

PRICOL ASIA PTE. LIMITED

(Registration Number: 201221194R)

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

(Expressed in United States Dollars)

PRICOL ASIA PTE. LIMITED

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021
(Expressed in United States Dollars)

CONTENTS	PAGE
DIRECTORS' STATEMENT	1 - 2
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS	3 - 5
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF COMPREHENSIVE INCOME	7
STATEMENT OF CHANGES IN EQUITY	8
STATEMENT OF CASH FLOWS	9
NOTES TO THE FINANCIAL STATEMENTS	10 - 43
DETAILED PROFIT AND LOSS STATEMENT	44

PRICOL ASIA PTE. LIMITED

DIRECTORS' STATEMENT – cont'd

5. SHARE OPTIONS

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

There were no shares issued during the financial year by virtue of the exercise of an option to take up unissued shares of the company.

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

6. AUDITOR

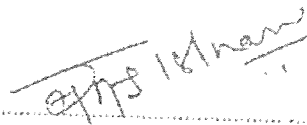
Prudential Public Accounting Corporation has expressed its willingness to accept re-appointment as auditor.

On Behalf of the Board



Atwarsamy Muthalraj

Director



Samakulam Ananthapadmanabhan
Gopalakrishnan
Director

Date: 30 April 2021



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF PRICOL ASIA PTE. LIMITED**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **PRICOL ASIA PTE. LIMITED** (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2021, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company 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 March 2021 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 and 2.

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.

...2/-



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF PRICOL ASIA PTE. LIMITED – cont'd**

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 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:

- (a) 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF PRICOL ASIA PTE. LIMITED – cont'd**

Auditor's Responsibilities for the Audit of the Financial Statements – cont'd

- (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 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.
- (e) 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 Requirement

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.

Prudential PAC

**PRUDENTIAL PUBLIC ACCOUNTING CORPORATION
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS
SINGAPORE**

Date: 30 April 2021



PRICOL ASIA PTE. LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	<u>Note</u>	<u>2021</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>
ASSETS			
Non-current assets:			
Equipment	(7)	-	-
Total non-current assets		-	-
Current assets:			
Trade and other receivables	(8)	9,272,067	9,100,772
Bank balances	(9)	4,807,177	1,560,592
Total current assets		14,079,244	10,661,364
Total assets		14,079,244	10,661,364
EQUITY AND LIABILITIES			
Equity:			
Share capital	(10)	250,000	250,000
Retained earnings		4,348,590	3,270,320
Total equity		4,598,590	3,520,320
Current liabilities:			
Trade and other payables	(11)	9,270,654	7,066,044
Income tax payable	(14c)	210,000	75,000
Total current liabilities		9,480,654	7,141,044
Total equity and liabilities		14,079,244	10,661,364

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

PRICOL ASIA PTE. LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	<u>Note</u>	<u>2021</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>
Revenue	(12)	49,308,972	27,067,627
Cost of goods sold		<u>(47,420,843)</u>	<u>(25,846,820)</u>
Gross profit		1,888,129	1,220,807
Other income	(13)	24,064	18,425
Administrative expenses		(609,276)	(644,600)
Other expenses		<u>-</u>	<u>(6,079)</u>
Profit before income tax		1,302,917	588,553
Income tax expense	(14)	<u>(224,647)</u>	<u>(37,968)</u>
Profit for the year	(15)	1,078,270	550,585
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>1,078,270</u>	<u>550,585</u>

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

PRICOL ASIA PTE. LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Share Capital	Retained Earnings	Total
	US\$	US\$	US\$
Balance as at 1 April 2019	250,000	2,719,735	2,969,735
Total comprehensive income for the year	-	550,585	550,585
Balance as at 31 March 2020	250,000	3,270,320	3,520,320
Total comprehensive income for the year	-	1,078,270	1,078,270
Balance as at 31 March 2021	250,000	4,348,590	4,598,590

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

PRICOL ASIA PTE. LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	<u>2021</u> US\$	<u>2020</u> US\$
Cash flows from operating activities:		
Profit before income tax	1,302,917	588,553
Adjustment for:		
Depreciation	-	1,565
Interest income	(6,703)	(18,425)
	<hr/>	<hr/>
Operating profit before working capital changes	1,296,214	571,693
Trade receivables	(174,233)	(5,831,659)
Trade payables	2,217,029	2,105,709
	<hr/>	<hr/>
Cash from/(used in) operations	3,339,010	(3,154,257)
Income tax paid	(89,647)	(74,622)
	<hr/>	<hr/>
Net cash from/(used in) operation	3,249,363	(3,228,879)
	<hr/>	<hr/>
Investing activities:		
Acquisition of equipment	-	(1,565)
Fixed deposits with maturity more than three months	1,000,000	(1,000,000)
Interest income	6,703	18,425
Other receivables	2,938	(3,957)
	<hr/>	<hr/>
Net cash from/(used in) investing activities	1,009,641	(987,097)
	<hr/>	<hr/>
Financing activities:		
Other payables	(12,419)	29,704
	<hr/>	<hr/>
Net cash (used in)/from financing activities	(12,419)	29,704
	<hr/>	<hr/>
Net increase/(decrease) in cash bank balance	4,246,585	(4,186,272)
Bank balance at beginning of year	560,592	4,746,864
	<hr/>	<hr/>
Bank balance at end of year	4,807,177	560,592
	<hr/>	<hr/>

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

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021

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

1. GENERAL

a) Corporate Information

Pricol Asia Pte. Limited (the “company”) (Registration number: 201221194R) is a private limited company incorporated and domiciled in the Republic of Singapore with its registered office at:

17 Phillip Street #05-01
Grand Building
Singapore 048695

The principal activities of the company are to carry on the business of importers and exporters of automobile accessories.

b) Authorisation of financial statements for issue

The financial statements of the company for the year ended 31 March 2021 were authorised for issue by the Board of Directors on 30 April 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (“FRS”).

