

PRICOL ASIA PTE. LIMITED

(Registration Number: 201221194R)

REPORT OF THE DIRECTORS AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

PRICOL ASIA PTE. LIMITED

REPORT OF THE DIRECTORS AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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PRICOL ASIA PTE. LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of the company for the financial year ended 31 March 2015.

1. DIRECTORS

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

Vikram Mohan
Alwarsamy Muthalraj
Samakulam Ananthapadmanabhan Gopalakrishnan (Appointed on 25 April 2014)

2. ARRANGEMENTS TO ENABLE DIRECTOR TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

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

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company who held office at the end of the financial year, had an interest in the share capital of the company's holding company as recorded in the register of directors' shareholdings required to be kept by the company under Section 164 of the Singapore Companies Act, Chapter 50 ("the Act") as stated below:

Name of director and corporation in which interests are held	Shareholdings registered in name of director	Shareholdings in which director is deemed to have an interest		
		At end of year	At beginning of year	At end of year
Pricol Limited (Holding company)	At beginning of year	At end of year	At beginning of year	At end of year
	<u>Number of equity shares of Rs. 1.00</u>			
Vikram Mohan	3,363,960	3,363,960	* 181,575	* 181,575

* The shares are registered in the name of the director's child who is under the age of 21 years.

PRICOL ASIA PTE. LIMITED

REPORT OF THE DIRECTORS

4. DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Act, by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has substantial financial interest except as disclosed in the notes to the attached financial statements.

5. OPTIONS TO TAKE UP UNISSUED SHARES

During the financial year, no option to take up unissued shares of the company was granted.

6. OPTIONS EXERCISED

During the financial year, there were no shares of the company issued by virtue of the exercise of options to take up unissued shares.

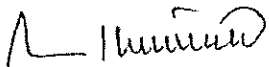
7. UNISSUED SHARES UNDER OPTIONS

As at the end of the financial year, there were no unissued shares of the company under option.

8. INDEPENDENT AUDITORS

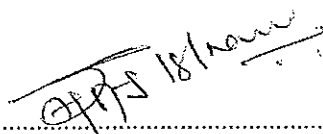
The independent auditors, Prudential Public Accounting Corporation, Public Accountants and Chartered Accountants, have expressed their willingness to accept re-appointment.

On Behalf of the Board



.....
Alwarsamy Muthalraj

Director



.....
Samakulam Ananthapadmanabhan
Gopalakrishnan
Director

Singapore, 14 May 2015

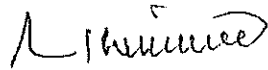
PRICOL ASIA PTE. LIMITED

STATEMENT BY DIRECTORS

We, being two of the directors of the company, do hereby state that in our opinion:-

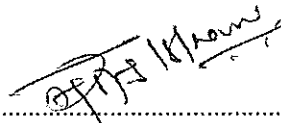
- (a) the accompanying financial statements set out on pages 6 to 39 are drawn up so as to give a true and fair view of the state of affairs of the company as at 31 March 2015, and of the results of the business, changes in equity and cash flows of the company for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

On Behalf of the Board



.....
Alwarsamy Muthalraj

Director



.....
Samakulam Ananthapadmanabhan
Gopalakrishnan
Director

Singapore, 14 May 2015

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PRICOL ASIA PTE. LIMITED**

Report on the financial statements

We have audited the accompanying financial statements of PRICOL ASIA PTE. LIMITED, which comprises the statement of financial position as at 31 March 2015, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards and the Singapore Companies Act Chapter 50 (the "Act"). This responsibility includes: 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 statement of comprehensive income and statement of financial position and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Independent auditors' responsibility for the financial statements

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PRICOL ASIA PTE. LIMITED – cont'd

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act, and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at 31 March 2015 and the results, changes in equity and cash flows of the company for the financial year ended on that date.

