end of the reporting period, there is no financial asset that is past due or impaired, or would otherwise be past due or impaired.

(c) **Liquidity risk**

Liquidity risk is the risk that the Partnership will not be able to meet its repayment obligations when they fall due under normal and stress circumstances. The Partnership's strategy is to minimise its exposure to liquidity risk by monitoring the Partnership's liquid capital from time-to-time.

Financial liabilities of the Partnership comprise of amount due to related parties and other payables and accruals. Amount due to related parties are unsecured, interest free and repayable on demand. Other payables and accruals represented contractual obligations to settle for expenses incurred for daily operation. The amount is unsecured, interest free and is due within 90 days.

10. Capital management

The capital of the Partnership is represented by the net assets attributable to the General Partner and Limited Partners. The Partnership's objective when managing the capital is to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Partnership.

In order to maintain or adjust the capital structure, the General Partner may call unfunded commitments from the Limited Partners or distribute capital to the Limited Partners.

11. Events after reporting period

The extent of the impact of the coronavirus ("COVID-19") outbreak on the financial performance of the Partnership's investments will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions and the impact of COVID-19 on the financial markets and the overall economy, all of which are highly uncertain and cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period, the carrying value of the investments and the Partnership's investments results may be materially adversely affected.

12. Comparative information

The comparative figures relate to the financial period from the date of incorporation on 31 August 2017 to 31 December 2018 was not audited and our opinion does not relate to the financial statements for the period. This is the first set of the Partnership's financial statements since the date of incorporation on 31 August 2017.

13. Authorisation of financial statements

The financial statements for the financial period from 31 August 2017 (date of incorporation) to 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 31 March 2020.

Company Registration No. 201909909M

Patamar Fund II Singapore Pte. Ltd.

Annual Financial Statements
Period from 27 March 2019 (date of incorporation) to
31 December 2019



Patamar Fund II Singapore Pte. Ltd.

General information

Directors

Frederick Butterfield Pickering	(Appointed on 27 March 2019)
Beaudean Thaddeus Seil	(Appointed on 17 June 2019)
George Lee Fitz Gerald	(Appointed on 17 June 2019)

Company Secretaries

Cher Xiao Yan	(Appointed on 14 June 2019)
Tan Wei Wei	(Appointed on 14 June 2019)

Registered Office

1 George Street
#07-03 One George Street
Singapore 049145

Auditor

Ernst & Young LLP

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Patamar Fund II Singapore Pte. Ltd.

Directors' statement

The directors are pleased to present their statement to the member together with the audited financial statements of Patamar Fund II Singapore Pte. Ltd. (the "Company") for the financial period from 27 March 2019 (date of incorporation) to 31 December 2019.

Opinion of the directors

In the opinion of the directors,

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Company for the financial period from 27 March 2019 (date of incorporation) to 31 December 2019; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Frederick Butterfield Pickering
Beaudean Thaddeus Seil
George Lee Fitz Gerald

Arrangement to enable directors to acquire shares or debentures

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

Directors' interest in shares or debentures

The directors who held office at the end of the financial period had no interest in the shares or debentures of the Company and related companies as recorded in the Register of Directors' shareholdings kept by the Company under Section 164 of the Companies Act, Chapter 50 (the "Act").

Patamar Fund II Singapore Pte. Ltd.

Directors' statement

Share options

During the financial period, there was:

- (a) no option granted by the Company to any person to take up unissued shares in the Company; and
- (b) no share issued by virtue of any exercise of option to take up unissued shares of the Company.

At the end of the financial period, there was no unissued share of the Company under option.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:



Beaudean Thaddeus Seil
Director



Frederick Butterfield Pickering
Director

Singapore

31 MAR 2020

Patamar Fund II Singapore Pte. Ltd.

Independent auditor's report

For the financial period from 27 March 2019 (date of incorporation) to 31 December 2019

Independent auditor's report to the member of Patamar Fund II Singapore Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Patamar Fund II Singapore Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 December 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial period from 27 March 2019 (date of incorporation) to 31 December 2019, 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 Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 December 2019 and of the financial performance, changes in equity and cash flows of the Company for the financial period from 27 March 2019 (date of incorporation) to 31 December 2019.

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 other information. The other information comprises the general information and directors' statement, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information 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 or 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.

Patamar Fund II Singapore Pte. Ltd.