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the company’s accounting policies. It also requires the use of accounting estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.2. Changes in Accounting Policies

a) Adoption of new revised FRSs and INT FRSs

In the current financial year, the company has adopted all the new and revised FRSs and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for annual periods beginning on or after 1 April 2020. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the company’s accounting policies and has no material effect on the financial statements.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.2. Changes in Accounting Policies – cont'd

b) Standards issued but not yet effective

As at the date of the authorisation of these financial statements, the Company has not adopted the following FRSs and INT FRSs that have been issued but not yet effective:

<u>Reference</u>	<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
FRS 116	Amendments to FRS116 - Covid-19 Related Rent Concessions	1 June 2020
FRS 1	Amendments FRS 1 Classification of Liabilities as Current or Non-current	1 January 2023
FRS 103	Amendments to FRS 103 Reference to Conceptual Framework	1 January 2022
Various	Annual Improvements to FRSs 2018 – 2020: - Amendments to FRS 101 – First-Time Adoption of Financial Reporting - Amendments to FRS 109 – Financial Instruments - Amendments to Illustrative Examples Accompanying FRS 116 - Leases	1 January 2022

The Company expect that the adoption of the above standards, interpretations and improvements, if applicable, will have no material impact on the financial statements in the period of initial application, except as described below:

i) Amendment to FRS 116 Covid-19-Related Rent Concessions

On 28 May 2020, the ASC issued Covid-19-Related Rent Concessions - amendment to FRS 116 Leases - Covid-19-Related Rent Concession. The amendments provide relief to lessees from applying FRS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under FRS 116, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

The Company has assessed and there is no material impact to its financial statements.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.2. Changes in Accounting Policies – cont'd

b) Standards issued but not yet effective – cont'd

ii) Amendment to FRS 1 Classification of Liabilities as Current or Non-current

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on the rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise the right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer of cash, equity instruments, other assets or services to the counterparty.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

There is no material impact expected to the company's financial statements on initial application.

iii) Amendments to FRS 103 Reference to the Conceptual Framework

The amendments update FRS 103 so that it refers to the 2018 Conceptual Framework instead of the 1989 Conceptual Framework. According to the amendments, for obligations within the scope of FRS 37, the acquirer shall apply FRS 37 to determine whether a present obligation exists at the acquisition date as a result of past events, and for a levy within the scope of FRS INT 121 Levies, the acquirer shall apply FRS INT 121 to determine whether the obligating event giving rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer shall not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

Early application is permitted if the entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

There is no material impact expected to the company's financial statements on initial application.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.2. Changes in Accounting Policies – cont'd

b) Standards issued but not yet effective – cont'd

iv) Annual Improvements to FRS 2018-2020

FRS 109 Financial Instruments: Fees in the '10 per cent' Test for Derecognition

This amendment clarifies that, in applying the derecognition test for financial liabilities under paragraph B3.3.6 of FRS109, a borrower includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

There is no material impact expected to the company's financial statements on initial application.

2.3. Equipment

a) Measurement

Equipment are initially stated at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

b) Components of costs

The cost of an item of equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is also included as part of the cost of equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

c) Depreciation

Depreciation is calculated on the straight line method and to write off the cost of the assets over their estimated useful lives for 3 years.

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

The residual values and useful lives of equipment are reviewed, and adjusted as appropriate, at the end of the reporting period. The effects of any revision of the residual values and useful lives are included in the statement of comprehensive income for the financial year in which the changes arise.

d) Subsequent expenditure

Subsequent expenditure relating to equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expense in the statement of comprehensive income during the financial year in which it is incurred.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.3. Equipment – cont'd

e) Disposal

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the statement of comprehensive income. Any amount in revaluation reserve relating to that asset is transferred to retained earnings directly.

2.4. Impairment of Non-Financial Assets

At the end of each reporting year, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

2.5. Foreign Currency Transactions and translation

a) Functional and presentation currency

The management has determined the currency of the primary economic environment in which the company operates i.e. functional currency, to be United States dollars ("USD"). Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in USD. The financial statements are presented in USD, which is the functional currency of the company.

b) Foreign currency transactions

Transactions in foreign currency have been translated into United States dollars at the rates of exchange ruling at the date of transaction. Monetary assets and liabilities in foreign currencies at the end of the reporting period have been converted into United States dollars at the rates of exchange approximating those ruling at the end of the reporting period. All realised and unrealised exchange adjustment is dealt with in the statement of comprehensive income.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.5. Foreign Currency Transactions and translation – cont'd

b) Foreign currency transactions – cont'd

Translation difference on non-monetary items, such as equity instruments classified as financial assets at fair value through profit and loss statement, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equity instruments classified as available-for-sale financial assets, are included in reserve in equity.

2.6. Income Taxes

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

a) Current tax

The tax currently payable is based on taxable profits for the year. Taxable profits differ from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The company's liability for current tax is calculated using tax rates that have been enacted.

b) Deferred tax

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

Deferred tax liabilities are recognised for all temporary differences except where the deferred tax liability arises from initial recognition of an asset or liability in a transaction that is not a business combination and, at that time of the transaction, affects neither accounting profit or loss nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences carry forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward on unused tax assets and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary differences arise from the initial recognition of an asset or liability in a transaction and at the time of transaction affects neither the accounting profit or loss nor taxable profit or loss.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at the end of each reporting year and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.6. Income Taxes – cont'd

b) Deferred tax – cont'd

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

2.7. Revenue Recognition

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

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

a) Sale of goods

Revenue from sale of automobile accessories is recognized when the company transfers control of the product. Control of the product transfers upon shipment of the product to the customer or when the product is made available to the customer, provided transfer of title to the customer occurs and the company has not retained any significant risks of ownership or future obligations with respect to the product shipped.

