

**PRICOL ASIA PTE. LIMITED  
AND ITS SUBSIDIARIES**  
(Registration Number: 201221194R)

**DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2024**  
(Expressed in United States Dollars)

# PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

## DIRECTORS' STATEMENT

The directors present their statement to the member together with the audited consolidated financial statements of **PRICOL ASIA PTE. LIMITED** (the "company") **AND ITS SUBSIDIARIES** (collectively, "the group"), the statement of financial position, statement of comprehensive income and statement of changes in equity of the Company for the financial year ended 31 March 2024.

### 1. OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2024, and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with provisions of the companies Act 1967 ("the Act"); 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  
Kasthuri Rangaian Ilango  
Natarajan Subramanian (Appointed on 29 August 2023)

### 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 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			
	Shareholdings registered in name of director		Shareholdings in which director is deemed to have an interest	
<u>Pricol Limited (Immediate and Ultimate Holding Company)</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
Vikram Mohan	7,625,506	7,625,506	<sup>1</sup> 192,857 11,001,762	- <sup>2</sup> 11,001,762
Kasthuri Rangaian Ilango	9,547	9,547	<sup>3</sup> 4,248	<sup>3</sup> 4,248
Natarajan Subramanian	50	50	-	-

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### DIRECTORS' STATEMENT – cont'd

#### 4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES – cont'd

<sup>1</sup> 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 of the financial year.

<sup>2</sup> 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.

<sup>3</sup> 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 or its subsidiary was granted.

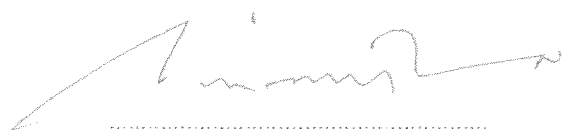
During the financial year, there were no shares of the Company or its subsidiary issued by virtue of the exercise of an option to take up unissued shares.

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

#### 6. AUDITOR

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

On behalf of the board of directors



.....  
Vikram Mohan  
Director



.....  
Natarajan Subramanian  
Director

Date: 30 April 2024

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

**Report on the Audit of the Financial Statements**

*Opinion*

We have audited the financial statements of **PRICOL ASIA PTE. LIMITED** (the "Company") and its subsidiaries (collectively, the "group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group, the statement of comprehensive income and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity 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 consolidated financial position of the Group and the financial position of the Company as at 31 March 2024 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group as at 31 March 2024 and the financial performance and the changes in equity 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 Financial Statements section of our report. We are independent of the group 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 consolidated 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 materiality 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.

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

*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 group'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 group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the group'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 skepticism 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 of 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 group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimated and related disclosures made by management.



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

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

- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group'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 group 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.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 PAC*

