

PRICOL ASIA PTE. LIMITED

(Registration Number: 201221194R)

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

(Expressed in United States Dollars)

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(Registration Number: 201221194R)

**DIRECTORS' STATEMENT AND
AUDITED FINANCIAL STATEMENTS**

FOR THE YEAR 31 MARCH 2020
(Expressed in United States Dollars)

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

PRICOL ASIA PTE. LIMITED

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

(Expressed in United States Dollars)

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PRICOL ASIA PTE. LIMITED

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited financial statements of **PRICOL ASIA PTE. LIMITED** (the "company") for the financial year ended 31 March 2020.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the financial statements of the company are drawn up so as to give a true and fair view of the financial position of the company as at 31 March 2020 and the financial performance, changes in equity and cash flows of the company for the 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.

2. DIRECTORS

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

Vikram Mohan
Alwarsamy Muthalraj
Samakulam Ananthapadmanabhan Gopalakrishnan

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

4. 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 shares 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 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 beginning of year	At end of year	At beginning of year	At end of year
<u>Pricol Limited (Holding company)</u>				
			<u>Number of equity shares of Rs. 1.00</u>	
Vikram Mohan	3,521,175	3,521,175	* 331,575	* 331,575

* Included in 331, 575 ordinary shares, 150,000 ordinary shares are registered in the name of director's daughter who is under the age of 18.

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



.....
Alwarsamy Muthalraj

Director



.....
Samakulam Ananthapadmanabhan
Gopalakrishnan
Director

Date: 30 April 2020

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 2020, 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 2020 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 MEMBERS 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 MEMBERS 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 2020



PRICOL ASIA PTE. LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	<u>Note</u>	<u>2020</u> US\$	<u>2019</u> US\$
ASSETS			
Non-current assets:			
Equipment	(7)	-	-
Total non-current assets		-	-
Current assets:			
Other current assets	(8)	81,008	77,051
Trade receivables	(9)	9,019,764	3,188,105
Bank balances	(10)	1,560,592	4,746,864
Total current assets		<u>10,661,364</u>	<u>8,012,020</u>
Total assets		<u>10,661,364</u>	<u>8,012,020</u>
EQUITY AND LIABILITIES			
Equity:			
Share capital	(11)	250,000	250,000
Retained earnings		<u>3,270,320</u>	<u>2,719,735</u>
Total equity		<u>3,520,320</u>	<u>2,969,735</u>
Current liabilities:			
Trade and other payables	(12)	7,066,044	4,930,631
Income tax payable	(15c)	<u>75,000</u>	<u>111,654</u>
Total current liabilities		<u>7,141,044</u>	<u>5,042,285</u>
Total equity and liabilities		<u>10,661,364</u>	<u>8,012,020</u>

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 2020

	<u>Note</u>	<u>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>
Revenue	(13)	27,067,627	31,327,236
Cost of goods sold		<u>(25,846,820)</u>	<u>(29,843,665)</u>
Gross profit		1,220,807	1,483,571
Other income	(14)	18,425	98
Administrative expenses		(644,600)	(866,597)
Other expenses		<u>(6,079)</u>	<u>(31,830)</u>
Profit before income tax		588,553	585,242
Income tax expense	(15)	<u>(37,968)</u>	<u>(69,294)</u>
Profit for the year	(16)	550,585	515,948
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>550,585</u></u>	<u><u>515,948</u></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 2020

	Share Capital	Retained Earnings	Total
	US\$	US\$	US\$
Balance as at 1 April 2018	250,000	2,203,787	2,453,787
Total comprehensive income for the year	-	515,948	515,948
Balance as at 31 March 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

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 2020

	<u>2020</u> US\$	<u>2019</u> US\$
Cash flows from operating activities:		
Profit before income tax	588,553	585,242
Adjustment for:		
Depreciation	1,545	659
Interest income	<u>(18,425)</u>	<u>(19)</u>
Operating profit before working capital changes	571,673	585,882
Other current assets	(3,957)	(416)
Trade receivables	(5,831,659)	155,248
Trade payables	<u>2,105,709</u>	<u>(1,113,983)</u>
Cash used in operations	(3,158,234)	(373,269)
Income tax paid	<u>(74,622)</u>	<u>(133,430)</u>
Net cash used in operation	<u>(3,232,856)</u>	<u>(506,699)</u>
Investing activities:		
Acquisition of equipment	(1,545)	(659)
Fixed deposits with maturity more than three months	(1,000,000)	-
Interest income	<u>18,425</u>	<u>19</u>
Net cash used in investing activities	<u>(983,120)</u>	<u>(640)</u>
Financing activities:		
Other payables	<u>29,704</u>	<u>(68,340)</u>
Net cash from /(used in) financing activities	<u>29,704</u>	<u>(68,340)</u>
Net decrease in cash bank balance	(4,186,272)	(575,679)
Cash and bank balance at beginning of year	<u>4,746,864</u>	<u>5,322,543</u>
Cash and bank balance at end of year	<u>560,592</u>	<u>4,746,864</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 2020

