

PRICOL ASIA EXIM DMCC

(Registration number: DMCC194270)

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

**FOR THE FINANCIAL PERIOD FROM 18 AUGUST 2022 (DATE OF
INCORPORATION) TO 31 MARCH 2023**

PRICOL ASIA EXIM DMCC

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**FOR THE FINANCIAL PERIOD FROM 18 AUGUST 2022 (DATE OF
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PRICOL ASIA EXIM DMCC

DIRECTORS' STATEMENT

The directors present their first statement to the member together with the audited financial statements of **PRICOL ASIA EXIM DMCC** (the "Company") for the financial period from 18 August 2022 (date of incorporation) to 31 March 2023.

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 2023 and the financial performance, changes in equity and cash flows of the company for the period from 18 August 2022 (date of incorporation) to 31 March 2023; and
- (b) at the date of this statement, with continued financial support from the ultimate company, 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 report are:

Vikram Mohan (Appointed on 18 August 2022)
Lakshmi Niranjana Mohan (Appointed on 18 August 2022)
Natarajan Subramanian (Appointed on 18 August 2022)

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 OR DEBENTURES

The directors of the company who held office at the end of the financial year, had interests in the shares of the company's immediate and ultimate holding company as recorded in the register of directors' shareholdings required to be kept by the company under Section 164 of the Companies Act 1967 (the "Act") as stated below:

Name of directors and corporation in which interests are held	Number of equity shares of Rs. 1.00 each			
	<u>Shareholdings registered in name of director</u>		<u>Shareholdings in which director is deemed to have an interest</u>	
	At beginning of year / date of appointment if later	At end of year	At beginning of year / date of appointment if later	At end of year
Pricol Limited <u>(Immediate and Ultimate Holding Company)</u>				
Vikram Mohan	7,625,506	7,625,506	1192,857 11,001,762	1192,857 211,001,762
Kasthuri Rangaian Ilango	9,547	9,547	34,248	34,248

PRICOL ASIA EXIM DMCC

DIRECTORS' STATEMENT – cont'd

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES – cont'd

¹ By virtue of Section 164(15) of the Act, Mr Vikram Mohan is deemed to have an interest in 192,857 equity shares held by his daughter at the beginning and at the end of the financial year.

² By virtue of Section 7 of the Act, Mr Vikram Mohan is deemed to have an interest in 11,001,762 equity shares held by Pricol Holdings Limited at the end of the financial year.

³ By virtue of Section 164(15) of the Act, Mr Kasthuri Rangaian Ilango is deemed to have an interest in 4,248 equity shares held by his spouse at the date of his appointment as director and at the end of the financial year.

5. SHARE OPTIONS

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

During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares.

At the end of the financial year, there were no unissued shares of the Company under option.

6. INDEPENDENT AUDITOR

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

On behalf of the Board of Director



.....
Vikram Mohan
Director



.....
Natarajan Subramanian
Director

Date: 3 May 2023

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF PRICOL ASIA EXIM DMCC**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **PRICOL ASIA EXIM DMCC** (the "Company") which comprise the statement of financial position as at 31 March 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial period from 18 August 2022 (date of incorporation) to 31 March 2023, 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 1967 (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 2023 and of the financial performance, changes in equity and cash flows of the company for the financial period from 18 August 2022 (date of incorporation) to 31 March 2023.

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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements. The Company incurred a net loss of **US\$31,185** during the financial year ended 31 March 2023 and as at that date, the company's current and total liabilities exceeded its current assets by **US\$24,856** and total liabilities exceeded the company's total assets by **US\$17,685**. These factors indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate cash flows from its operations and obtain financial support from its ultimate holding company to meet its financial obligations as and when the need arises. Our opinion is not modified in respect of this matter.