Independent auditor's report

For the financial period from 27 March 2019 (date of incorporation) to 31 December 2019

Independent auditor's report to the member of Patamar Fund II Singapore Pte. Ltd.

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 FRSs, 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.

Auditor's 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.
- 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.

Patamar Fund II Singapore Pte. Ltd.

Independent auditor's report

For the financial period from 27 March 2019 (date of incorporation) to 31 December 2019

Independent auditor's report to the member of Patamar Fund II Singapore Pte. Ltd.

Auditor's responsibilities for the audit of the financial statements (cont'd)

- 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.



Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
31 March 2020

Patamar Fund II Singapore Pte. Ltd.

Statement of comprehensive income

For the financial period from 27 March 2019 (date of incorporation) to 31 December 2019

	Note	For the financial period from 27 March 2019 (date of incorporation) to 31 December 2019 US\$
Income		–
Expenses		
Unrealised loss on financial assets at fair value through profit or loss		(110,209)
Management fees	6	(67,106)
Administration fees		(35,881)
Professional fees		(21,423)
Other expenses		(4,047)
Total expenses		<hr/> (238,666) <hr/>
Loss before taxation		(238,666)
Less: Taxation		–
Loss for the period		<hr/> (238,666) <hr/>
Other comprehensive income		–
Total comprehensive income for the period		<hr/> (238,666) <hr/>

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

Patamar Fund II Singapore Pte. Ltd.

**Statement of financial position
As at 31 December 2019**

	Note	2019 US\$
Assets		
Financial assets at fair value through profit or loss (cost: US\$2,396,806)	4	2,286,597
Cash and cash equivalents	5	11,460
Amount due from a related party	6	364
		<hr/>
		2,298,421
		<hr/>
Liabilities		
Other payables and accruals		22,087
		<hr/>
		22,087
		<hr/>
Net assets/(liabilities)		<hr/>
		2,276,334
		<hr/>
Equity		
Share capital	7	1
Subscription received in advance	6	2,514,999
Accumulated losses		(238,666)
		<hr/>
Total equity		2,276,334
		<hr/>

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

Patamar Fund II Singapore Pte. Ltd.

Statement of changes in equity

For the financial period from 27 March 2019 (date of incorporation) to 31 December 2019

	Share capital US\$	Subscription received in advance US\$	Accumulated losses US\$	Total equity US\$
At 27 March 2019 (date of incorporation)	1	–	–	1
Proceeds received for new redeemable preference shares to be issued after reporting date	–	2,514,999	–	2,514,999
Total comprehensive income for the period	–	–	(238,666)	(238,666)
At 31 December 2019	1	2,514,999	(238,666)	2,276,334

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

Patamar Fund II Singapore Pte. Ltd.

Statement of cash flows

For the financial period from 27 March 2019 (date of incorporation) to 31 December 2019

	For the financial period from 27 March 2019 (date of incorporation) to 31 December 2019 US\$
Cash flows from operating activities	
Loss before taxation	(238,666)
Adjustments:	
Unrealised loss on financial assets at fair value through profit or loss	110,209
	<hr/> (128,457)
Changes in working capital:	
Increase in amount due from a related party	(364)
Increase in other payables and accruals	22,087
	<hr/> (106,734)
Net cash flows used in operating activities	
Cash flows from investing activity	
Purchase of investment	(2,396,806)
	<hr/> (2,396,806)
Net cash flows used in investing activity	
Cash flows from financing activities	
Proceed from issuance of ordinary share	1
Subscription received in advance	2,514,999
	<hr/> 2,515,000
Net cash flows generated from financing activities	
Net increase in cash and cash equivalents	11,460
Cash and cash equivalents at beginning of period	–
	<hr/> 11,460
Cash and cash equivalents at end of period	<hr/> <hr/> 11,460

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

Patamar Fund II Singapore Pte. Ltd.

Notes to the financial statements

For the financial period from 27 March 2019 (date of incorporation) to 31 December 2019

1. Corporate information

Patamar Fund II Singapore Pte. Ltd. (the “Company”) is a private limited company incorporated and domiciled in Singapore.

The registered office of the Company is located at 1 George Street, #07-03 One George Street, Singapore 049145.

The principal activity of the Company is investment holding on behalf of Patamar Fund II, LP (the “Feeder Fund”). The objective of the Feeder Fund is to provide its investors with the opportunity to realise long-term appreciation, generally through venture capital investments in equity, equity-related securities, loans, any form of debt instruments and/or derivative instruments of private companies in the various industries.