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 2020 were authorised for issue by the Board of Directors on 20 April 2020.

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 2019. 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 1 and FRS 8	Definition of Material (Amendments)	1 January 2020
FRS 103 FRS 117	Definition of a Business (Amendments) Insurance Contracts	1 January 2020 1 January 2021

i) FRS 1, Presentation of Financial Statements and FRS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material (Amendments)

The amendments refine the definition of material in FRS 1 and align the definitions used in Conceptual Framework for Financial Reporting and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

An entity applies those amendments prospectively for annual reporting periods beginning on or after 1 January 2020, with earlier application permitted. The company does not expect any significant impact of adopting these amendments.

ii) FRS 103: Definition of a Business (Amendments)

The amendments to FRS 103 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

An entity applies those amendments prospectively for annual reporting periods beginning on or after 1 January 2020, with earlier application permitted.

These amendments will apply on future business combinations of the company.

2.3. Equipment

a) Measurement

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

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.3. Equipment – cont'd

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.

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 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.

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.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.6. Income Taxes – cont'd

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.

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.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.7. Revenue Recognition – cont'd

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.

b) Employee Leave Entitlement

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.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.9. Provisions – cont'd

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.

2.12. 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.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

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.

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

a) Classification of financial assets

Financial assets are classified, at initial recognition, as either measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets, at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party if the trade receivables do not contain a significant financing component at initial recognition.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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.

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

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

Financial assets at amortised cost include trade and other receivables, and other financial assets that held with the objective of collecting contractual cash flows. After initial measurement at fair value, the financial assets are measured at amortised cost using the effective interest rate (EIR) method, less impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in other income.

The company has balances of trade and other receivables and cash and bank balances that are held within a business model, whose objective is collecting contractual cash flows. Trade and other receivable and cash and bank balances are classified as financial assets at amortised cost under FRS 109.

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.

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

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortised cost and FVOCI. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages.

- i) For credit exposures for which there has not been a significant increase in credit risk since initial recognition. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 months ECL).
- ii) For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company measures the loss allowance at an amount equal to the lifetime expected credit losses. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 120 days due. However, in certain cases, the Company also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancement held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

d) Derecognition of financial assets

A financial asset is primary derecognised when:

- i) the rights to receive cash flows from the asset have expired or,
- ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.1. Financial Assets – cont'd

d) Derecognition of financial assets – cont'd

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in the profit and loss account.

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.

a) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the group becomes a party to the contractual provisions of the financial instrument. The group 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.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.2. Financial Liabilities and Equity – cont'd

a) Financial liabilities – cont'd

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.

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.

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

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 **US\$75,000** (2019: US\$111,654).

iii) 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.

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

i) Provision for expected credit losses of trade receivables – cont'd

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.

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) 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

v) 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>2020</u> US\$	<u>2019</u> US\$
Financial assets		
<u>At amortised costs:</u>		
- trade receivables	9,019,764	3,188,105
- bank balances	<u>1,560,592</u>	<u>4,746,864</u>
	<u>10,580,356</u>	<u>7,934,969</u>
Financial liabilities		
<u>At amortised costs:</u>		
- trade and other payables	<u>7,066,044</u>	<u>4,930,631</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.

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

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 and external parties through credit evaluation, credit limits and debt monitoring procedures on an ongoing basis. Where appropriate, the company obtains advance payment or letters of credits for all customers including related parties. The management regularly reviews collectability and aging of the outstanding receivables and allowances for doubtful debts will be made if there are doubts over collectability.

The company adopts a pro-active 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.