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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF PRICOL ASIA EXIM DMCC – cont'd**

Other Information – cont'd

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.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- (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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF PRICOL ASIA EXIM DMCC – cont'd**

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

- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (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 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 PUBLIC ACCOUNTING CORPORATION
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS
SINGAPORE**

Date: 3 May 2023

PRICOL ASIA EXIM DMCC

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023

	<u>Note</u>	<u>2023</u> <u>US\$</u>
ASSETS		
Non-current Assets		
Right-Of-Use asset	(7)	<u>7,171</u>
Total non-current assets		<u>7,171</u>
Current Assets		
Trade and other receivables	(8)	<u>17,879</u>
Bank balances	(9)	<u>1,149,941</u>
Total current assets		<u>1,167,820</u>
Total assets		<u>1,174,991</u>
EQUITY AND LIABILITY		
Equity		
Share capital	(10)	<u>13,500</u>
Accumulated losses		<u>(31,185)</u>
Total equity deficiency		<u>(17,685)</u>
Current Liabilities		
Trade and other payables	(11)	<u>1,192,676</u>
Total current liabilities		<u>1,192,676</u>
Total liability		<u>1,192,676</u>
Total equity and liabilities		<u>1,174,991</u>

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

PRICOL ASIA EXIM DMCC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 18 AUGUST 2022 (DATE OF
INCORPORATION) TO 31 MARCH 2023

	<u>Note</u>	18 Aug 2022 To 31 Mar 2023 US\$
Revenue	(12)	577
Cost of sales		<u>(550)</u>
Gross profit		27
Administrative expenses		(5,074)
Finance costs	(13)	(379)
Other operating expenses		<u>(25,759)</u>
Loss for the period	(14)	(31,185)
Other comprehensive loss		<u>-</u>
Total comprehensive loss for the period		<u>(31,185)</u>

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

PRICOL ASIA EXIM DMCC

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 18 AUGUST 2022 (DATE OF INCORPORATION) TO 31 MARCH 2023

	Share Capital	Accumulated Losses	Total
	US\$	US\$	US\$
Balance as at date of incorporation, 18 August 2022	-	-	-
Transaction with owners recognised directly in equity - Issue of new shares (Note 10)	13,500	-	13,500
Total comprehensive loss for the financial period	-	(31,185)	(31,185)
Balance as at 31 March 2023	13,500	(31,185)	(17,685)

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

PRICOL ASIA EXIM DMCC

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 18 AUGUST 2022 (DATE OF
INCORPORATION) TO 31 MARCH 2023

	18 Aug 2022 To 31 Mar 2023 US\$
Cash flows from operating activities:	
Loss before income tax	(31,185)
Adjustment for:	
Amortisation of right of use asset	10,040
Interest expenses	379
	<hr/>
Operating loss before working capital changes	(20,766)
Trade and other receivable	(17,879)
Trade and other payables	5,550
	<hr/>
Net cash used in operating activities	(33,095)
	<hr/>
Financing activities:	
Interest expenses	(379)
Repayment of finance lease	(17,211)
Proceeds from issue of shares	13,500
Proceeds from immediate holding company	1,187,126
	<hr/>
Net cash from financing activity	1183,036
	<hr/>
Net increase in bank balances	1,149,941
Bank balances at date of incorporation	-
	<hr/>
Bank balances at end of period	1,149,941
	<hr/>

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

PRICOL ASIA EXIM DMCC

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023

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

1. GENERAL

1.1 Corporate Information

Pricol Asia Exim DMCC ("Company") is incorporated as limited liability company with Dubai Multi Commodities Centre Authority, Government of Dubai, United Arab Emirates, under license No DMCC194270 and under the law No.(3) of 2020 with effect from 18 August 2022. The company's principal place of business and registered office is situated at:

Unit No. C15
DMCC Business Centre
Level No. 13, AG Tower, Dubai
United Arab Emirates

The principal activity of the company is that of importers and exporters of automotive accessories.