The transaction price is documented on the sales invoice and agreed to by the customer. Payment is generally due at the time of delivery, as such a receivable is recognized as the consideration is unconditional and only the passage of time is required before payment is due.

b) Interest income

Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

c) Government grants

Cash grants received from government are recognised as income upon receipt.

2.8. Employee Benefits

a) Retirement benefit costs

Payments to defined contribution retirement benefit plans (including state - managed retirement benefit schemes such as Singapore Central Provident Fund) are charged as an expense as they fall due.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.8. Employee Benefits – cont'd

b) Employee Leave Entitlement – cont'd

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2.9. Provisions

Provisions are recognised when the company has a legal or constructive obligation as a result of past events, it is likely that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-taxation rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.10. Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the company.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2.11. Government Grants

Government grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received. Government grants whose primary condition is that the company should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the company with no future related costs are recognised in statement of comprehensive income in the period in which they become receivable.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.12. Leases

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

The company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as three years.

If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the company and payments of penalties for terminating the lease, if the lease term reflects the company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.13. Events after the Reporting Period

Events after the reporting period that provide additional information about the company's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

3. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the statement of financial position when the company becomes a party to the contractual provision of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or where appropriate, a shorter year.

3.1. Financial Assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the assets within the timeframe established by the market concerned.

a) Classification and subsequent measurement

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.1. Financial Assets – cont'd

a) Classification of financial assets – cont'd

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Purchase or sales of financial assets that required delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Company commit to purchase or sell the asset.

For purpose of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost.
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss

The company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- The asset is held within a business model with the objective of collecting the contractual cash flows; and
- The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

b) Financial assets at amortised cost

For financial instruments other than purchases or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) excluding expected credit losses, through the expected life of the debt instrument, or where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest to the gross carrying amount of a financial asset, except for financial assets that subsequently become credit-impaired. For financial assets that have subsequently becomes credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.1. Financial Assets – cont'd

b) Financial assets at amortised cost – cont'd

The company's debt instruments at amortised cost consist of trade and other receivables and bank balances.

i) Trade and other receivables

Trade and other receivables are recognised initial at the fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is made on the expected credit loss, which are the present value of the cash short falls over the expected life of the trade and other receivables.

ii) Bank balances

Bank balances comprise of demand deposits and fixed deposits with banks that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Other than financial assets at amortised cost, the company does not designate any financial assets under any other category under FRS 109.

c) Impairment of financial assets

The company recognises a loss allowance for expected credit losses ("ECL") in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instruments.

The company recognised lifetime ECL for trade and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the company recognised lifetime ECL when there has been significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the company measured the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition instead of an evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.1. Financial Assets – cont'd

c) Impairment of financial assets – cont'd

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets gross carrying amount at the reporting date; or for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at reporting date, together with any additional amounts expected to be draw down in the future by default date determined based on historical trend, the company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive, discounted at the original effect interest rate

d) Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or its transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3.2. Financial Liabilities and Equity Instruments

Classification as debt or equity

Financial liabilities are recognised on the statement of financial position when, and only when, the company becomes a party to the contractual provisions of the financial instrument. Financial liabilities and equity instruments issued by the company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and equity instrument.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.2. Financial Liabilities and Equity Instruments – cont'd

a) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

Financial liabilities at amortised cost

Financial liabilities are initially recognised at value plus directly attributable costs and 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. Financial liabilities at amortised cost are classified within "trade and other payables" on the statement of financial position.

Trade and other payables

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

b) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Where 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 respectively carrying amounts is recognised in the profit and loss statement.

c) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.2. Financial Liabilities and Equity – cont'd

d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an obligation to settle on a net basis, or realise the asset and settle the liability simultaneously.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

a) Critical judgement in applying the company's accounting policies

In the application of the company's accounting policies, which are described in Note 2 to the financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

i) Impact of COVID-19 on the company

The World Health Organization declared a global pandemic in March 2020 as a result of COVID-19. The effects of this health crisis are continuing to unfold and the ultimate extent of the social, medical and economic impacts worldwide are unknown. The company has considered the impact of COVID-19 in preparing its financial report for the year. The critical accounting estimates and key judgement areas of the Group have required additional consideration and analysis due to the impact of COVID-19. Given the uncertainty of the extent of the pandemic, changes to the estimates and outcomes that have been applied in the measurement of the company's assets and liabilities may arise in the future. Other than adjusting events that provide evidence of conditions that existed at the end of the financial year, the impact of events that arise after the reporting period will be accounted for in future reporting periods.

ii) Determination of functional currency

In determining the functional currency of the company, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currency of the company is determined based on management's assessment of the economic environment in which the company operate and process of determining sales prices. The company measures foreign currency transactions in the functional currency of the company.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – cont'd

a) Critical judgement in applying the company's accounting policies – cont'd

iii) Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. The carrying amount of the company's income tax payable at the end of the reporting period was **US\$210,000** (2020: US\$75,000).

iv) Revenue – gross presentation

For the sale of automobile accessories, the company assesses its sales arrangements to determine if it acts as a principal or an agent. In determining whether the company acts as a principal, the company considers factors such as if the company has primary responsibility for providing the goods or services to the customer, bears inventory risks before or after the customer order during shipping or on return, has latitude in establishing prices either directly or indirectly, and bears the customer's credit risks for the amount receivable from the customers.