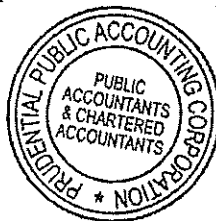
Report on other legal and regulatory requirements

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

Prudential PAC

PRUDENTIAL PUBLIC ACCOUNTING CORPORATION
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS
SINGAPORE

Singapore, 14 May 2015



PRICOL ASIA PTE. LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	<u>Note</u>	<u>2015</u> S\$	<u>2014</u> S\$
ASSETS			
Non-current assets:			
Equipment	(7)	11,132	22,263
Available-for-sale investments	(8)	206,475	-
Total non-current assets		217,607	22,263
Current assets:			
Other current assets	(9)	233,434	33,747
Trade receivables	(10)	5,353,399	1,088,438
Cash and bank balances	(11)	329,848	451,858
Total current assets		5,916,681	1,574,043
Total assets		6,134,288	1,596,306
EQUITY AND LIABILITIES			
Equity:			
Share capital	(12)	316,467	316,467
Retained earnings		369,942	149,678
Total equity		686,409	466,145
Current liabilities:			
Trade and other payables	(13)	5,430,648	1,123,568
Income tax payable	(17c)	17,231	6,593
Total current liabilities		5,447,879	1,130,161
Total equity and liabilities		6,134,288	1,596,306

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 2015

	<u>Note</u>	<u>2015</u> S\$	<u>2014</u> S\$
Revenue	(14)	22,397,603	2,148,520
Cost of goods sold		<u>(21,847,397)</u>	<u>(1,890,088)</u>
Gross profit		550,206	258,432
Other income	(15)	74,669	1,611
Administrative expenses		(385,996)	(191,903)
Finance costs	(16)	(1,761)	-
Other expenses		<u>(11,131)</u>	<u>(14,619)</u>
Profit before income tax		225,987	53,521
Income tax expense	(17)	<u>(5,723)</u>	<u>(3,500)</u>
Profit for the year	(18)	220,264	50,021
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>220,264</u>	<u>50,021</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 2015

	Share Capital	Retained Earnings	Total
	S\$	S\$	S\$
Balance as at 1 April 2013	607	99,657	100,264
<i>Transaction with owners, recorded directly in equity</i>			
Contribution by owners Issue of new shares (Note 12)	315,860	-	315,860
Total transaction with owners	315,860	-	315,860
Total comprehensive income for the year	-	50,021	50,021
Balance as at 31 March 2014	316,467	149,678	466,145
Total comprehensive income for the year	-	220,264	220,264
Balance as at 31 March 2015	316,467	369,942	686,409

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 2015

	<u>2015</u> S\$	<u>2014</u> S\$
Cash flows from operating activities:		
Profit before income tax	225,987	53,521
Adjustment for:		
Interest expenses	1,761	-
Interest income	(31)	(8)
Depreciation of equipment	<u>11,131</u>	<u>11,131</u>
Operating profit before working capital changes	238,848	64,644
Other current assets	(199,687)	(29,986)
Trade receivables	(4,264,961)	(940,838)
Trade and other payables	<u>4,307,080</u>	<u>1,080,236</u>
Cash from operations	81,280	174,056
Income tax refunded/(paid)	<u>4,915</u>	<u>(5,700)</u>
Net cash from operation	<u>86,195</u>	<u>168,356</u>
Investing activities:		
Interest income	31	8
Acquisition of available-for-sale investments	(206,475)	-
Purchase of equipment	<u>-</u>	<u>(33,394)</u>
Net cash used in investing activities	<u>(206,444)</u>	<u>(33,386)</u>
Financing activities:		
Interest expenses	(1,761)	-
Proceeds from issue of shares	<u>-</u>	<u>315,860</u>
Net cash (used in)/from financing activities	<u>(1,761)</u>	<u>315,860</u>
Net (decrease)/increase in cash bank balance	(122,010)	450,830
Cash and bank balance at beginning of year	<u>451,858</u>	<u>1,028</u>
Cash and bank balance at end of year	<u><u>329,848</u></u>	<u><u>451,858</u></u>

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 2015

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 2015 were authorised for issue in accordance with the directors' resolution dated 14 May 2015.