Going concern assumption

The company incurred a net loss of **US\$31,185** during the financial year ended 31 March 2023 and as at that date, the company's current liabilities exceeded its current assets by **US\$24,856** and the total liabilities exceeded its total assets by **US\$17,685** respectively. These factors indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

The directors are of the view that it is appropriate to prepare these financial statements on a going concern basis on the assumption that the company will generate cash flows from its operations and is able to obtain financial support from its ultimate holding company to meet its financial obligations as and when the need arises.

1.2 Authorisation of financial statements for issue

The financial statement of the Company for the year ended 31 March 2023 were authorised for issue by the Board of Directors on 3 May 2023.

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 and in accordance with the provisions of the Singapore Companies Act 1967 and Singapore Financial Reporting Standards ("FRS") including related interpretations of FRS ("INT FRS ") as issued by the Accounting Standard Committee under ACRA.

Historical cost is generally based on the fair value of the consideration given in the exchange for goods and services.

PRICOL ASIA EXIM DMCC

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.1 Basis of Accounting – cont'd

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value.

In addition, for financial reporting purpose, fair value measurements are described in Note 5.

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 assumptions. 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 FRSs and INT FRSs

In the current financial period, the Company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective on 18 August 2022. 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.

(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 date (annual periods) beginning on or after</u>
FRS 1 (Amendments)	Classification of Liabilities as Current or Non-Current	1 January 2024
FRS 1 (Amendments)	Non-Current Liabilities with Covenants	1 January 2024
FRS 1 Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
FRS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
FRS 12 (Amendments)	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The management expect that the adoption of the above FRSs and amendments to FRS in future periods standards will not have a material impact on the financial statements of the Company in the period of initial application.

PRICOL ASIA EXIM DMCC

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.3 Impairment of Non-Financial Assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial 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. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.4 Functional and Foreign Currency

(a) Functional and presentation currency

The financial statements of the company are measured and presented in the currency of the primary economic environment in which the Company operate ("its functional currency"). The financial statements of the Company are presented in United States Dollar, which is the functional currency of the Company.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss.

2.5 Revenue Recognition

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

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

PRICOL ASIA EXIM DMCC

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.5 Revenue Recognition – cont'd

The following specific recognition criteria must also be met before revenue is recognised.

Sale of goods

Revenue is recognised at a point in time when the company satisfied its performance obligation by transferring the control of the promised goods to the customer, which is when the goods are delivered and accepted by the customer. Revenue is measured based on consideration specified in the contract with a customer to which the company expects to be entitled in exchange for transferring promised goods to a customer.

2.6 Value Added Tax

Expense and assets are recognised net of the amount of tax, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; or
- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of VAT receivables or VAT payables in the statement of financial position.

2.7 Leases

As a lessee

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is considered to exist if the company has both the right to obtain substantially all of the economic benefits from the use of an identified asset and the right to direct the use of that asset.

At lease commencement date, the Company recognises a right-of-use asset and a corresponding lease liability on the statement of financial position.

Right-of-Use Asset

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs, an estimate of any costs to dismantle and remove the asset or restore the asset at the end of the lease, and any lease payments made in advance of the lease commencement date, net of any incentives received.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life (which is determined on the same basis as those of plant and equipment).

The Company also assesses the right-of-use asset for impairment when such indicators exist. In addition, the right-of-use asset is periodically adjusted for certain re-measurements of the lease liability.

PRICOL ASIA EXIM DMCC

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.7 Leases – cont'd

As a lessee – cont'd

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate, being the rate it would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee, lease payments arising from extension options reasonably certain to be exercised, exercise price under purchase option reasonably certain to be exercised and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Short-term leases are leases with a lease term of 12 months or less .

2.8 Related Parties

A related party is a person or an entity related to the Company and is further defined as follows:

- (a) A person or a close member of that person's family is related to the Company that person:
- (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the company.