The company applies the FRS 109 simplified approach in measuring expected credit loss using a life time expected credit loss provision for all trade receivables. The expected credit loss rates are based on the company's historical credit losses experienced over the twelve months period prior to the current period end. Management has assessed that there is no requirement for disclosure of provision matrix to calculate expected credit loss on the trade receivables as at end of the reporting date, as there is no probability of insolvency or significant financial difficulties of the debtor or significant delay in payments.

ii) Bank balances

The company's bank balances, as detailed in Note 10 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.

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

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 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>2020</u>	Singapore Dollars	Euros	Japanese Yen
	US\$	US\$	US\$
Financial assets			
Trade receivables	-	147,794	330,944
Bank balances	40,032	98,747	307,306
	40,032	246,541	638,250
Financial liabilities			
Trade and other payables	-	(89,730)	(235,415)
Net foreign currency exposures	40,032	156,811	402,835

<u>2020 – cont'd</u>	Indonesian Rupiah	Indian Rupees	Swiss Franc	Great Britain Pounds
	US\$	US\$	US\$	US\$
Financial assets				
Trade 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

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>2019</u>	Singapore Dollars	Euros	Japanese Yen
	US\$	US\$	US\$
Financial assets			
Trade receivables	-	96,701	337,653
Bank balances	104,342	93,246	506,396
	104,342	189,947	844,049
Financial liabilities			
Trade and other payables	-	(88,904)	(504,105)
Net foreign currency exposures	104,342	101,043	339,944

<u>2019 – cont'd</u>	Indonesian Rupiah	Indian Rupees	Swiss Franc	Great Britain Pounds
	US\$	US\$	US\$	US\$
Financial assets				
Trade receivables	-	-	120,033	36
Bank balances	1,306	-	-	-
	1,306	-	120,033	36
Financial liabilities				
Trade and other payables	-	(2,503)	(114,311)	(92)
Net foreign currency exposures	1,306	(2,503)	5,722	(56)

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>2020</u>	Singapore Dollars	Euros	Japanese Yen
	US\$	US\$	US\$
Increase in foreign currency impact	4,003	15,681	40,284

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

<u>2020 – cont'd</u>	Indonesian Rupiah	Indian Rupees	Swiss Franc	Great Britain Pounds
	US\$	US\$	US\$	US\$
Increase in foreign currency impact	80	-	2,492	118
		Singapore Dollars	Euros	Japanese Yen
		US\$	US\$	US\$
Increase in foreign currency impact		10,434	10,104	33,994
<u>2019 – cont'd</u>	Indonesian Rupiah	Indian Rupees	Swiss Franc	Great Britain Pounds
	US\$	US\$	US\$	US\$
Increase in foreign currency impact	131	(250)	572	(5)

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.

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

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>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>

<u>2019</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>4,930,631</u>	<u>4,930,631</u>	<u>4,930,631</u>

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 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.

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

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>2020</u> <u>US\$</u>	<u>2019</u> <u>US\$</u>
Trade and other payables	7,066,044	4,930,631
Less: Bank balances	<u>(1,560,592)</u>	<u>(4,746,864)</u>
Net debt	5,505,452	183,767
Total equity	<u>3,520,320</u>	<u>2,969,735</u>
Total capital	<u>9,025,772</u>	<u>3,153,502</u>
Gearing ratio	<u>61%</u>	<u>6%</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 2019. 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.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

6. HOLDING COMPANY AND RELATED PARTIES – cont'd

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.

Significant transactions with subsidiaries and with related parties:

	<u>2020</u> US\$	<u>2019</u> US\$
<u>Sale of goods to:</u>		
Holding company	26,793,948	30,936,618
Related party	<u>273,679</u>	<u>390,618</u>
	<u>27,067,627</u>	<u>31,327,236</u>
<u>Professional fee paid to:</u>		
Related party	<u>432,000</u>	<u>360,000</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.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

7. EQUIPMENT

<u>2020</u>	Computers & Software	Total
	US\$	US\$
<u>Cost</u>		
At 1.4.2019	27,147	27,147
Additions	1,565	1,565
At 31.3.2020	28,712	28,712
<u>Accumulated depreciation</u>		
At 1.4.2019	27,147	27,147
Charged for the year	1,565	1,565
At 31.3.2020	28,712	28,712
<u>Carrying amount</u> At 31.3.2020	-	-
<u>2019</u>	Computers & Software	Total
	US\$	US\$
<u>Cost</u>		
At 1.4.2018	26,488	26,488
Additions	659	659
At 31.3.2019	27,147	27,147
<u>Accumulated depreciation</u>		
At 1.4.2018	26,488	26,488
Charged for the year	659	659
At 31.3.2019	27,147	27,147
<u>Carrying amount</u> At 31.3.2019	-	-

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. OTHER CURRENT ASSETS

	<u>2020</u> US\$	<u>2019</u> US\$
Purchase advance	62,696	39,472
Others	18,312	37,579
	81,008	77,051

The purchase advances to supplier are unsecured and interest free. These advances are deductible against the amount payable on purchase of goods from these suppliers.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

8. OTHER CURRENT ASSETS – cont'd

None of the above balances are past due and impaired.