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 and revised FRS and INT FRS

In the current financial period, the company has adopted all the new and revised FRSs issued by the ASC that are relevant to its operations and effective from beginning of period on 1 April 2014. The adoption of these new/revised 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

At the date of authorisation of financial statements, the following FRSs that are relevant to the company were issued but not effective are as follows:

<u>Reference</u>	<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
FRS 1	Presentation of financial statements Disclosure Initiative (Amendments)	1 January 2016
FRS 16 and FRS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments)	1 January 2016
FRS 19	Defined Contribution Plan: Employee Contribution	1 July 2014
FRS 32	Amendments to FRS 32: Offsetting of Financial Assets and Financial Liabilities	1 January 2014
FRS 36	Impairment of Assets (Amendments)	1 January 2014
FRS 109	Financial Instruments - Illustrated examples - Implementation Guidance - Amendments to Guidance on other standards	1 January 2006
FRS 112	Disclosures of Interests on Other Entities	1 January 2014
Improvements to FRSs: (issued in January 2014)		
- Related to:		
	- Amendment to FRS 16 Property, Plant and Equipment	1 July 2014
	- Amendment to FRS 24 Related Party Transactions	1 July 2014
	- Amendment to FRS 113 Fair Value Measurement	1 July 2014
Improvements to FRSs: (issued in February 2014)		
- Related to:		
	FRS 113 Fair Value Measurement	1 July 2014
Improvements to FRSs: (issued in November 2014)		
- Related to:		
	- FRS 19: Employee Benefits	1 January 2016
	- FRS 107: Financial Instruments: Disclosures	1 January 2016

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

Consequential amendments were also made to various standards as a result of these new or revised standards.

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

i) FRS 1 Presentation of Financial Statements: Disclosure Initiative (Amendments)

Amendments have been made to the following:

Materially and aggregation – An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.

Statement of financial position and statement of profit and loss and other comprehensive income – The lists of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.

Presentation of items of other comprehensive income ("OCI") arising from equity-accounted investments – An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will subsequently be reclassification to profit or loss.

Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes.

Management is currently evaluating the potential impact of the application of these amendments to FRS 1 on the financial statements of the company in the period of 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

ii) FRS 32 – Amendments to FRS 32 – Disclosures Offsetting of Financial Assets and Financial Liabilities

The amendments to FRS 32 requires entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting arrangement of similar arrangement. The amendments to FRS 32 are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period. The amended offsetting disclosures are required for annual period beginning on or after 1 January 2015 and interim periods within those annual periods. The disclosure should be provided retrospectively for comparative periods.

iii) FRS 36 – Impairment of Assets (Amendments)

The amendments to FRS 36 restrict the requirement to disclose the recoverable amount of an asset or cash generating unit (CGU) to periods in which an impairment loss has been recognized or reversed. The amendments also expand and clarify the disclosure requirements applicable when such asset or CGU's recoverable amount has been determined on the basis of fair value less cost of disposal, such as level of "fair value hierarchy", within the fair value measurement of the asset or CGU has been determined, and where the fair value measurements are at Level 2 or 3 of the fair value hierarchy, a description of the valuation techniques used and any changes in that valuation technique, key assumptions used including discount rate(s) used.

Upon adoption of the amendments to FRS 36, the company expects additional disclosures arising from any asset impairment loss or reversals, and where their respective recoverable amounts are determined based on fair value less costs of disposal.