PRICOL ASIA EXIM DMCC

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.8 Related Parties – cont'd

- (b) An entity is related to the Company if the following conditions applies:
- (i) the entity and the company are members of the same company (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity or an associate or joint venture of a member of a company of which the other entity is a member;
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity or of a parent of the entity; or
 - (viii) the entity, or any member of the company of which it is a part, provides key management personnel services to the company or to the parent of the company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the Company.

Related party transactions and outstanding balances disclosed in these financial statements are in accordance with the above definition as per FRS 24 – Related Party Disclosures.

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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

PRICOL ASIA EXIM DMCC

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

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

3. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

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

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the financial instruments.

PRICOL ASIA EXIM DMCC

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.1 Financial Assets – cont'd

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.

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.

b) Financial assets at amortised cost

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 solely payments of principal and interest on the principal outstanding.

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.

PRICOL ASIA EXIM DMCC

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.1 Financial Assets – cont'd

b) Financial assets at amortised cost – cont'd

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 cash equivalents that are held within a business model, whose objective is collecting contractual cash flows.

i) Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method, less all allowances for impairment. An allowance for impairment of 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 other receivables.

ii) Bank balances

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

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 and other 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 90 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.

PRICOL ASIA EXIM DMCC

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.1 Financial Assets – cont'd

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.

Where the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes form of guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

3.2 Equity and Financial Liabilities

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

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.

Ordinary share capital is classified as equity.

b) Financial liabilities

Financial liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provision for the financial instrument. The measurement of financial liabilities depends on their classification as either financial liabilities “at fair value through profit or loss” or “other financial liabilities at amortised costs”.

i) Financial liabilities carried at amortised cost

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Financial liabilities at amortised cost are classified within “trade and other payables” on the statement of financial position.

PRICOL ASIA EXIM DMCC

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.2 Equity and Financial Liabilities – cont'd

b) Financial liabilities – cont'd

i) Financial liabilities carried at amortised cost – cont'd

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.

c) 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 carrying amounts is recognised in the profit and loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

4.1 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Determination of functional currency

The company measures foreign currency transactions in the functional currency of the company. In determining the functional currencies 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 is determined based on management's assessment of the economic environment in which the entity operates and the entity's process of determining sales prices.

PRICOL ASIA EXIM DMCC

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

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

4.2 Key Sources of Estimation Uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, 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.

(a) Provision for expected credit losses of trade receivables

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

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

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

(b) Determining the lease term

As explained in Note 2.7, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Company, the Company evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the company to exercise the option, including favourable terms leasehold improvements undertaken and the importance of that underlying asset to the company's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the company's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years

(c) Estimation of incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Company "would have paid", which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain lease period specific estimates.

PRICOL ASIA EXIM DMCC

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

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

4.2 Key Sources of Estimation Uncertainties – cont'd

(d) Provision

Provisions are recognised 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.

(e) 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 RISK MANAGEMENT, OBJECTIVES, POLICIES AND CAPITAL RISK MANAGEMENT

5.1 Categories of Financial Assets and Financial Liabilities

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

	<u>2022</u> US\$
<u>Financial assets</u>	
<u>At amortised costs:</u>	
Trade and other receivables	17,879
Bank balances	<u>1,149,941</u>
	<u>1,167,820</u>
<u>Financial liability</u>	
<u>At amortised costs:</u>	
Trade and other payables	<u>1,192,676</u>

5.2 Financial Risk 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 following risk management of the Company and believe that the financial risks associated with these financial instruments are minimal.

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.

PRICOL ASIA EXIM DMCC

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT, OBJECTIVES, POLICIES AND CAPITAL RISK MANAGEMENT – cont'd

5.2 Financial Risk Management Policies and Objectives – cont'd

The company is primarily exposed to credit risk, foreign exchange risk and liquidity risk. It is not significantly exposed to interest rate risk.