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

Date: 30 April 2024



**PRICOL ASIA PTE. LIMITED  
AND ITS SUBSIDIARIES**

**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024**

	<u>Note</u>	<u>Group</u>	<u>Company</u>	
		<u>2024</u>	<u>2023</u>	<u>2024</u>
		<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
				<u>2023</u>
				<u>US\$</u>
<b>ASSETS</b>				
<b>Non-current assets:</b>				
Subsidiaries	(7)	-	-	13,500
Property, plant and equipment	(8)	<u>176,709</u>	<u>117,104</u>	<u>109,933</u>
Total non-current assets		<u>176,709</u>	<u>117,104</u>	<u>123,433</u>
<b>Current assets:</b>				
Trade and other receivables	(9)	<u>9,713,473</u>	11,059,265	12,228,512
Inventories	(10)	<u>3,647,839</u>	-	-
Bank balances	(11)	<u>9,973,078</u>	<u>4,925,440</u>	<u>3,775,499</u>
Total current assets		<u>23,334,390</u>	<u>15,984,705</u>	<u>16,004,011</u>
<b>Total assets</b>		<u><b>23,511,099</b></u>	<u><b>16,101,809</b></u>	<u><b>16,127,444</b></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity:</b>				
Share capital	(12)	<u>250,000</u>	250,000	250,000
Retained earnings		<u>7,633,835</u>	<u>6,060,480</u>	<u>6,091,665</u>
Total equity		<u>7,883,835</u>	<u>6,310,480</u>	<u>6,341,665</u>
<b>Non-current liabilities:</b>				
Lease liabilities	(13)	<u>62,783</u>	<u>56,337</u>	<u>56,337</u>
Total non-current liabilities		<u>62,783</u>	<u>56,337</u>	<u>56,337</u>
<b>Current liabilities:</b>				
Lease liabilities				
- current portion	(13)	<u>93,050</u>	<u>53,595</u>	<u>53,595</u>
Trade and other payables	(14)	<u>15,216,431</u>	<u>9,465,706</u>	<u>9,460,156</u>
Income tax payable	(18)	<u>255,000</u>	<u>215,691</u>	<u>215,691</u>
Total current liabilities		<u>15,564,481</u>	<u>9,734,992</u>	<u>9,729,442</u>
Total liabilities		<u>15,627,264</u>	<u>9,791,329</u>	<u>9,785,779</u>
<b>Total equity and liabilities</b>		<u><b>23,511,099</b></u>	<u><b>16,101,809</b></u>	<u><b>16,127,444</b></u>

The accompanying notes form an integral part of these financial statements.

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2024

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>2024</u> US\$	<u>2023</u> US\$	<u>2024</u> US\$	<u>2023</u> US\$
Revenue	(15)	69,706,153	54,520,437	64,945,505	54,519,860
Cost of goods sold		<u>(66,327,429)</u>	<u>(52,150,644)</u>	<u>(61,875,308)</u>	<u>(52,150,094)</u>
Gross profit		3,378,724	2,369,793	3,070,197	2,369,766
Other income	(16)	170,054	40,104	168,888	40,104
Administrative expenses		<u>(1,543,566)</u>	<u>(1,105,179)</u>	<u>(1,342,012)</u>	<u>(1,098,965)</u>
Finance costs	(17)	<u>(4,371)</u>	<u>(561)</u>	<u>(4,371)</u>	<u>(182)</u>
Other expenses		<u>(165,166)</u>	<u>(95,036)</u>	<u>(131,095)</u>	<u>(70,417)</u>
Profit before income tax		1,835,675	1,209,121	1,761,607	1,240,306
Income tax expenses	(18)	<u>(262,320)</u>	<u>(202,000)</u>	<u>(262,320)</u>	<u>(202,000)</u>
Profit for the year	(19)	1,573,355	1,007,121	1,499,287	1,038,306
Other comprehensive income		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>1,573,355</u>	<u>1,007,121</u>	<u>1,499,287</u>	<u>1,038,306</u>

The accompanying notes form an integral part of these financial statements.



**PRICOL ASIA PTE. LIMITED  
AND ITS SUBSIDIARIES**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2024**

<b><u>Group</u></b>	<b>Share Capital</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Balance as at 1 April 2022	250,000	5,053,359	5,303,359
Total comprehensive income for the year	-	1,007,121	1,007,121
Balance as at 31 March 2023	250,000	6,060,480	6,310,480
Total comprehensive income for the year	-	1,573,355	1,573,355
Balance as at 31 March 2024	250,000	7,633,835	7,883,835

<b><u>Company</u></b>	<b>Share Capital</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Balance as at 1 April 2022	250,000	5,053,359	5,303,359
Total comprehensive income for the year	-	1,038,306	1,038,306
Balance as at 31 March 2023	250,000	6,091,665	6,341,665
Total comprehensive income for the year	-	1,499,287	1,499,287
Balance as at 31 March 2024	250,000	7,590,952	7,840,952

The accompanying notes form an integral part of these financial statements.