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) FRS 112 Disclosure of Interests in Other Entities

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it will have no impact on the financial position and financial performance of the company when implemented.

v) FRS 109 – Financial Instruments

FRS 109 was introduced to replace FRS 39 Financial Instruments: Recognition and Measurement. FRS 109 changes the classification and measurement requirements for financial assets and liabilities, and also introduces a three-stage impairment model that will impair financial assets based on expected losses regardless of whether objective indicators of impairment have occurred. This standard also provides a simplified hedge accounting model that will align more closely with the entity's risk management strategies. The standard is effective for annual period beginning on or after 1 January 2018. The Company is currently determining the impact of this standard.

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.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.3. Equipment – cont'd

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.

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.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.4. Impairment of Non-Financial Assets – cont'd

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

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. Revenue and major operating expenses are primarily influenced by fluctuations in United States dollars. However, the management has determined that the presentation currency is Singapore dollars as the financial statements are meant primarily for Singapore users.

b) Foreign currency transactions

Transactions in foreign currencies have been converted into United States dollars at the rates of exchange ruling at the date of the 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 that date. Non-monetary assets and liabilities that are measured at fair value are translated into functional currency at the exchange rates at date on which their fair values were determined. Exchange differences are taken to profit or loss.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.5. Foreign Currency Transactions – cont'd

c) Presentation of financial statements

For the purposes of presenting financial statements, the assets and liabilities of the company are translated into the presentation currency of the company, i.e., Singapore dollars, using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange difference reserve.

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.

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

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 not 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.

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 comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the company's activities.

The company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities as described below:

a) Sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- The company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.8. 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.

2.9. 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.

2.10. 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

2.11. Borrowing Costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalised if they are directly attributable to the acquisition, of a qualifying asset. Capitalisation of borrowing cost commences, when the activities to prepare the asset for its intended use and expenditure and borrowing costs are being incurred. Borrowings costs are capitalised until the assets are ready for their intended use.

2.12. Events after the Reporting Period

Events after the reporting year that provide additional information about the company's position at the end of the reporting year 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 year 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 company's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

3.1. Financial Assets

Financial assets within the scope of FRS 39 are recognised on the statement of financial position when, and only when the company becomes a party to the contractual provisions of the financial instruments. The classification of financial assets depends on the purpose of which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

a) 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. Income is recognised on an effective interest rate basis for debt instruments other than those financial instruments "at fair value through profit or loss".

b) Loan and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are classified within "trade receivables" and "cash and bank balances" on the statements of financial position.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.1. Financial Assets – cont'd

b) Loan and receivables – cont'd

i) Cash and bank balance

Cash and bank balance comprises cash at bank and on hand those are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

ii) Trade receivables

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

c) Available-for-sale investments

The investments in equity interests are classified as "available-for-sale investments" under FRS 39 and are stated at their fair value. Fair value is determined in the manner as described in Note 8. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income with the exception of impairment losses, which are recognised directly in profit or loss. Where the investment is disposed or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in fair value adjustment reserve is reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the company right to receive payments is established.

d) Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.1. Financial Assets – cont'd

d) Impairment of financial assets – cont'd

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade and other receivable are uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in statement of comprehensive income.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through statement of comprehensive income to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit and loss statement, is transferred from equity to the profit and loss statement. Reversals in respect of equity instruments classified as available-for-sale are not recognised in the statement of comprehensive income. Reversals of impairment losses on debt instruments are reversed through the profit and loss statement; if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the statement of comprehensive income.

e) Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it 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.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.2. Equity and Financial Liabilities

Classification as equity or debts

Equity instruments issued by the company and financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of an equity instrument and a financial liability. 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 statements.

a) 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 cost.

b) Effective interest rate method

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

c) Financial liabilities

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

d) 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 profit or loss.

e) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statements 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.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

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) 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.

ii) 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 S\$17,231 (2014: S\$6,593).

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

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) Impairment of financial assets

The company assesses at the end of each reporting year whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

When there is objective evidence of impairment, the amount and timing of future cash flow are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the financial assets at the end of the reporting year is disclosed in various notes to the financial statements.

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.