The company's management considers that no allowance for impairment of other current assets is necessary as there was no recent history of default in respect of these assets.

9. TRADE RECEIVABLES

	<u>2020</u> US\$	<u>2019</u> US\$
Trade receivables:		
- holding company (Note 6)	8,814,024	3,003,207
- related party (Note 6)	<u>205,740</u>	<u>184,898</u>
	<u>9,019,764</u>	<u>3,188,105</u>

Trade receivables are unsecured, non-interest bearing and generally up to 180 (2019: 180) days' credit terms. 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.

The trade receivables are denominated in the following currencies:

	<u>2020</u> US\$	<u>2019</u> US\$
Euros	147,794	96,701
United State dollars	8,433,753	2,633,682
Japanese yen	330,944	337,653
Great Britain pounds	1,180	36
Swiss franc	<u>106,093</u>	<u>120,033</u>
	<u>9,019,764</u>	<u>3,188,105</u>

10. BANK BALANCES

	<u>2020</u> US\$	<u>2019</u> US\$
Cash at banks	560,592	4,746,864
Fixed deposits	<u>1,000,000</u>	<u>-</u>
	<u>1,560,592</u>	<u>4,746,864</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 varying period periods between six months to twelve months and earn interests ranging from 1.85% to 2.5% per annum. The company's fixed deposits are readily convertible to cash at minimal costs.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

10. BANK BALANCES – cont'd

Bank balances in statement of cash flows

	<u>2020</u> US\$	<u>2019</u> US\$
Bank balances	1,560,592	4,746,864
Less: Fixed deposits with maturity more than three months	<u>(1,000,000)</u>	<u>-</u>
	<u>560,592</u>	<u>4,746,864</u>

The bank balances are denominated in the following currencies:

	<u>2020</u> US\$	<u>2019</u> US\$
Singapore dollars	40,032	104,342
United States dollars	1,113,704	4,041,574
Indonesian rupiah	803	1,306
Euros	98,747	93,246
Japanese yen	<u>307,306</u>	<u>506,396</u>
	<u>1,560,592</u>	<u>4,746,864</u>

11. SHARE CAPITAL

	<u>2020</u> <u>Number of ordinary shares</u>	<u>2019</u> <u>Number of ordinary shares</u>	<u>2020</u> US\$	<u>2019</u> US\$
<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.

12. TRADE AND OTHER PAYABLES

	<u>2020</u> US\$	<u>2019</u> US\$
Trade payables – external parties	6,959,201	4,853,492
Accrued expenses	102,121	74,636
Other:		
- external parties	<u>4,722</u>	<u>2,503</u>
	<u>7,066,044</u>	<u>4,930,631</u>

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

12. TRADE AND OTHER PAYABLES – cont'd

Trade and other payables are non-interest bearing and are normally settled on 30 to 60 (2019: 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>2020</u> US\$	<u>2019</u> US\$
Indian rupees	-	2,503
Euros	89,730	88,904
United State dollars	6,659,728	4,220,716
Japanese yen	235,415	504,105
Great Britain pounds	-	92
Swiss franc	81,171	114,311
	<u>7,066,044</u>	<u>4,930,631</u>

13. 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.

14. OTHER INCOME

	<u>2020</u> US\$	<u>2019</u> US\$
Government grant		
- Wage credit scheme	-	79
Interest on bank deposit	18,425	19
	<u>18,425</u>	<u>98</u>

Wage Credit Scheme

The WCS is part of the 3-Year Transition Support Package introduced in Budget 2013 for support to businesses affected by economic restructuring to manage rising labour costs. The pay-outs allow businesses to free up resources to make investments in productivity and to share the productivity gains with their employees. It was subsequently extended in Budget 2015 for two years, from 1 January 2016 to 31 December 2018. In Budget 2019, it was announced that the WCS would be extended for three months years, i.e. 2019, 2019 and 2020, to support businesses embarking on transformation efforts and encourage sharing of productivity gains with workers.