The General Partner of the Feeder Fund is Patamar Fund II GP, LLC (the “General Partner”), a Delaware limited liability company and registered as a foreign company in the Cayman Islands. The General Partner is responsible to operate, manage and control the affairs of the Feeder Fund and to make all decisions affecting Feeder Fund’s affairs.

The Manager of the Company is Vulpes Investment Management Private Limited (the “Manager”), a limited liability company incorporated in Singapore. The Manager holds a Capital Markets Services License with the Monetary Authority of Singapore. The Manager is appointed to provide investment management services to the Company and to assist the Company with respect to identification, evaluation, acquisition, management, monitoring and realisation of investments of the Company.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The financial statements of the Company have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”), as required by the Singapore Companies Act.

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars (“USD” or “US\$”) which is also the Company’s functional currency.

2.2 *Adoption of new and revised standards*

The Company has adopted all the new and revised standards that are effective annual periods beginning on or after 1 January 2019. The adoption of these standards did not have any effect on the financial performance or position of the Company.

2. Summary of significant accounting policies (cont'd)

2.2 Adoption of new and revised standards (cont'd)

INT FRS 123 Uncertainty Over Income Tax Treatments ("Interpretation")

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of FRS 12 *Income Taxes* ("FRS 12"). It does not apply to taxes or levies outside the scope of FRS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions, particularly those relating to its income generated from investment in unquoted equities. The Company determined, based on its assessment of current tax laws in various jurisdictions, that it is probable that its tax treatments will be accepted by the taxation authorities. The Interpretation did not have an impact on the financial statements of the Company.

2.3 Interpretation issued but not yet effective

The Company has not adopted the following interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to IAS 1 and IAS 8 <i>Definition of Material</i>	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 <i>Interest Rate Benchmark Reform</i>	1 January 2020
Amendments to References to the Conceptual Framework in FRS Standards	1 January 2020

The directors expect the adoption of the interpretation above will have no material impact on the financial statements in the period of initial application.

2. Summary of significant accounting policies (cont'd)

2.4 Foreign currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The financial statements are presented in USD, which is the Company's functional and presentation 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 end of the reporting period. 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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

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 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank which is subjected to an insignificant risk of changes in value. The Company places its cash and cash equivalents with a creditworthy and high-quality financial institution.

2.6 Financial instruments

In accordance with FRS 109 *Financial Instruments*, the Company classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

2. Summary of significant accounting policies (cont'd)

2.6 Financial instruments (cont'd)

(a) *Financial assets*

Initial recognition and measurement

Financial assets 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 assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVPL"), directly attributable transaction costs.

Subsequent measurement

The Company classifies its financial assets as subsequently measured at amortised cost or measured at FVPL on the basis of both:

- The Company's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset.

(i) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company includes in this category balances relating to cash and cash equivalents and amount due from a related party. Gains and losses are recognised in statement of comprehensive income when the assets are derecognised or impaired, and through the amortisation process.

(ii) Financial assets measured at FVPL

A financial asset is measured at FVPL if:

- Its contractual terms do not give rise to cash flows on specified dates that are SPPI on the principal amount outstanding; or
- It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

2. Summary of significant accounting policies (cont'd)

2.6 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

(ii) Financial assets measured at FVPL (cont'd)

The Company includes in this category investment in unquoted equities.

Changes in fair value and gains and losses upon derecognition are recognised in statement of comprehensive income.

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 differences between the carrying amount and the sum of the consideration received and any cumulative gains or losses that have been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(b) Financial liabilities

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 and in the case of other financial liabilities, plus directly attributable transaction costs.

Financial liabilities measured at amortised cost

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

This category includes all financial liabilities, other than those measured at FVPL. The Company includes in this category other payables and accruals.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in statement of comprehensive income.

2. Summary of significant accounting policies (cont'd)

2.7 *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 amount due from a related party, 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 365 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.

2.8 *Provisions*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the 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 economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Summary of significant accounting policies (cont'd)

2.9 Taxes

The Company has been granted tax exemption scheme under Section 13R of the Income Tax Act for resident fund companies substantially owned by foreign investors with effective from 29 May 2019. The tax exemption status will be for the life of the Company, provided the Company continues to meet all conditions and terms set out in MAS circular FDD Cir 06/2014, and the relevant income tax legislations.