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

iv) Impairment of available-for-sale investments

At the end of each reporting period, an assessment is made whether there is objective evidence that an available-for-sale equity instrument is impaired. A significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the asset is impaired.

The determination requires significant judgement; the company evaluates the financial condition and near-term prospects of the investee, including various factors such as industry and sector performance, changes in economic and legal environment in which the investee operates. In the absence of evidence to the contrary, the management is of the view that no changes have taken place in the spread that existed at the date the investments were made. The carrying amount of available-for-sale investments as at 31 December 2013 is disclosed in Note 9 to the financial statements.

v) Provisions

Provisions are recognized in accordance with the accounting policy in Note 2.7 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.

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' meets periodically to analyse, formulate and monitor the risk management of the company and of the company.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

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

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

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

Financial assets and liabilities

	<u>2015</u> S\$	<u>2014</u> S\$
Financial assets		
Available-for-sale investment	206,475	-
Trade receivables	5,353,399	1,088,438
Cash and bank balance	<u>329,848</u>	<u>451,858</u>
	<u>5,889,722</u>	<u>1,540,296</u>
Financial liabilities		
Trade and other payables	<u>5,430,648</u>	<u>1,123,568</u>

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.

i) Trade receivables

The company's significant concentration of credit risk is limited to few counterparties. The company's trade receivables related to sale of goods to related parties. The company manages these risks by application of credit approvals, credit limits and monitoring procedures. Credit is extended to the existing and new customers based upon careful evaluation of the customers' financial condition and credit history.

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

ii) Bank balances

The company's bank balances, as detailed in Note 11 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.

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.

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 an acceptable level. Management believes that the foreign exchange risk is manageable. Presently, no transaction in forward exchange contract is deemed necessary.

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

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

<u>2015</u>	United States Dollars S\$	Euros S\$	Japanese Yen S\$
Financial assets			
Available-for-sale investment	206,475	-	-
Trade receivables	4,518,767	66,461	310,414
Cash and bank balances	133,497	19,625	149,098
	<u>4,858,739</u>	<u>86,086</u>	<u>459,512</u>
Financial liabilities			
Trade and other payables	(4,191,568)	(98,136)	(490,250)
Net foreign currency exposures	<u>667,171</u>	<u>(12,050)</u>	<u>(30,738)</u>

<u>2015 - cont'd</u>	Indonesian Rupiah S\$	Indian Rupees S\$	Swiss Franc S\$	Great Briton Pounds S\$
Financial assets				
Trade receivables	-	401,452	52,848	3,457
Cash and bank balances	4,341	-	-	-
	<u>4,341</u>	<u>401,452</u>	<u>52,848</u>	<u>3,457</u>
Financial liabilities				
Trade and other payables	-	(179,362)	(342,910)	(142)
Net foreign currency exposures	<u>4,341</u>	<u>222,090</u>	<u>(290,062)</u>	<u>3,315</u>

<u>2014</u>	United States Dollars S\$	Euros S\$	Japanese Yen S\$	Indonesian Rupiah S\$
Financial assets				
Trade receivables	1,088,438	-	-	-
Cash and bank balances	359,837	-	-	365
	<u>1,448,275</u>	<u>-</u>	<u>-</u>	<u>365</u>
Financial liabilities				
Trade and other payables	(1,088,249)	-	-	-
Net foreign currency exposures	<u>360,026</u>	<u>-</u>	<u>-</u>	<u>365</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

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 5% 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 5% strengthening of Singapore Dollar against the foreign currencies would increase profit or loss by the amount shown below:

<u>2015</u>	United States Dollars S\$	Euros S\$	Japanese Yen S\$
Increase in foreign currency impact	33,359	(603)	(1,537)

<u>2015 – cont'd</u>	Indonesian Rupiah S\$	Indian Rupees S\$	Swiss Franc S\$	Great Briton Pounds S\$
Increase in foreign currency impact	217	11,105	(14,503)	166

<u>2014</u>	United States Dollars S\$	Euros S\$	Japanese Yen S\$	Indonesian Rupiah S\$
Increase in foreign currency impact	18,001	-	-	18

A 5% weakening of Singapore 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.