**PRICOL ASIA PTE. LIMITED  
AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 MARCH 2024**

	<u>Note</u>	<u>2024</u> US\$	<u>Group</u> <u>2023</u> US\$
<b>Cash flows from operating activities:</b>			
Profit before income tax		1,835,675	1,209,121
Adjustment for:			
Foreign currency exchange adjustment loss		-	(279)
Gain on lease modification		(1,914)	-
Depreciation of property, plant and equipment		86,965	33,032
Finance costs		4,371	561
Interest income		(168,140)	(37,397)
Operating profit before working capital changes		1,756,957	1,205,038
Trade receivables		1,333,632	(1,972,546)
Other current assets		32,662	44,311
Inventories		(3,647,839)	-
Trade payables		5,765,267	2,629,042
<b>Cash from operations</b>		<b>5,240,679</b>	<b>1,905,845</b>
Income tax paid		(223,011)	(126,309)
<b>Net cash from operation</b>		<b>5,017,668</b>	<b>1,779,536</b>
<b>Investing activities:</b>			
Interest income		168,140	37,397
Effect of lease modification		(41,069)	-
Purchase of office equipment		(1,593)	-
Other receivables		(20,502)	(28,852)
<b>Net cash from investing activities</b>		<b>104,976</b>	<b>8,545</b>
<b>Financing activities:</b>			
Interest expenses		(4,371)	(561)
Repayment of finance lease/(principal)	13 (b))	(56,093)	(38,695)
Other payables		(14,542)	(70,329)
<b>Net cash used in financing activities</b>		<b>(75,006)</b>	<b>(109,585)</b>
Net increase in bank balance		5,047,638	1,678,496
Bank balance at beginning of year		4,925,440	3,246,944
<b>Bank balance at end of year</b>		<b>9,973,078</b>	<b>4,925,440</b>

The accompanying notes form an integral part of these financial statements.

# PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

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 place of business is at:

1 North Bridge Road #11-09  
High Street Centre  
Singapore 179094

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

The principal activities of the subsidiary are stated in Note 7 to the financial statements.

#### b) Authorisation of financial statements for issue

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended 31 March 2024 were authorised for issue by the Board of Directors on 30 April 2024.

### 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 1967 and Singapore Financial Reporting Standards ("FRS") including related interpretations of FRS ("INT FRS") issued by Accounting Standards Committee ("ASC") under ACRA.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group'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, and the reported amounts of revenue and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting judgements, estimates and assumptions used that are significant to the financial statements, are areas involving a higher degree of judgements or complexity are disclosed in Note 4.

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

##### 2.2. Changes in Accounting Policies

###### a) Adoption of new revised FRSs and INT FRSs

In the current financial year, the Group and Company have adopted the following 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 2023:

###### (i) Amendments to FRS-1 Practice Statement 2: Disclosure of Accounting Policies

The Group has adopted the amendments to FRS 1 for the first time in the current year. The amendments change the requirements in FRS1 with regard to disclosure of accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in FRS 1 is also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Group has applied materiality guidance in FRS 1 Practice Statement 2 in identifying its material accounting policies for disclosures in the related notes. The previous term 'significant accounting policies' used throughout the financial statements has been replaced with 'material accounting policy information'. The application of the Amendment did not have a material impact on the Group's financial statements.

###### (ii) Amendments to FRS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has adopted the amendments to FR 12 for the first time in the current year. The amendments narrow the scope of the initial recognition exemption, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences (e.g. leases and decommissioning obligations). Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

The Group had previously recognised deferred tax for leases on an aggregate temporary difference basis. Following the amendments, the Group is required to recognise separately deferred tax asset and deferred tax liability for the deductible and taxable temporary differences in relation to its lease liabilities and right-of-use assets respectively. There was no impact on the statement of financial position as the resulting deferred tax consequences qualify for offsetting under FRS12. The application of the Amendment did not have a material impact on the Group's financial statements.

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

##### 2.2. Changes in Accounting Policies – cont'd

###### a) Adoption of new revised FRSs and INT FRSs – cont'd

###### (iii) Amendments to FRS 8: Definition of Accounting Estimates

The Group has adopted the amendments to FRS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are 'monetary amounts in financial statements that are subject to measurement uncertainty'. The definition of a change in accounting estimates was deleted. The application of the Amendment did not have a material impact on the Group's financial statements.