The company has determined, based on an evaluation of the terms and conditions of the sales arrangements, that the company acts as a principal and so accounts the revenue as gross presentation in the statement of profit or loss and other comprehensive income.

b) Key sources of estimation uncertainty

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

i) Provision for expected credit losses of trade receivables

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

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

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

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – cont'd

b) Key sources of estimation uncertainty – cont'd

ii) Impairment of equipment

The company reviews the carrying amounts of the assets as at each end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount or value in use is estimated. Determining the value in use of equipment, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, require the company to make estimates and assumptions that can materially affect the financial statements. Any resulting impairment loss could have a material adverse impact on the company's financial condition and results of operations.

iii) Depreciation of equipment

Equipment are depreciated on a straight-line basis over the estimated useful lives after taking into account the estimated residual value. The company reviews the estimated useful lives of the assets regularly based on the factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information in order to determine the amount of depreciation expense to be recorded during any reporting period. Changes in the expected level of use of the assets and the company's historical experience with similar assets after taking into account anticipated technological changes could impact the economic useful lives and the residual values of the assets, therefore future depreciation charges could be revised. Any changes in the economic useful lives could impact the depreciation charges and consequently affect the company's result.

iv) Determining the lease term

As explained in Note 2.12, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the company, the company evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the company to exercise the option, including favourable terms leasehold improvements undertaken and the importance of that underlying asset to the company's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the company's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years

v) Provisions

Provisions are recognized in accordance with the accounting policy in Note 2.9 To determine whether it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made, the company takes into consideration factors such as the existence of legal/contractual agreements, past historical experience, external advisors' assessments and other available information.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – cont'd

b) Key sources of estimation uncertainty – cont'd

vi) Contingent liabilities

Determination of the treatment of contingent liabilities in the financial statements is based on management's view of the expected outcome of the applicable contingency. To determine whether there is objective evidence of contingent liability, the management considers factors such as probability of occurrence or non-occurrence of uncertain future events and also consults a legal counsel of matters related to litigations.

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT POLICIES AND OBJECTIVE

5.1. Financial Risks Management Policies and Objectives

The company's overall risk management policy seeks to minimise potential adverse effects on the financial performance of the company. The company, however, does not have any written risk management policies and guidelines. The directors' meet periodically to analyse, formulate and monitor the risk management of the company and of the company.

The company adopts a systematic approach towards risk assessment and management. Risk management is carried out in three phases, i.e. identification and assessment of risks, formulation and implementation of risk treatment, monitoring and reporting of risk profile.

a) Categories of financial assets and liabilities

The carrying amount of financial assets and financial liabilities included in the statement of financial position, the categories and the headings in which they are included are as follows:

	<u>2021</u> US\$	<u>2020</u> US\$
Financial assets		
<u>At amortised costs:</u>		
- trade and other receivables	9,272,067	9,100,772
- bank balances	4,807,177	1,560,592
	<u>14,079,244</u>	<u>10,661,364</u>
Financial liabilities		
<u>At amortised costs:</u>		
- trade and other payables	9,270,654	7,066,044

Further quantitative disclosures are included throughout these financial statements.

b) Credit risk

Credit risk refers to risk that counterparty will default on their obligations to repay amounts owing to company resulting in a loss to the company.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT POLICIES AND OBJECTIVE – cont'd

5.1. Financial Risks Management Policies and Objectives – cont'd

b) Credit risk – cont'd

The company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a mean of mitigating the risk of financial loss from defaults. The company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral. Individual customer risk limits are set based on internal or external ratings in accordance with limit set by the management. The compliance with credit limits by customer is regularly monitored by the management.

The company's primary exposure to credit risk arises through its trade and other receivables. For other financial assets (including bank balances), the company minimises credit risks by dealing with exclusively high credit rating counterparties.

The company monitors its exposure to credit risk arising from sales to trade customers on an ongoing basis. The credit quality of customers is assessed after taking into account its financial position and past experience with the customers. Cash terms, advance payments, and letters of credit or bank guarantees are required for customers of lower credit standing.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the statement of financial position.

The company's significant concentration of credit risk limited to two customers at the end of the current reporting period.

Credit risk management

The company considers the probability of default upon initial recognition of asset and at each reporting date, assesses whether there has been a significant increase in credit risk since initial recognition. If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and include forward-looking information. These include:

- Internal and/or external credit rating information;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations and
- Significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtors and changes in the operating results of the debtor.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT POLICIES AND OBJECTIVE – cont'd

5.1. Financial Risks Management Policies and Objectives – cont'd

b) Credit risk – cont'd

Credit risk management – cont'd

Regardless of the analysis above, a significant increase in credit risk is presumed if the counterparty is more than 30 days past due in making contractual payment unless the company has reasonable and supportable information that demonstrates otherwise

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Low credit risk

The company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date.

A financial asset is considered to have low credit risk if:

- The financial instrument has a low risk of default;
- The counterparty has a strong capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations.

Credit impaired

A financial asset is assessed as "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or counter-party;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the company on terms that the company would not consider otherwise; or
- It is probable that the borrower will enter bankruptcy or other financial reorganisation.

Default event

The company considers a financial asset to be in default when:

- The counterparty is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held); or
- The counterparty fails to make contractual payments, within 90 days when they fall due, unless the company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT POLICIES AND OBJECTIVE – cont'd

5.1. Financial Risks Management Policies and Objectives – cont'd

b) Credit risk – cont'd

Write-off

The company categorises a financial asset for potential write-off when:

- There is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery; or
- When a debtor fails to make contractual payments more than 365 days past due.

Where financial assets have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

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

Category	Definition of category	Basis for recognising expected credit loss (ECL)
Performing	Counterparty has a low risk of default and does not have any past due amounts.	12-month ECL
Doubtful	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit impaired
In default	Amount is > 90 days past due or there is evidence indicating the asset is credit-impaired (in default)	Lifetime ECL – credit impaired
Write off	Amount is > 365 days past due or there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

There are no significant changes to estimation techniques or assumptions made during the reporting period.