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

d) Liquidity risk management – cont'd

Prudent liquidity risk management implies maintaining sufficient cash and 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.

2015	Effective interest rate (%)	Within 1 year or repayable on demand S\$	Total S\$
Financial liabilities			
Trade and other payables	-	5,430,648	5,430,648
2014			
	Effective interest rate (%)	Within 1 year or repayable on demand S\$	Total S\$
Financial liabilities			
Trade and other payables	-	1,123,568	1,123,568

e) Fair value of financial assets and financial liabilities

The carrying amounts of trade and other receivables, bank balances 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.

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 – cont'd

i) Estimation of fair value – cont'd

Management has determined that the carrying amounts of trade and other receivables, bank balances, 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 clause 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 different 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 cash and bank balance. Total capital is calculated as equity plus net debt.

	<u>2015</u> S\$	<u>2015</u> S\$
Trade and other payables	5,430,648	1,123,568
Less: Cash and bank balance	<u>(329,848)</u>	<u>(451,858)</u>
Net debt	5,100,800	671,710
Total equity	<u>686,409</u>	<u>466,145</u>
Total capital	<u>5,787,209</u>	<u>1,137,855</u>
Gearing ratio	<u>88%</u>	<u>59%</u>

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 2014. The company will continue to monitor economic conditions in which its operations and will make adjustments to its capital structure where necessary.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

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.

Related Parties – cont'd

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 ultimate holding company 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.

Significant transactions with subsidiaries and with a related party:

	<u>2015</u> S\$	<u>2014</u> S\$
<u>Transactions with a related party</u>		
Sale of goods/ service income	<u>22,397,603</u>	<u>2,148,520</u>

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

7. EQUIPMENT

	Computers & Software S\$	Total S\$
<u>Cost</u>		
At 1.4.2014	33,394	33,394
Additions	-	-
At 31.3.2015	33,394	33,394
<u>Accumulated depreciation</u>		
At 1.4.2014	11,131	11,131
Charged for the year	11,131	11,131
At 31.3.2015	22,262	22,262
<u>Carrying amount</u>		
At 31.3.2015	11,132	11,132
At 31.3.2014	22,263	22,263
<u>Cost</u>		
At 1.4.2013	-	-
Additions	33,394	33,394
At 31.3.2014	33,394	33,394
<u>Accumulated depreciation</u>		
At 1.4.2013	-	-
Charged for the year	11,131	11,131
At 31.3.2014	11,131	11,131
<u>Carrying amount</u>		
At 31.3.2014	22,263	22,263
At 31.3.2013	-	-

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. AVAILABLE-FOR-SALE INVESTMENTS

	2015 S\$	2014 S\$
Unquoted equity shares	206,475	-

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

8. AVAILABLE-FOR-SALE INVESTMENTS– cont'd

The company and the shareholders of the investee have determined that the company does not have significant influence over the investee. The fair value of the above unquoted shares cannot be reliably measured and accordingly the investment in these shares is stated at cost. Management is of the opinion that there is no indication of impairment.

The carrying amounts of available-for-sale investments, which approximate their fair value are denominated in United States dollars.

9. OTHER CURRENT ASSETS

	<u>2015</u>	<u>2014</u>
	S\$	S\$
Advance paid	228,000	28,794
Prepayments	971	4,953
Others	<u>4,463</u>	<u>-</u>
	<u>233,434</u>	<u>33,747</u>

Advance paid refer to deposit amount paid for material purchase for the company.