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

15. INCOME TAX EXPENSES

a) Major component of income tax expenses

The major components of income tax expense are as follows:

	<u>2020</u> US\$	<u>2019</u> US\$
Current year's provision	75,000	73,000
Prior year's under/(over) provision	<u>(37,032)</u>	<u>(3,706)</u>
	<u>37,968</u>	<u>69,294</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% (2019: 17%) to profit before income tax due to the following:

	<u>2020</u> US\$	<u>2019</u> US\$
Profit for the year	<u>588,553</u>	<u>585,242</u>
Income tax expense at statutory rate	100,054	99,491
Tax effect:		
- (allowable)/taxable items	(6,857)	(39)
- partial tax exemptions	(18,197)	(19,089)
- tax rebates	<u>-</u>	<u>(7,363)</u>
Current year's provision	75,000	73,000
Adjustment recognised in the current year in relation to current tax of previous years	<u>(37,032)</u>	<u>(3,706)</u>
Income tax recognised in the statement of comprehensive income	<u>37,968</u>	<u>69,294</u>

c) Income tax payables

The movement in income tax payable is as follows:

	<u>2020</u> US\$	<u>2019</u> US\$
Beginning of year	111,654	175,790
Income tax expenses	37,968	69,294
Income tax paid	<u>(74,622)</u>	<u>(133,430)</u>
Balance at end of year	<u>75,000</u>	<u>111,654</u>

PRICOL ASIA PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

16. PROFIT FOR THE YEAR

Profit for the year has been arrived after charging:

	<u>2020</u> US\$	<u>2019</u> US\$
Employee's benefit expenses	156,721	293,728
Cost of defined contribution plan included in the employee benefit expenses	5,603	5,270
Foreign currency exchange adjustment loss	4,514	24,059
Cost of inventories recognised as expenses and included in the cost of goods sold	<u>25,846,820</u>	<u>29,843,665</u>

17. 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, except as follows :. With the emergence of coronavirus disease ("COVID-19") since early 2020, the world is experiencing an event that has macroeconomic implications, originating from the spread of the Corona Virus. Many countries around the world, including Singapore, are taking significant steps in an attempt to prevent the spread of the virus, such as restrictions on civilian movement, restrictions on gatherings, closing borders between Countries, and more.

The company will stay alert on the development and situation of the COVID-19, continuing to assess its impact on the financial position and operating results of the company and take necessary action to maintain stability of the business. The company is in the midst of evaluating reliefs as announced under Singapore Budget 2020 as well as the latest Resilience Budget and Solidarity Budget that it can avail .Up to the date of this report, given the dynamic nature of these circumstances, the impact on the company's results of operations, cash flows and financial condition could not be reasonably estimated.

The Directors believe that with the cost saving measures being taken, the company's strong vendor and customer relationships, as well as the company's liquidity position and availability of sources of funds, the company will remain a going concern.

PRICOL ASIA PTE. LIMITED

DETAILED PROFIT AND LOSS STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

(Expressed in United States Dollars)

	<u>2020</u> US\$	<u>2019</u> US\$
Revenue	27,067,627	31,327,236
Less: Cost of goods sold		
Purchases	(25,846,820)	(29,843,665)
Gross profit	1,220,807	1,483,571
Add: Other income		
Government grant - wage credit scheme	-	79
Interest on bank deposits	18,425	19
	<u>1,8425</u>	<u>98</u>
	1,239,232	1,483,669
Less: Expenses		
Administrative expenses		
Auditors' remuneration	16,583	17,944
Bank charges	2,125	3,246
CPF	5,603	5,270
General expenses	114	7,171
Legal and professional fee	446,385	386,982
Medical expenses	-	2,021
Printing and stationery	965	922
Representative office rental other expenses	5,661	79,828
Repairs and maintenance	2,310	6,370
Salaries and allowances	151,118	270,845
Staff welfare expenses	-	17,613
Telephone, fax and internet	281	930
Transportation expenses	-	6,969
Travelling expenses	13,455	60,486
Other expenses		
Foreign currency exchange adjustment loss	4,514	24,059
Depreciation	1,565	659
Donations	-	7,112
	<u>(650,679)</u>	<u>(898,427)</u>
Profit before income tax	<u>588,553</u>	<u>585,242</u>

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