###### (iv) Amendments to FRS 12: International Tax Reform – Pillar Two Model Rules

The Group has adopted the amendments to FRS 12 for the first time in the current year. The scope of FRS12 was amended to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("OECD"), including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in FRS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Following the amendments, the Group is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes. The application of the Amendment did not have a material impact on the Group's financial statements.

###### b) Standards issued but not yet effective

As at the date of the authorisation of these financial statements, the Group and Company have not adopted the following FRSs and INT FRSs pronouncements 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 (Amendments)	Classification of Liabilities as Current or Non-Current	1 January 2024
FRS 1 (Amendments)	Non-Current Liabilities with Covenants	1 January 2024
FRS 7 & FRS 107 (Amendments)	Supplier Finance Arrangements	1 January 2024

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

##### 2.2. Changes in Accounting Policies – cont'd

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

As at the date of the authorisation of these financial statements, the Group and Company have not adopted the following FRSs and INT FRSs pronouncements that have been issued but not yet effective: (cont'd)

<u>Reference</u>	<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
FRS 116 (Amendments)	Lease Liability in a sale and leaseback	1 January 2024
FRS 21 (Amendments)	Lack of Exchangeability	1 January 2025
FRS 28 and FRS 110	Sale or Contribution of Assets between an Investor or Joint Venture	To be determined

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

##### (i) Amendment to FRS 1 Classification of Liabilities as Current or Non-current

Amendments to FRS 1 – “Presentation of Financial Statements” in Classification of Liabilities as Current or Non-Current, which affect only the presentation of liabilities in the statement of financial position. The amendments clarify that:

- classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the “right” to defer settlement by at least twelve months;
- classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The above amendments are effective for annual reporting period beginning on or after 1 January 2024, although early adoption is permitted. The Group does not expect the amendments to have any impact on its presentation of liabilities in its financial statements.

##### (ii) Amendment to FRS 1, Classification of Liabilities with Covenants

In May 2020, the ASC issued an amendment to FRS 1, “Presentation of Financial Statements” regarding the criteria for determining the classification of liabilities as current or non-current (“the Original Amendment”). In December 2022, the ASC issued a subsequent amendment (“the Subsequent Amendment”).

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

##### 2.2. Changes in Accounting Policies – cont'd

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

##### (ii) Amendment to FRS 1, Classification of Liabilities with Covenants – cont'd

According to the Subsequent Amendment:

Only financial covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current.

In respect of a liability for which compliance with financial covenants is to be evaluated within twelve months from the reporting date, disclosure is required to enable users of the financial statements to assess the risks related to that liability. The Subsequent Amendment requires disclosure of the carrying amount of the liability, information about the financial covenants, and the facts and circumstances at the end of the reporting period that could result in the conclusion that the entity may have difficulty in complying with the financial covenants.

According to the Original Amendment, the conversion option of a liability affects the classification of the entire liability as current or non-current unless the conversion component is an equity instrument.

The Original Amendment and Subsequent Amendment are both effective for annual periods beginning on or after 1 January 2024 and must be applied retrospectively. Early adoption is permitted.

The above Amendments are not expected to have a material impact on the Group's financial statements.

##### (iii) Amendments to FRS 7 and FRS 107: Supplier Finance Arrangements

In June 2023, the ASC issued amendments to FRS 7, "Statement of Cash Flows", and FRS 107, "Financial Instruments: Disclosures" ("the Amendments") to address the presentation of liabilities and the associated cash flows arising out of supplier finance arrangements, as well as disclosures required for such arrangements.

The disclosure requirements in the Amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The Amendments are effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed. The Company believes that the Amendments are not expected to have a material impact on its consolidated financial statements.