There has been no change to the company's exposure to the financial risks or the manner in which it manages and measures the risk.

a) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The company's exposure to credit risk arises primarily from amount due from immediate holding company, other receivables and cash and bank balances. The company transacts only with recognised and creditworthy counterparties. The Company place its cash deposits with reputable banks and financial institutions.

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

Significant increase in credit risk

At the reporting date, the Company's has no significant concentration of credit risk.

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

Internal and/or external credit rating;

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

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

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

Low credit risk

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

PRICOL ASIA EXIM DMCC

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT, OBJECTIVES, POLICIES AND CAPITAL RISK MANAGEMENT – cont'd

5.2 Financial Risk Management Policies and Objectives – cont'd

a) Credit risk – cont'd

Low credit risk – cont'd

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

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

Credit-impaired

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the counter-party or the borrower;
- A breach of contract, such as default or past due event;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for that financial assets because of financial difficulties.

Default event

The Company has determined the default event on a financial asset to be when the counterparty is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

Regardless of the analysis above, a significant increase in credit risk is presumed if the counterparty is more than 90 days past due in making contractual payment unless the Company has reasonable and supportable information that demonstrates otherwise.

Write-off policy

The Company categorises a financial asset for potential write-off when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery or when a debtor fails to make contractual payments more than 365 days past due.

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

PRICOL ASIA EXIM DMCC

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT, OBJECTIVES, POLICIES AND CAPITAL RISK MANAGEMENT – cont'd

5.2 Financial Risk Management Policies and Objectives – cont'd

a) Credit risk – cont'd

Write-off policy – cont'd

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

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

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

Simplified approach

The Company applies the simplified approach using the provision matrix to provide for ECLs for third party trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

Expected credit loss assessment

The following are qualitative information on expected credit loss for financial assets under amortised cost:

i) Trade receivables

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

The credit risk associated with the counterparty is assessed thoroughly before entering into the contracts and there have historically been no instances of credit problems resulting from these contracts.

PRICOL ASIA EXIM DMCC

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT, OBJECTIVES, POLICIES AND CAPITAL RISK MANAGEMENT – cont'd

5.2 Financial Risk Management Policies and Objectives – cont'd

a) Credit risk – cont'd

Expected credit loss assessment – cont'd

The following are qualitative information on expected credit loss for financial assets under amortised cost: (cont'd)

i) Trade receivables – cont'd

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Where receivables are written off, the company continues to engage in enforcement activity to attempt to recover the receivables due. Any recoveries made are recognised in profit or loss. The company generally considers a financial asset in default if the counterparty fails to make contractual payments within 90 days past due or there is evidence indicating the asset is credit-impaired.

ii) Other receivables

Other receivables are carried at amortised cost are considered as assets with no significant increase in credit risk at the reporting date and hence the loss allowance is determined at an amount equal to 12-month ECL. Management consider the loss allowance is insignificant.

iii) Bank balances

The Company places its bank deposits with financial institutions with high credit ratings assigned by international credit-rating agencies. Impairment on bank balances are measured on the 12-month expected loss basis. Management considers that its bank balances have low credit risk based on the external credit ratings of the counterparties. Therefore, management considers the amount of ECL is insignificant.

b) Interest rate risk

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

The Company has bank balances that are non-interest bearing, therefore has no exposure to cash flow interest rate risk.

The Company's exposure to interest rate risk on financial liabilities are detailed in the liquidity management section of this note.

c) Foreign currency exchange rate risk

The Company trade mainly in United States dollar. Foreign currency exchange exposures are naturally hedged as both business inflows and outflows are denominated in the above currencies. This natural hedge reduces significantly the financial impact of movements in the foreign currency exchange rates. Management believes that the foreign exchange rate risk is manageable. Hence, the Company does not use derivative financial instruments to mitigate this risk.