Simplified approach for trade receivables

For trade receivables, the company has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The company determines the expected credit losses on these items by using the provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimated of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT POLICIES AND OBJECTIVE – cont'd

5.1. Financial Risks Management Policies and Objectives – cont'd

b) Credit risk – cont'd

Qualitative and quantitative information about amounts arising from expected credit losses

i) Trade receivables

The company manages its exposure to credit risk arising from sales of automobile accessories to its holding company and a related party. The significant concentration of credit risk arose from Ultimate holding company, which represents 98% (2020:98%) of the total receivables. The company adopts a proactive approach in its credit evaluation process, credit policies and credit control as well as collection procedures to manage risk arising from the concentration of its credit exposure.

(ii) Other receivables

Other receivables are considered to have low credit risk. For these assets, management determined that credit risk has not increased significantly since their initial recognition. Therefore, the loss allowance is measured at an amount equal to 12-month ECL and subject to immaterial credit loss.

(iii) Bank balances

The company's bank balances, as detailed in Note 9 to the financial statements, are held in major financial institutions which are regulated and located in both Singapore and Indonesia, which the management believes are of high credit quality. The management does not expect any losses arising from non-performance by these counterparties. The main purpose of these financial instruments is to finance the company's operations. All financial transactions with the banks are governed by banking facilities duly accepted with Board of Directors' resolutions, with banking mandates which define the permitted financial instruments and facilities limits, all of which are approved by the Board of Directors. Loss allowance on bank balances are measured on a 12-month ECL basis and is insignificant.

As the company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with good collection track records with the company.

Financial assets that are past due and/or impaired

There is no other class of financial assets that are past due and/or impaired.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT POLICIES AND OBJECTIVE – cont'd

5.1. Financial Risks Management Policies and Objectives – cont'd

c) Foreign exchange risk

Foreign exchange risk arises from the change in foreign exchange rates that may have an adverse effect on the company in the current period and in the future years.

The company trades mainly in the United States dollars, Euros and Japanese Yen. Foreign exchange exposures are naturally hedged as both purchases and sales and assets and liabilities are denominated in the above currencies. This natural hedge reduces significantly the financial impact of movements in the foreign exchange rates. However, the exposure to foreign currency risk is monitored on an ongoing basis and the company endeavours to keep the net exposure is at and acceptable level. Management believes that the foreign exchange risk is manageable. Presently, no transaction in forward exchange contract is deemed necessary.

The foreign currency exposure based on information provided by the management is as follows:

<u>2021</u>	<u>Singapore Dollars</u> US\$	<u>Euros</u> US\$	<u>Japanese Yen</u> US\$
Financial assets			
Trade and other receivables	6,105	56,168	344,583
Bank balances	51,848	204,234	413,261
	<u>57,953</u>	<u>260,402</u>	<u>757,844</u>
Financial liabilities			
Trade and other payables	-	(53,182)	(273,767)
Net foreign currency exposures	<u>57,953</u>	<u>207,220</u>	<u>484,077</u>
 <u>2021 – cont'd</u>		<u>Indonesian Rupiah</u> US\$	<u>Swiss Franc</u> US\$
Financial assets			
Trade and other receivables		1,388	139,484
Bank balances		896	-
		<u>2,284</u>	<u>139,484</u>
Financial liabilities			
Trade and other payables		-	(77,124)
Net foreign currency exposures		<u>2,284</u>	<u>62,360</u>
 <u>2020</u>	<u>Singapore Dollars</u> US\$	<u>Euros</u> US\$	<u>Japanese Yen</u> US\$
Financial assets			
Trade and other receivables	-	147,794	330,944
Bank balances	40,032	98,747	307,306
	<u>40,032</u>	<u>246,541</u>	<u>638,250</u>
Financial liabilities			
Trade and other payables	-	(89,730)	(235,415)
Net foreign currency exposures	<u>40,032</u>	<u>156,811</u>	<u>402,835</u>

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT POLICIES AND OBJECTIVE – cont'd

5.1. Financial Risks Management Policies and Objectives – cont'd

c) Foreign exchange risk – cont'd

<u>2020 – cont'd</u>	Indonesian Rupiah US\$	Indian Rupees US\$	Swiss Franc US\$	Great Britain Pounds US\$
Financial assets				
Trade and other receivables	-	-	106,093	1,180
Bank balances	803	-	-	-
	803	-	106,093	1,180
Financial liabilities				
Trade and other payables	-	-	(81,171)	-
Net foreign currency exposures	803	-	24,922	1,180

Sensitivity analysis

The analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 10% increase or decrease is used when reporting foreign exchange rate risk internally to key management personnel and represents management's assessment of the possible change in exchange rates.

A 10% strengthening of United States Dollar against the foreign currencies would increase profit or loss by the amount shown below:

<u>2021</u>	Singapore Dollars US\$	Euros US\$	Japanese Yen US\$	
Increase in foreign currency impact	5,795	20,722	48,408	
<u>2021 – cont'd</u>		Indonesian Rupiah US\$	Swiss Franc US\$	
Increase in foreign currency impact		228	6,236	
<u>2020</u>	Singapore Dollars US\$	Euros US\$	Japanese Yen US\$	
Increase in foreign currency impact	4,003	15,681	40,284	
<u>2020 – cont'd</u>	Indonesian Rupiah US\$	Indian Rupees US\$	Swiss Franc US\$	Great Britain Pounds US\$
Increase in foreign currency impact	80	-	2,492	118

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT POLICIES AND OBJECTIVE – cont'd

5.1. Financial Risks Management Policies and Objectives – cont'd

c) Foreign exchange risk – cont'd

Sensitivity analysis – cont'd

A 10% weakening of United States dollar against the above foreign currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

At the end of the reporting period, the company's equity is not affected by changes in foreign currency exchange.

d) Liquidity risk management

Liquidity risk refer to risk that the company will not have sufficient funds to pay its debts as and when they fall due.