Under the tax exemption scheme, the Company will be granted tax exemption on specified income derived by the Company in respect of designated investments as defined under the Income Tax Regulations 2010. The Company has met all qualifying conditions to be exempt from income taxes in Singapore and therefore no provisions or payments are made for Singapore income taxes.

Uncertain tax positions can arise where the Company invests in jurisdiction with domestic tax legislation that might impose a capital gain tax payment or filing obligation on a non-resident deriving investment return from the jurisdiction. The Company periodically evaluates positions taken in the tax returns with respect to situation in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. As at 31 December 2019, the Company is not aware of any tax position for which it is reasonably possible that the total amounts of unrecognised tax benefit/expenses will change materially in the next twelve months.

2.10 Related parties

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 employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - (viii) The entity or member of a Company of which it is a part, provides key management personnel services to the reporting entity or the parent of the reporting entity.

2. Summary of significant accounting policies (cont'd)

2.11 *Investment transactions and related investment income*

Investment transactions are accounted for on a trade date basis. Realised gains and losses on investment transactions are recorded as the difference between gross sales proceeds less its carrying amount. Interest income is recognised using effective interest method.

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.

Preference shares are classified as equity if they are redeemable at the option of the Company and the dividend payments are discretionary.

3. Significant accounting judgments and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. 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.

Judgements made in applying accounting policies

In the process of applying the Company's accounting policies, management has made the following judgements apart from those involving estimates, which have the most significant effect on the amounts recognised in the financial statements:

(a) *Assessment as investment entity*

Entities that meet the definition of an investment entity within FRS 110 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them. The criteria which define an investment entity are, as follows:

- (i) An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services.
- (ii) An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both.
- (iii) An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Feeder Fund's Limited Partnership Agreement ("LPA") details its objective of providing investment management services to investors which includes investing in securities for the purpose of returns in the form of investment income and capital appreciation.

The directors have concluded that the Company meets the definition of an investment entity. These conclusions will be reassessed on an annual basis, if any of these criteria or characteristics change.

3. Significant accounting judgments and estimates (cont'd)

Judgements made in applying accounting policies (cont'd)

(b) Functional currency

The primary objective of the Company is to generate returns in USD, its capital-raising currency. The liquidity of the Company is managed on a day-to-day basis in USD. The Company's performance is evaluated in USD therefore management has determined the currency of the primary economic environment in which the Company operates, i.e., functional currency, to be USD.

Key sources of estimation uncertainty

The key assumption concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, is discussed below.

Fair value of investments in financial assets at fair value through profit or loss

In estimating the fair value of the investments at fair value through profit or loss, management takes into consideration the financial condition, including the ability of the investments at fair value through profit or loss to obtain debt financing, operating results of the investments at fair value through profit or loss, the nature of its investments, local market conditions, trading values and other factors that the management deem appropriate. The use of different market assumptions and/or estimation methodologies may have a material effect on the fair value. Due to the lack of observable pricing inputs, a significant degree of management judgement is required by management which may significantly impact the resulting fair value. Accordingly, the estimate of the investments' fair value amounts presented in the financial statements is not necessarily an indication of the amount that management could realise in an actively traded market.

The determination of fair value is based on the best information available specific to the investments and may incorporate managements own assumptions. The fair values of the investments at fair value through profit or loss are disclosed in Note 4.

4. Fair values of financial instruments

Financial instruments at fair value through profit or loss

The Company classifies fair value measurements using a fair value hierarchy that reflects the significant of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs).

Financial instruments that are not carried at fair value consist of cash and cash equivalents, advances from Feeder Fund, management fee payable, accrued operating expenses and amounts due to a related party. The carrying amount of these financial assets and liabilities approximates fair value due to their short-term nature.

Notes to the financial statements

For the financial period from 27 March 2019 (date of incorporation) to 31 December 2019

4. Fair values of financial instruments (cont'd)

Financial instruments at fair value through profit or loss (cont'd)

All of the Company's investments are recorded as financial instruments at fair value through profit or loss. At 31 December 2019, these investments are classified as Level 3 financial instruments. There were no transfers of investments made among different levels during the financial period ended 31 December 2019.

Level 3 financial instruments for which market quotations are not readily available are valued using estimated fair value as determined in good faith by the Company. The management considers original transaction price, recent transactions in the same or similar financial instruments in the determination of the fair value of these Level 3 financial instruments.