PRICOL ASIA EXIM DMCC

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT, OBJECTIVES, POLICIES AND CAPITAL RISK MANAGEMENT – cont'd

5.2 Financial Risks Management Policies and Objectives – cont'd

c) Foreign currency exchange rate risk – cont'd

Sensitivity analysis

No foreign currency sensitivity analysis has been prepared as the amount would be immaterial to the company.

d) Liquidity risk

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

The Company is exposed to liquidity risk. The Company has obtained financial support from its ultimate holding company.

In the management of the liquidity risk, the Company monitors and maintains a level of bank balances deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

The following table summarises the Company's remaining contractual maturity for its financial liabilities at the end of the reporting period based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Company is expected to received and pay.

<u>2023</u>	<u>Effective interest rate p.a. %</u>	<u>Carrying amount US\$</u>	<u>Contractual undiscounted cash flows</u>		
			<u>One year or less US\$</u>	<u>Two to five years US\$</u>	<u>Total US\$</u>
<u>Financial liabilities:</u>					
Other payables and accrual	-	<u>1,192,676</u>	<u>1,192,676</u>	<u>-</u>	<u>1,192,676</u>

e) Fair value of financial assets and financial liabilities

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 as appropriate.

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

The Company does not anticipate that the carrying amounts recorded at end of the reporting period would significantly be different from the values that would eventually be received or settled.

5.3 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.

PRICOL ASIA EXIM DMCC

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT, OBJECTIVES, POLICIES AND CAPITAL RISK MANAGEMENT – cont'd

5.3 Capital Risk Management Policies and Objectives – cont'd

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 and net debt. The Company's overall strategy remains unchanged during the period.

	<u>2023</u> US\$
Trade and other payables	1,192,676
Less: Bank balances	<u>(1,149,941)</u>
Net debt	42,735
Capital deficiency	<u>(17,685)</u>
 Total capital	 <u>25,050</u>
 Gearing ratio	 <u>N.M.</u>

N.M. – Not meaningful. As disclosed in Note 1(b) to the financial statements the Company faces difficulty to meeting its financial obligations due to shortage of funds to settle its liabilities. However, the ultimate holding company undertaking to provide financial support to enable the Company to pay its financial obligations.

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

The capital structure of the Company's mainly consists of equity and debt and the Company's overall strategy remains unchanged from the date of incorporation.

6. HOLDING COMPANIES AND RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of Pricol Asia Pte. Limited, incorporated in Republic of Singapore, the company's ultimate holding company. Its ultimate holding company is Pricol Limited, a company incorporated in India.

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the other party in making financial and operational decisions, or vice versa, or where the Company and the other party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Some of the Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest free and repayable on demand.

Significant transaction with the ultimate holding company:

	<u>2023</u> US\$
Sale of goods	<u>577</u>

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

PRICOL ASIA EXIM DMCC

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

7. RIGHT-OF-USE ASSET

	<u>Office premises</u> US\$
<u>Cost</u>	
At date of incorporation	-
Additions	<u>17,211</u>
At 31 March 2023	<u>17,211</u>
<u>Accumulated depreciation</u>	
At date of incorporation	-
Depreciation for the year	<u>10,040</u>
At 31 March 2023	<u>10,040</u>
<u>Carrying amount</u>	
At 31 March 2023	<u><u>7,171</u></u>

At the end of the reporting period, the Company carried out a review of the recoverable amount of its right of use assets and as a result no allowances for impairment revisions to the useful lives is required.

8. TRADE AND OTHER RECEIVABLES

	<u>2023</u> US\$
Trade receivables - external parties	577
Other receivables - external parties	15,531
Rental deposits	<u>1,770</u>
	<u>17,878</u>

i) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 days' term and are not secured by any collateral or credit enhancement. These amounts are to be settled in cash. They are recognised at their original invoice amounts, which represents their fair values on initial recognition. Trade receivables are neither past due nor impaired and these receivables are mainly arising by customers that have a good credit record with the company.