Prudent liquidity risk management implies maintaining sufficient bank balances to support their business activities on timely basis. Internally generated cash flow during the year is the general source of funds to finance the operation of the company. The company regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations. The company also maintains a balance between continuity of accounts receivables collectability and flexibility through the use of accounts payables.

The following table summarises the company's remaining contractual maturity for its non-derivative financial instruments at the end of each reporting year based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the company is expected to pay.

<u>2021</u>	<u>Effective interest rate (%)</u>	<u>Carrying amount</u>	<u>Contractual undiscounted cash flows</u>	
			<u>Within 1 year or repayable on demand</u>	<u>Total</u>
		<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Financial liabilities				
Trade and other payables	-	<u>9,270,654</u>	<u>9,270,654</u>	<u>9,270,654</u>

<u>2020</u>	<u>Effective interest rate (%)</u>	<u>Carrying amount</u>	<u>Contractual undiscounted cash flows</u>	
			<u>Within 1 year or repayable on demand</u>	<u>Total</u>
		<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Financial liabilities				
Trade and other payables	-	<u>7,066,044</u>	<u>7,066,044</u>	<u>7,066,044</u>

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT POLICIES AND OBJECTIVE – cont'd

5.1. Financial Risks Management Policies and Objectives – cont'd

e) Fair value of financial assets and financial liabilities

The carrying amounts of trade and other receivables, bank balances and trade and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

i) Estimation of fair value

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained through discounted cash flow models and other models as appropriate.

Management has determined that the carrying amounts of trade and other receivables, bank balances, trade and other payables and based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature.

ii) Fair value measurement

The fair value of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements. The company does not anticipate that the carrying amounts recorded at the end of reporting year would significantly differ from the values that would eventually be received or settled.

5.2. Capital Risk Management Policies and Objectives

The company's objective when managing capital is to safeguard the company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

The company monitors capital using gearing ratio, which is net debt divided by total capital. Net debt is calculated as trade and other payables less bank balances. Total capital is calculated as equity plus net debt.

	<u>2021</u> US\$	<u>2020</u> US\$
Trade and other payables	9,270,654	7,066,044
Less: Bank balances	<u>(4,807,177)</u>	<u>(1,560,592)</u>
Net debt	4,463,477	5,505,452
Total equity	<u>4,598,590</u>	<u>3,520,320</u>
Total capital	<u>9,062,067</u>	<u>9,025,772</u>
Gearing ratio	<u>49%</u>	<u>61%</u>

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT POLICIES AND OBJECTIVE – cont'd

5.2. Capital Risk Management Policies and Objectives – cont'd

The Company is not subject to any externally imposed capital requirements.

The capital structure of the Company mainly consists of equity and net debt. The Company's overall strategic remains unchanged from 31 March 2020. The company will continue to monitor economic conditions in which its operations and will make adjustments to its capital structure where necessary.

6. HOLDING COMPANY AND RELATED PARTIES

Holding and ultimate holding company

The company is the subsidiary of Pricol Limited, incorporated in India, which is also the company's ultimate holding company.

Related Parties

FRS 24 defines a related party as an entity or person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common or joint control with, the entity in governing the financial and operating policies, or that has an interest in the entity that gives it significant influence over the entity in financial and operating decisions. It also includes members of the key management personnel or close members of the family or any individual referred to herein and others, who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual. The definition includes parents, subsidiaries, fellow subsidiaries, associates, joint ventures and post-employment benefit plans, if any.

a) **Related companies:**

Related companies in these financial statements include the members of the holding and ultimate holding companies. These are transactions and arrangements between the company and members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements. The current intercompany balances are unsecured repayable on demand and interest free unless stated otherwise. For financial guarantees a fair value is imputed and is recognised accordingly if significant where no charge is payable.

b) **Other related parties:**

There are transactions and arrangements between the company and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The current related party balances are unsecured interest free and repayable on demand.

Some of the company's transactions and arrangements are between members of the holding and related party and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured, interest free and repayable on demand.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

6. HOLDING COMPANY AND RELATED PARTIES – cont'd

Significant transactions with subsidiaries and with related parties:

	<u>2021</u> US\$	<u>2020</u> US\$
<u>Sale of goods to:</u>		
Holding company	49,157,021	26,793,948
Related party	<u>151,951</u>	<u>273,679</u>
	<u>49,308,972</u>	<u>27,067,627</u>
<u>Professional fee paid to:</u>		
Related party	<u>432,000</u>	<u>432,000</u>

Sale of goods to the holding company and to a related party are made at prices, which are not materially different to those applicable to third party customers.

7. EQUIPMENT

<u>2021</u>	<u>Computers & Software</u> US\$	<u>Total</u> US\$
<u>Cost</u>		
At 1.4.2020 and 31.3.2021	<u>28,712</u>	<u>28,712</u>
<u>Accumulated depreciation</u>		
At 1.4.2020	28,712	28,712
Charged for the year	-	-
At 31.3.2021	<u>28,712</u>	<u>28,712</u>
<u>Carrying amount</u>		
At 31.3.2021	<u>-</u>	<u>-</u>
<u>2020</u>	<u>Computers & Software</u> US\$	<u>Total</u> US\$
<u>Cost</u>		
At 1.4.2019	27,147	27,147
Additions	1,565	1,565
At 31.3.2020	<u>28,712</u>	<u>28,712</u>
<u>Accumulated depreciation</u>		
At 1.4.2019	27,147	27,147
Charged for the year	1,565	1,565
At 31.3.2020	<u>28,712</u>	<u>28,712</u>
<u>Carrying amount</u>		
At 31.3.2020	<u>-</u>	<u>-</u>

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

7. EQUIPMENT – cont'd

During the year, the company carried out a review of the recoverable amount of all equipment. As a result, there were no allowances for impairment or revisions to the useful lives required for equipment.