##### (iv) Amendment to FRS 116: Liability in a sale and lease back

In December 2022, the ASC issued an amendment to FRS 116, "Leases" ("the Amendment"), which provides guidance on how a seller-lessee should measure the lease liability arising in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The seller-lessee has to choose between two accounting policies for measuring the lease liability on the inception date of the lease. The accounting policy chosen must be applied consistently.

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

##### 2.2. Changes in Accounting Policies – cont'd

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

##### (iv) Amendment to FRS 116: Liability in a sale and lease back

In December 2022, the ASC issued an amendment to FRS 116, "Leases" ("the Amendment"), which provides guidance on how a seller-lessee should measure the lease liability arising in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The seller-lessee has to choose between two accounting policies for measuring the lease liability on the inception date of the lease. The accounting policy chosen must be applied consistently.

The Amendment is applicable for annual periods beginning on or after 1 January 2024. Early adoption is permitted. The Amendment is to be applied retrospectively. The Group is evaluating the effects of the Amendment on its financial statements.

##### (v) Amendments to FRS 21: Lack of Exchangeability

In September 2023, the ASC issued "Amendments to FRS 21: Lack of Exchangeability (Amendments to FRS 21, "The Effects of Changes in Foreign Exchange Rates)" ("the Amendments") to clarify how an entity should assess whether a currency is exchangeable and how it should measure and determine a spot exchange rate when exchangeability is lacking.

The Amendments set out the requirements for determining the spot exchange rate when a currency lacks exchangeability. The Amendments require disclosure of information that will enable users of financial statements to understand how a currency not being exchangeable affects or is expected to affect the entity's financial performance, financial position and cash flows.

The Amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier adoption is permitted, in which case, an entity is required to disclose that fact. When applying the Amendments, an entity should not restate comparative information. Instead, if the foreign currency is not exchangeable at the beginning of the annual reporting period in which the Amendments are first applied (the initial application date), the entity should translate affected assets, liabilities and equity as required by the Amendments and recognize the differences as of the initial application date as an adjustment to the opening balance of retained earnings and/or to the foreign currency translation reserve, as required by the Amendments.

The Amendments are to be applied prospectively. A mandatory effective date has not yet been determined by the Accounting Standards Committee but early adoption is permitted.

Except for the above impact, as of the date of financial statements were authorised for issue, the company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group and the Company's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.



## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

##### 2.3. Basis of Consolidation and Business Combination

###### a) Consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) made up to 31 December. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with those used by other members of the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiary are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquirer's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 109 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

###### b) Business combination

The acquisition of subsidiaries and businesses is accounted for using the acquisition method. The consideration of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in consolidated statement of comprehensive income as incurred.

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

##### 2.3. Basis of Consolidation and Business Combination – cont'd

###### b) Business combination – cont'd

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with FRS 109 either in statement of comprehensive income or change to other comprehensive income.

The measurement period is the period from the date of acquisition to the date the group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

Goodwill arising on acquisition is recognized as an asset at the acquisition date and initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquire and the fair value of the acquirer previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the group's interest in the net fair value of the acquirer's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquire and the fair value of the acquirer's previously held equity interest in the acquire (if any), the excess is recognized immediately in consolidated statement of comprehensive income as a bargain purchase gain.

##### 2.4. Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less any impairment losses.

##### 2.5. Property, plant and equipment

###### a) Measurement

All items of plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. Subsequent to recognition, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses if any.

###### b) Components of costs

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

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

##### 2.5. Property, plant and equipment – cont'd

###### b) Components of costs – cont'd

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentive received.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

###### c) Depreciation

Depreciation is calculated on the straight line method and to write off the cost of the assets over their estimated useful lives as follows:

Right-Of-Use assets	1 to 2 years
Computer software	1 year

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

The residual values and useful lives of property, plant and 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 property, plant and 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 Group 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 property, 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.

##### 2.6. Inventories

Inventories pertain to goods in transit. Inventories are stated at the lower of cost and net realisable value and are determined on a first-in, first-out basis. Cost comprises cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and conditions. Net realisable value represents the estimated selling price less all estimated costs of to be incurred for marketing, selling and distribution.