The following table presents the movement in Level 3 instruments for the financial period:

	2019 US\$
Balance at 27 March 2019 (date of incorporation)	—
Purchase of investment	2,396,806
Unrealised loss on financial assets at fair value through profit or loss	(110,209)
Balance at 31 December 2019	<u>2,286,597</u>

Quantitative information of significant unobservable inputs - Level 3

Financial instruments at fair value through profit or loss:

Description	Fair value US\$	Valuation technique	Unobservable input	Range
Unquoted equities	2,286,597	Last transaction price	N/A	N/A

The Company used last transaction price to value its investments. As such, there were no unobservable inputs identified that would require disclosure of sensitivity analysis on possible movements on the fair value of the investments.

5. Cash and cash equivalents

	2019 US\$
Cash at bank	<u>11,460</u>

Cash at bank is deposited in non-interest bearing current accounts with a reputable bank and the carrying amount approximates its fair value.

Patamar Fund II Singapore Pte. Ltd.

Notes to the financial statements

For the financial period from 27 March 2019 (date of incorporation) to 31 December 2019

6. Related party transactions

During the financial period, the Company transacted with related parties. Details of the balances with the related parties are as follows:

	2019 US\$
Amount due from a related party	364
	<hr/>
Subscription received in advance	2,514,999
	<hr/>

Amount due from a related party relates to expenses paid on behalf of the Company by a related company. This amount is unsecured, interest free and repayable on demand. The carrying amount approximates its fair value.

Subscription received in advance relates to advances from Feeder Fund for financing purpose. The amount will be converted into redeemable preference shares at the discretion of the Company. The carrying amount approximates its fair value.

Management fees

The Company has entered into a Management Agreement with the Manager. Pursuant to the Management Agreement, the Manager will be entitled to an annual management fee as remuneration for performing its services as manager of the Company.

Under the agreement, the management fee is in an amount equal to SGD150,000 per annum. The Company shall pay the Manager the management fee in quarterly instalments in advance on the first day of each quarter commencing after the First Close of Feeder Fund.

For the financial year ended 31 December 2019, total management fees are amounting to US\$67,106 which is fully paid as at year end.

7. Share capital

	2019	
	No. of shares	US\$
<i>Issued and fully paid:</i>		
<i>Ordinary shares</i>		
At beginning and end of period	1	1
	<hr/>	

The holder of ordinary share is entitled to receive dividends as and when declared by the Company. The ordinary share is classified as equity.

8. Financial risk management objectives and policies

Risk arising from holding financial instruments is inherent in the Company's activities and is managed through a process of ongoing identification, measurement and monitoring. The Company is exposed to a variety of financial risks such as market risk (which includes equity price risk, interest rate risk and foreign currency risk), credit risk and liquidity risk.

The Manager is responsible for identifying and controlling the risks that arise from these financial instruments. The Manager undertakes ongoing analysis of the risks of the portfolio, if any, in order to maintain a level of risk in the Company that is compatible with the aim of producing positive absolute return on the Company's investment portfolio.

The risks are measured using a method that reflects the expected impact on the results and net assets attributable to partners of the Feeder Fund from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the end of the reporting period, measured on this basis is disclosed in the following pages.

Information about the total fair value of financial instruments exposed to risks, as well as compliance with established investments mandate limits is also monitored by the Manager. These guidelines reflect the investment strategy and market environment of the Company, as well as the level of risk that the Company is willing to accept with additional emphasis on selected industries.

In order to avoid excessive concentrations of risk, the Company monitors its exposure to ensure concentrations of risk remain within acceptable levels and reduces exposures to manage the excessive risk concentrations when they arise.

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

(a) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as prices, foreign exchange rates and interest rates. Market risk is managed and monitored using risk management strategies and analytical monitoring techniques and minimised through ensuring that all investment activities are undertaken in accordance with its investment strategy

At reporting date, the Company's assets principally consist of investment in unquoted equities, which is classified as financial assets at fair value through profit or loss and cash and cash equivalents. The investment objective of the Company is disclosed in Note 1.

8. Financial risk management objectives and policies (cont'd)

(a) Market risk (cont'd)

(i) Equity price risk

Equity price risk is the risk of unfavorable changes in the fair values of equity securities as the result of changes in the value of individual shares. The equity price risk exposure arises from the Company's investment in unquoted equities. The Company manages this risk by investing in accordance with its investment strategy.