8. TRADE AND OTHER RECEIVABLES

	<u>2021</u> US\$	<u>2020</u> US\$
Trade receivables:		
- holding company (Note 6)	9,027,354	8,814,024
- related party (Note 6)	<u>166,643</u>	<u>205,740</u>
	9,193,997	9,019,764
Contract assets:		
- advance to suppliers	73,056	62,696
Others	<u>5,014</u>	<u>18,312</u>
	<u>9,272,067</u>	<u>9,100,772</u>

Trade receivables are unsecured, non-interest bearing and are generally on 180 days' (2020: 180 days') credit terms. They are recognised at their original invoices amounts, which represent their fair value on recognition. The 98% (2020: 98%) of the company's trade receivables are due from the holding company, who is also the company's most significant customer. In determining the recoverability of trade receivable from holding company, the company considers the financial strength and performance of the holding company. Accordingly, management believes that no allowance for doubtful debts is needed. Based on the historical default rates the company believes the debts are collectible.

The aging of trade receivables as at the end of the reporting period is as follows:

	<u>2021</u> US\$	<u>2020</u> US\$
<u>Trade receivables that are neither past due nor impaired</u>		
Less than 60 days	6,064,228	4,823,103
31 to 120 days	3,077,531	4,005,277
121 to 180 days	52,238	191,384
<u>Trade receivables that are past due but not impaired</u>		
181 days and above	<u>-</u>	<u>-</u>
	<u>9,193,997</u>	<u>9,019,764</u>

Purchase advances to suppliers are unsecured interest free. The advances are deductible against the amount payable on purchase of goods from these suppliers. Management always estimates the loss allowance on amounts due from suppliers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the industry. None of the amounts due from suppliers at the end of the reporting period is past due. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the advance to suppliers.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

8. TRADE AND OTHER RECEIVABLES – cont'd

The trade and other receivables are denominated in the following currencies:

	<u>2021</u> US\$	<u>2020</u> US\$
Indonesian rupiah	1,388	-
Singapore dollars	6,105	-
Euros	56,168	147,794
United States dollars	8,724,339	8,514,761
Japanese yen	344,583	330,944
Great Britain pounds	-	1,180
Swiss franc	139,484	106,093
	<u>9,272,067</u>	<u>9,100,772</u>

9. BANK BALANCES

	<u>2021</u> US\$	<u>2020</u> US\$
Cash at banks	2,807,177	560,592
Fixed deposits	2,000,000	1,000,000
	<u>4,807,177</u>	<u>1,560,592</u>

Bank balances comprise short-term bank deposits with an original maturity of three months or less. Cash at bank earn interest at floating rates based on daily bank deposit rates. Fixed deposits are made for one month (2020: varying period periods between six months to twelve months) and earn interests ranging from 0.05% to 0.15% (2020: 1.85% to 2.5%) per annum. The company's fixed deposits are readily convertible to cash at minimal costs.

Bank balances in statement of cash flows

	<u>2021</u> US\$	<u>2020</u> US\$
Bank balances	4,807,177	1,560,592
Less: Fixed deposits with maturity more than three months	-	(1,000,000)
	<u>4,807,177</u>	<u>560,592</u>

The bank balances are denominated in the following currencies:

	<u>2021</u> US\$	<u>2020</u> US\$
Singapore dollars	51,848	40,032
United States dollars	4,136,938	1,113,704
Indonesian rupiah	896	803
Euros	204,234	98,747
Japanese yen	413,261	307,306
	<u>4,807,177</u>	<u>1,560,592</u>

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

10. SHARE CAPITAL

	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>Number of ordinary shares</u>		<u>US\$</u>	<u>US\$</u>
<u>Issued and fully paid:</u>				
As at beginning and end of year	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>

The fully paid ordinary shares which have no par value carry one vote per share and a right to dividends as and when declared by the company.

11. TRADE AND OTHER PAYABLES

	<u>2021</u>	<u>2020</u>
	<u>US\$</u>	<u>US\$</u>
Trade payables – external parties	9,176,230	6,959,201
Others:		
- accrued expenses	92,486	102,121
- external parties	1,938	4,722
	<u>9,270,654</u>	<u>7,066,044</u>

Trade and other payables are non-interest bearing and are normally settled on 30 to 60 (2020: 30 to 60) days. Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The trade and other payables are denominated in the following currencies:

	<u>2021</u>	<u>2020</u>
	<u>US\$</u>	<u>US\$</u>
Euros	53,182	89,730
United States dollars	8,866,581	6,659,728
Japanese yen	273,767	235,415
Swiss franc	77,124	81,171
	<u>9,270,654</u>	<u>7,066,044</u>

12. REVENUE

Revenue represents invoiced value of goods sold and delivered excluding goods and service tax, net of returns, trade discounts and allowances. Revenue is recognised at a point in time.

13. OTHER INCOME

	<u>2021</u>	<u>2020</u>
	<u>US\$</u>	<u>US\$</u>
Government grant		
- Job Support Scheme	7,083	-
Interest on bank deposit	6,702	18,425
Foreign currency exchange adjustment gain	10,279	-
	<u>24,064</u>	<u>18,425</u>

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

13. OTHER INCOME – cont'd

Job Support Scheme (“JSS”)

The JSS was introduced in the Budget 2020 and enhanced subsequently in the four supplementary budgets to provide wage support to employers to help them retain their local employees during the period of economic uncertainty. Under the JSS, the government co-funds the first S\$4,600 of gross monthly wages (including employee CPF contributions but exclude employer CPF contributions) paid to each local employee. In the Budget Statement for the financial year 2021, the JSS was further extended for firms in Tier 1 and 2 sectors by up to six months, covering wages paid up to September 2021.