10. TRADE RECEIVABLES

	<u>2015</u>	<u>2014</u>
	S\$	S\$
Trade receivables:		
- holding company (Note 6)	3,150,432	556,078
- related party (Note 6)	<u>2,202,967</u>	<u>532,360</u>
	<u>5,353,399</u>	<u>1,088,438</u>

Trade receivables are unsecured, non-interest bearing and generally up to 180 (2014: 180) days' credit term. They are recognised at their original invoice amounts, which represents their fair values on initial recognition.

The company's trade receivables are neither past due nor impaired at the end of the reporting period.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

10. TRADE RECEIVABLES – cont'd

The carrying amounts of trade receivables, which approximate their fair value, are denominated in the following currencies:

	<u>2015</u> S\$	<u>2014</u> S\$
Indian rupees	401,452	-
Euros	66,461	-
United State dollars	4,518,767	1,088,438
Japanese yen	310,414	-
Great Briton pounds	3,457	-
Swiss franc	52,848	-
	<u>5,353,399</u>	<u>1,088,438</u>

11. CASH AND BANK BALANCES

	<u>2015</u> S\$	<u>2014</u> S\$
Cash on hand	-	522
Cash at banks	329,848	451,336
	<u>329,848</u>	<u>451,858</u>

Cash and 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.

The carrying amount of cash and bank balances, which approximate their fair value are denominated in the following currencies:

	<u>2015</u> S\$	<u>2014</u> S\$
Singapore dollars	23,287	91,656
United States dollars	133,497	359,837
Indonesian rupiah	4,341	365
Euro dollars	19,625	-
Japanese yen	149,098	-
	<u>329,848</u>	<u>451,858</u>

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

12. SHARE CAPITAL

	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>Number of ordinary shares</u>		<u>S\$</u>	<u>S\$</u>
<u>Issued and fully paid:</u>				
As at beginning of year	250,000	500	316,467	607
Issue of shares	-	249,500	-	315,860
	<u>250,000</u>	<u>250,000</u>	<u>316,467</u>	<u>316,467</u>
As at end of year	<u>250,000</u>	<u>250,000</u>	<u>316,467</u>	<u>316,467</u>

During the previous financial year, the company issued 249,500 ordinary shares for US\$1 each to its holding company for cash. The proceeds were used for working capital purposes.

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.

13. TRADE AND OTHER PAYABLES

	<u>2015</u>	<u>2014</u>
	<u>S\$</u>	<u>S\$</u>
Trade payables	5,302,368	1,058,220
Accrued expenses	120,056	35,319
Others	8,224	30,029
	<u>5,430,648</u>	<u>1,123,568</u>

Trade and other payables are non-interest bearing and are normally settled on 30 to 60 (2014: 30 to 60) days. Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The amount due to a director is unsecured, interest free and repayable on demand.

The carrying amounts of trade and other payables, which approximate their fair value, are denominated in the following currencies:

	<u>2015</u>	<u>2014</u>
	<u>S\$</u>	<u>S\$</u>
Indian rupees	179,362	-
Euros	98,136	-
Singapore dollars	128,280	35,319
United State dollars	4,191,568	1,088,249
Japanese yen	490,250	-
Great Briton pounds	142	-
Swiss franc	342,910	-
	<u>5,430,648</u>	<u>1,123,568</u>

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

14. REVENUE

Revenue represents invoiced value of goods sold and delivered excluding goods and service tax, net of returns, trade discounts and allowances.

15. OTHER INCOME

	<u>2015</u> S\$	<u>2014</u> S\$
Government grant		
- wage credit scheme	664	1,603
Interest on bank deposit	31	8
Foreign currency exchange adjustment gain	<u>73,974</u>	<u>-</u>
	<u>74,669</u>	<u>1,611</u>

Wage Credit Scheme

Wage Credit Scheme (“WCS”) was introduced in 2013 Budget as a part of Transition Support Package for businesses. The objective of WCS to help companies cope with rising wage cost to allow company to free up resources to make investment in productivity and to share productivity gains with their employees. Under this scheme the Government Co-funds 40% of wage increases given to Singaporean employees earning gross monthly wage of S\$4,000 and below, over the period 2013 to 2015. Wage Credit for each qualifying year is computed based on monthly CPF contributions made by the employer to their employees, and automatically paid to eligible employers.