The Company used last transaction price to value its investments. As such, there were no unobservable inputs identified that would require disclosure of sensitivity analysis on possible movements on the fair value of the investments.

(ii) Interest rate risk

Interest rate risks arise from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The Company does not hold any interest bearing instrument. Any fluctuation in interest rates would not have any effect on the Company's income or on its operating cash flows.

(iii) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to the effects of foreign exchange rate fluctuation because of its financial assets and liabilities denominated in currencies other than USD, the functional currency.

The foreign currency balances for the financial period are as follows:

Currency	Financial assets/ (liabilities) US\$
2019	
Indian Rupee	2,286,597
Singapore Dollar	(2,588)

8. Financial risk management objectives and policies (cont'd)

(a) **Market risk (cont'd)**

(iii) *Foreign currency risk (cont'd)*

The following table shows the significant effect on the Company's equity and total comprehensive income assuming a 5% appreciation/(depreciation) in the notable underlying foreign currency with all other variables held constant:

Currency	Appreciation/ (depreciation) of currency against US\$ %	Effect on equity and total comprehensive income US\$
2019		
India Rupee	+/- 5	114,330 / (114,330)
Singapore Dollar	+/- 5	(129) / 129

(b) **Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial asset should a counterparty default on its obligations.

Financial assets which potentially expose the Company to credit risk consist principally of cash and cash equivalents. The Company seeks to mitigate its exposure to credit risk by placing its cash and cash equivalents with a reputable and regulated financial institution. The Company measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward-looking information in determining any expected credit loss. As at 31 December 2019, the Company only holds cash and cash equivalents that have maturities of less than 12 months at amortised cost. Management consider the probability of default to be minimal as the management believes the counterparties have the capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognized based on 12-month expected credit losses.

The Company holds no collateral as security or any other credit enhancements. At the end of the reporting period, there is no financial asset that is past due or impaired, or would otherwise be past due or impaired.

(c) **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its repayment obligations when they fall due under normal and stress circumstances. The Company's strategy is to minimise its exposure to liquidity risk by monitoring the Company's liquid capital from time-to-time.

Financial liabilities of the Company comprise of other payables and accruals. Other payables and accruals represented contractual obligations to settle for expenses incurred for daily operation. The amount is unsecured, interest free and is due within 90 days.

9. Capital management

The capital of the Company is represented by the net assets attributable to the shareholders. The Company's objective when managing the capital is to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Company.

In order to maintain the capital structure, the Company may issue additional ordinary or redeemable preference shares. The Company defines capital as including all components of equity.

10. Events after reporting period

The extent of the impact of the coronavirus ("COVID-19") outbreak on the financial performance of the Company's investments will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions and the impact of COVID-19 on the financial markets and the overall economy, all of which are highly uncertain and cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period, the carrying value of the investments and the Company's investments results may be materially adversely affected.

11. Comparative information

There are no comparative figures as this is the first set of the Company's financial statements since the date of incorporation on 27 March 2019.

12. Authorisation of financial statements

The financial statements for the financial period from 27 March 2019 (date of incorporation) to 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 31 March 2020.

For the period from Inception (August 31, 2017) to December 31, 2019

	Norman Reserves Pty Ltd as General Partner of the Norman Partnership		Fund Total
	Current period Oct 1, 2019 to Dec, 31 2019	Inception to date Aug 31, 2017 to Dec 31, 2019	
Committed Capital		\$ 250,000	\$ 23,838,384
Capital Called		35,000	3,337,374
Uncalled Commitment at the End of the Period		\$ 215,000	\$ 20,501,010
Capital Account Balance, Beginning of period	\$ 23,828	\$ -	\$ -
Activity during the period			
Capital contributions	-	35,000	3,337,374
Capital contributions receivable	-	-	(33,374)
Syndication costs	(999)	(5,501)	(524,550)
Net operating gain/(loss) ¹	(1,120)	(6,976)	(662,199)
Realized gain/(loss) on portfolio investments	-	-	-
Net change in unrealized portfolio appreciation/(depreciation)	(1,690)	(2,504)	(238,666)
Capital Account Balance, End of period	<u>\$ 20,019</u>	<u>\$ 20,019</u>	<u>\$ 1,878,585</u>

¹ Net operating loss (or net investment loss) represents operational income (interest, dividends) net of operational expenses (management fees, professional fees, organization costs) of the Fund.