14. INCOME TAX EXPENSES

a) Major component of income tax expenses

The major components of income tax expense are as follows:

	<u>2021</u> US\$	<u>2020</u> US\$
Current year's provision	210,000	75,000
Prior year's under/(over) provision	<u>14,647</u>	<u>(37,032)</u>
	<u><u>224,647</u></u>	<u><u>37,968</u></u>

b) Reconciliation between income tax expense and accounting profit

The income tax expense are lower than the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2020: 17%) to profit before income tax due to the following:

	<u>2021</u> US\$	<u>2020</u> US\$
Profit for the year	<u>1,302,917</u>	<u>588,553</u>
Income tax expense at statutory rate	221,496	100,054
Tax effect:		
- taxable /(allowable) items	1,261	(6,857)
- partial tax exemptions	<u>(12,757)</u>	<u>(18,197)</u>
Current year's provision	210,000	75,000
Adjustment recognised in the current year in relation to current tax of previous years	<u>14,647</u>	<u>(37,032)</u>
Income tax recognised in the statement of comprehensive income	<u><u>224,647</u></u>	<u><u>37,968</u></u>

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

14. INCOME TAX EXPENSES

c) Income tax payables

The movement in income tax payable is as follows:

	<u>2021</u> US\$	<u>2020</u> US\$
Beginning of year	75,000	111,654
Income tax expenses	224,647	37,968
Income tax paid	<u>(89,647)</u>	<u>(74,622)</u>
Balance at end of year	<u>210,000</u>	<u>75,000</u>

15. PROFIT FOR THE YEAR

Profit for the year has been arrived after charging:

	<u>2021</u> US\$	<u>2020</u> US\$
Employee's benefit expenses	120,805	156,721
Cost of defined contribution plan included in the employee benefit expenses	5,700	5,603
Foreign currency exchange adjustment loss	-	4,514
Cost of inventories recognised as expenses and included in the cost of goods sold	<u>47,420,843</u>	<u>25,846,820</u>

16. OPERATING LEASE ARRANGEMENTS

The company as lessee:

	<u>2021</u> US\$	<u>2020</u> US\$
Minimum lease payments under operating lease recognised as an expense in the year	<u>7,442</u>	<u>-</u>

At the end of the reporting period, the company has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	<u>2021</u> US\$	<u>2020</u> US\$
Within one year	8,573	-
In the second to fifth years inclusive	<u>-</u>	<u>-</u>
	<u>8,573</u>	<u>-</u>

These lease commitments relate to company's office premises. The lease run for a period of 6 months (2020: Nil), which is considered as short-term leases. The ROU and its related lease liabilities are not recognised in the financial statements as the company has elected short-term lease exemptions.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

17. IMPACT OF COVID-19

The COVID-19 pandemic has affected almost all countries of the world, and resulted in cross-border closures, production disruption, workplace closures, movement controls and other measures imposed by the various governments. The company's significant operations are in Indonesia, Malaysia and India, all of which have been affected by the spread of COVID-19 in 2021.

Set out below is the impact of COVID-19 on the company's financial performance reflected in this set of financial statements for the year ended 31 March 2021:

- The company has assessed that the going concern basis of preparation for this set of financial statements remains appropriate;
- In 2021, border closures, production disruptions and workplace closures have resulted in periods where the company's operations were temporarily suspended to adhere to the respective governments' movement control measures. However, these have no impact on business operations, volume and the company's financial performance for 2021;
- The company has considered the market conditions (including the impact of COVID-19) as at the end of the reporting period, in making estimates and judgements on the recoverability of assets as at 31 March 2021; and
- As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the company cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 March 2022. If the situation persists beyond management's current expectations, the company's assets may be subject to write downs in the subsequent financial periods.

Management believes that company is adequately positioned and is flexible to adopt to new circumstances from time to time. It has strong relationship with its creditors, suppliers and banks, continues having access to customers to supply of goods and line of credit without significant interruptions.

18. EVENTS AFTER THE END OF THE REPORTING YEAR

No items, transactions or events of material and unusual nature have arisen in the interval between the end of the financial period and the date of authorisation for the issue of the financial statements which are likely to affect substantially the results of operations of the company for the succeeding financial year.

PRICOL ASIA PTE. LIMITED

DETAILED PROFIT AND LOSS STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

(Expressed in United States Dollars)

	<u>2021</u> US\$	<u>2020</u> US\$
Revenue	49,308,972	27,067,627
Less: Cost of goods sold		
Purchases	<u>(47,420,843)</u>	<u>(25,846,820)</u>
Gross profit	1,888,129	1,220,807
Add: Other income		
Government grant – Job support scheme	7,083	-
Interest on bank deposits	6,702	18,425
Foreign currency exchange adjustment gain	10,279	-
	<u>24,064</u>	<u>18,425</u>
	1,912,193	1,239,232
Less: Expenses		
Administrative expenses		
Auditors' remuneration	14,000	14,000
Accountancy fee	7,394	2,583
Bank charges	1,292	2,125
CPF	5,700	5,603
General expenses	1,458	114
Legal and professional fee	453,148	446,385
Printing and stationery	178	965
Representative office rental other expenses	-	5,661
Rental expenses	7,442	-
Repairs and maintenance	2,618	2,310
Salaries and allowances	113,084	151,118
Staff welfare expenses	2,021	-
Telephone, fax and internet	368	281
Transportation expenses	-	13,455
Travelling expenses	573	-
Other expenses		
Foreign currency exchange adjustment loss	-	4,514
Depreciation	-	1,565
	<u>(609,276)</u>	<u>(650,679)</u>
Profit before income tax	<u>1,302,917</u>	<u>588,553</u>

This schedule does not form part of the statutory financial statements.