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) Other receivables

In determining the recoverability of other receivables, the company considers any change in the credit quality of the other receivable from the date credit was initially granted up to the reporting date. The other receivables are unsecured, interest-free and repayable on demand.

Management has assessed the credit worthiness of the other debtors including subsidiary and and considers that no further allowance for impairment of other receivables is necessary as there were no recent history of default in respect of these debtors.

PRICOL ASIA EXIM DMCC

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

8. TRADE AND OTHER RECEIVABLES – cont'd

iii) Rental deposits

Rental deposits are placed with land lords as security deposits for office premises and they are recognised at fair value on initial recognition.

9. BANK BALANCES

	<u>2023</u> US\$
Cash at bank	<u>1,149,941</u>

Cash at bank refer the demand deposit held with a bank.

Bank balances are denominated in the United States dollars.

10. SHARE CAPITAL

	<u>2023</u> <u>Number</u> <u>of shares</u>	<u>2023</u> US\$
<u>Issue and paid up</u>		
At date of incorporation on 18 August 2022	-	-
Issue of new shares	<u>5,000</u>	<u>13,500</u>
At end of year	<u>5,000</u>	<u>13,500</u>

During the year, the company issued 5,000 ordinary shares for a total consideration of US\$13,500 and proceeds 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.

11. TRADE AND OTHER PAYABLES

	<u>2023</u> US\$
Trade payables - external parties	550
Other - accruals	5,000
Immediate holding company (Note 6)	<u>1,187,126</u>
	<u>1,192,676</u>

Trade payables are non-interest bearing and are normally settled on 30 days' credit terms. Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The amount due to immediate holding company is unsecured, interest free and repayable on demand.

Trade and other payables and accrual are denominated in United States dollars.

PRICOL ASIA EXIM DMCC

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

12. **REVENUE**

Revenue represents sale of goods which is recognised at a point in time when the goods are delivered to the customer.

13. **FINANCE COSTS**

	<u>2023</u>
	US\$
Interest on lease liabilities	<u>379</u>

14. **LOSS FOR THE PERIOD**

Loss for the period has been arrived at after charging:

	18 Aug 2022
	To
	<u>31 Mar 2023</u>
	US\$
Pre-operating expenses written-off	14,954
Foreign currency exchange adjustment loss	<u>15</u>

15. **RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

The table below details changes in the Company's liabilities arising from financing activity, including both cash and non-cash changes.

Liabilities arising from financing activity are those for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activity.

	<u>2023</u>
	Due to immediate
	holdings company
	(Note 11)
	<u>US\$</u>
Balance at date of incorporation	-
<i><u>Financing cash flows on cash transaction:</u></i>	
Add: Proceeds from other payables	<u>1,136,500</u>
Balance at the end of year	<u>1,136,500</u>

17. **COMPARATIVES**

The financial statements cover the financial period since the company's incorporation on 18 August 2022 to 31 March 2023. This being the first set of financial statements, there are no comparative figures.

PRICOL ASIA EXIM DMCC

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

18. EVENTS AFTER THE REPORTING PERIOD

No items, transactions or events of material and unusual nature have arisen between the end of the reporting 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 reporting period.

PRICOL ASIA EXIM DMCC

DETAILED STATEMENT OF PROFIT OR LOSS

FOR THE FINANCIAL PERIOD FROM 18 AUGUST 2022 (DATE OF
INCORPORATION) TO 31 MARCH 2023

	18 Aug 2022 To 31 Mar 2023 US\$
Revenue	577
Less: Cost of goods sold	
Purchases	(550)
Gross profit	27
Less: Expenses	
Administrative expenses	
Auditor's remuneration	5,000
Bank Fees	59
Foreign currency exchange adjustment loss	15
Finance costs	
Interest on lease liability	379
Other operating expenses	
Amortisation of right-of-use assets	10,040
Pre-operating expenses written off	14,564
Miscellaneous expenses	1,155
	(31,212)
Loss before income tax	(31,185)

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