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

##### 2.6. Inventories – cont'd

Management performs a detailed assessment of inventory at the end of each reporting period to establish provisions for excess and obsolete inventories. The evaluation includes a review of, among other factors, historical sales, current economic trends, forecasted sales demand requirements, product lifecycle and product development plans, quality issues, and current inventory levels. Allowance is made when necessary for obsolete, slow moving and defective inventories.

##### 2.7. Impairment of Non-Financial Assets

At the end of each reporting year, the Group 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

##### 2.8. 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 and its subsidiaries 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 Group and the Company.

###### b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in the statement of comprehensive income. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

##### 2.9. Income Taxes

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

##### a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income 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 Group's and Company's liabilities for current tax are calculated using tax rates that have been enacted.

##### b) Deferred tax

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

Deferred tax liabilities are recognised for all temporary differences except where the deferred tax liability arises from the 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 nor taxable profit or loss.

Deferred income 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 of unused tax assets and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arise from the initial recognition of an asset or liability in a transaction and at the time of transaction affects neither the accounting profit nor taxable profit or loss.

The carrying amount of a deferred tax asset is reviewed at each end of the reporting period 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 each end of reporting period 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 income 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 period.

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.

##### 2.10. Revenue Recognition

Revenue is measured based on the consideration to which the Group 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 AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

##### 2.10. Revenue Recognition – cont'd

Revenue is recognised when the Group 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 Group 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 Group 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.

##### 2.11. Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants whose primary condition is that the Group 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 Group with no future related costs are recognised in statement of comprehensive income in the period in which they become receivable.

##### 2.12. Employee Benefits

##### a) Employee leaves 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.

##### b) Retirement benefit costs

Payments to defined contribution plan (including state - managed benefit schemes, such as the Singapore Central Provident Fund) are charged as an expense when incurred.

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

##### 2.13. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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.

##### 2.14. 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 Group. 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 Group.

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.

##### 2.15. Leases

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

###### *Group as a lessee*

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

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

##### 2.15. Leases – cont'd

###### *Group as a lessee – cont'd*

###### (a) Right-of-use assets

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

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

###### (b) Lease liabilities

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

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

##### 2.16. 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.



## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

##### 2.17. Events after the End of the Reporting Period

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

#### 3. FINANCIAL INSTRUMENTS

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

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

##### Effective Interest Method

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

##### 3.1. Financial Assets

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

##### a) Classification of financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and 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 Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group 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 Group 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.

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 3. FINANCIAL INSTRUMENTS – cont'd

##### 3.1. Financial Assets – cont'd

###### a) Classification of financial assets – cont'd

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 Group'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 Group 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 Group 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.

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 Group has balances of trade and other receivables and bank balances that are held within a business model, whose objective is collecting contractual cash flows.

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### 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

##### 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 deposits 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 Group 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 Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 months ECL). 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 Group measures the loss allowance at an amount equal to the lifetime expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group 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 Group considers a financial asset in default when contractual payments are 30 days due. However, in certain cases, the Group also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancement held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 3. FINANCIAL INSTRUMENTS – cont'd

##### 3.1. Financial Assets – cont'd

###### d) Derecognition of financial assets

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

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

##### 3.2. Financial Liabilities and Equity Instruments

###### Classification as debt or equity

Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities and equity instruments issued by the Group 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

Financial liabilities are recognised on the statement of financial position when the Group 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 at amortised cost

Financial liabilities are initially recognised at value plus directly attributable costs and subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Financial liabilities at amortised cost are classified within "trade and other payables" on the statement of financial position.

###### Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis, except for short-term payables when the recognition of interest would be immaterial.

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 3. FINANCIAL INSTRUMENTS – cont'd

##### 3.2. Financial Liabilities and Equity Instruments – cont'd

###### 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 carrying amounts is recognised in the profit and loss.

###### c) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. Dividends on equity shares are recognised as liabilities when they are declared. Interim dividend is recognised when paid.