16. FINANCE COSTS

	<u>2015</u> S\$	<u>2014</u> S\$
Interest on loans	<u>1,761</u>	<u>-</u>

17. INCOME TAX EXPENSES

a) Major component of income tax expenses

The major components of income tax expense are as follows:

	<u>2015</u> S\$	<u>2014</u> S\$
Current year's provision	13,826	3,500
Prior year's overprovision	<u>(8,103)</u>	<u>-</u>
	<u>5,723</u>	<u>3,500</u>

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

17. INCOME TAX EXPENSES – cont'd

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% (2014: 17%) to profit before income tax due to the following:

	<u>2015</u> S\$	<u>2014</u> S\$
Profit for the year	225,987	53,521
Income tax expense at statutory rate	38,418	9,099
Tax effect:		
- taxable items	1,933	758
- partial tax exemptions	(20,600)	(6,357)
- tax rebate	(5,925)	
Current year's provision	13,826	3,500
Prior year's over provision	(8,103)	-
	5,723	3,500

c) Income tax payables

The movement in income tax payable is as follows:

	<u>2015</u> S\$	<u>2014</u> S\$
Beginning of year	6,593	8,793
Income tax expenses	5,723	3,500
Income tax refunded/(paid)	4,915	(5,700)
Balance at end of year	17,231	6,593

18. PROFIT FOR THE YEAR

Profit for the year has been arrived after charging:

	<u>2015</u> S\$	<u>2014</u> S\$
Employee's benefit expenses	197,871	94,291
Cost of defined contribution plan	3,946	3,094
Foreign currency exchange adjustment loss	-	3,488
Cost of inventories recognised as expenses and included in the cost of goods sold	21,757,246	1,890,088

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

19. SUBSEQUENT EVENTS

No items, transactions or events of material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of operations of the company for the succeeding financial period.

PRICOL ASIA PTE. LIMITED

DETAILED PROFIT AND LOSS STATEMENT

FOR THE YEAR ENDED 31 MARCH 2015

	<u>2015</u> S\$	<u>2014</u> S\$
Revenue	22,397,603	2,148,520
Less: Cost of goods sold		
Purchases	21,757,246	1,810,792
Procurement charges	90,151	79,296
	<u>(21,847,397)</u>	<u>(1,890,088)</u>
Gross profit	550,206	258,432
Add: Other income		
Government grant	664	1,603
- wage credit scheme	31	8
Interest on bank deposits	73,974	-
Foreign currency exchange adjustment gain	-	-
	<u>74,669</u>	<u>1,611</u>
	624,875	260,043
Less: Expenses		
- Schedule 'A'	<u>(398,888)</u>	<u>(206,522)</u>
Profit before income tax	<u>225,987</u>	<u>53,521</u>

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

PRICOL ASIA PTE. LIMITED

Schedule 'A'

EXPENSES

FOR THE YEAR ENDED 31 MARCH 2015

	<u>2015</u> S\$	<u>2014</u> S\$
Administrative expenses		
Auditors' remuneration	8,500	4,500
Bank charges	60,358	4,654
CPF	3,946	3,094
General expenses	1,977	887
Legal and professional fee	54,878	19,761
Printing and stationery	1,194	562
Rental expenses	3,559	-
Repairs and maintenance	10,568	-
Salaries and allowances	193,925	91,197
Telephone, fax and internet	1,985	956
Travelling expenses	45,106	66,292
Finance costs		
Interest on loans	1,761	-
Other expenses		
Foreign currency exchange adjustment loss	-	3,488
Depreciation of equipment	11,131	11,131
	<u>398,888</u>	<u>206,522</u>

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