###### d) Offsetting Financial Instruments

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

#### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

##### a) Critical judgement in applying the Group's accounting policies

In the application of the Group'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.

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

i) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries corporation. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for services rendered and of the country whose competitive forces and regulations mainly determines the sales prices of its services rendered. The functional currencies of the entities in the Group are determined based on management's assessment of the economic in which the entities operate and the entities' process of determining sales prices.

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 Group 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 Group's income tax payable at the end of the reporting period was **US\$255,000** (2023: US\$215,691).

iii) Revenue – gross presentation

For the sale of automobile accessories, the Group assesses its sales arrangements to determine if it acts as a principal or an agent. In determining whether the Group acts as a principal, the Group considers factors such as if the Group 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 Group has determined, based on an evaluation of the terms and conditions of the sales arrangements, that the Group 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 Group 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 AND ITS SUBSIDIARIES

### 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 Group's historical observed default rates. The Group 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 Group'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 property, plant and equipment

The Group 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 Group to make estimates and assumptions that can materially affect the financial statements. Any resulting impairment loss could have a material adverse impact on the Group's financial condition and results of operations.

iii) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives after taking into account the estimated residual value. The Group 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 Group'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 Group's result.

iv) Determining the lease term

As explained in Note 2.15, 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 Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group'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.

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### 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) Impairment of investment in subsidiaries

The Group follows the guidance of FRS 36 in determining the recoverability of its investments in subsidiaries. This requires assessment as to whether the carrying values of its investment can be supported by the net present values of future cash flows derived from such investment using cash flow projections which have been discounted at an appropriate rate. This determination requires significant judgement. The group determines forecasts of future cash flows based on its estimates of future revenues and operating expenses using historical and industry trends, general market conditions, forecasts and other available information

###### vi) Provisions

Provisions are recognized in accordance with the accounting policy in Note 2.13 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 Group takes into consideration factors such as the existence of legal/contractual agreements, past historical experience, external advisors' assessments and other available information.

###### vi) Contingent liabilities

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

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

##### 5.1. Financial Risks Management Policies and Objectives

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

The Group 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 PTE. LIMITED AND ITS SUBSIDIARIES

### 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

###### 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>Group</u>		<u>Company</u>	
	<u>2024</u> US\$	<u>2023</u> US\$	<u>2024</u> US\$	<u>2023</u> US\$
<b>Financial assets</b>				
<u>At amortised costs:</u>				
- trade and other receivables	9,713,473	11,013,617	9,741,428	12,182,864
- bank balances	<u>9,973,078</u>	<u>4,925,440</u>	<u>7,958,127</u>	<u>3,775,499</u>
	<u>19,686,551</u>	<u>15,939,057</u>	<u>17,699,555</u>	<u>15,958,363</u>
<b>Financial liabilities</b>				
<u>At amortised costs:</u>				
- trade and other Payables	15,216,431	9,465,706	12,051,076	9,460,156
- lease liabilities	<u>155,833</u>	<u>109,932</u>	<u>155,833</u>	<u>109,932</u>
	<u>15,372,264</u>	<u>9,575,638</u>	<u>12,206,909</u>	<u>9,570,088</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 Group resulting in a loss to the Group.

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

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

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

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

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

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

###### b) Credit risk – cont'd

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

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

###### Credit risk management

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group 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 Group's historical experience and informed credit assessment and include forward-looking information. These include:

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

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 Group has reasonable and supportable information that demonstrates otherwise

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

###### *Low credit risk*

The Group 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 PTE. LIMITED AND ITS SUBSIDIARIES

### 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

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

###### *Credit impaired*

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

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

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

###### *Default event*

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

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

###### *Write-off*

The Group 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.

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

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

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

##### b) Credit risk – cont'd

##### *Write-off – cont'd*

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

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

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

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

##### *Simplified approach for trade receivables*

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

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

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

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

###### b) Credit risk – cont'd

*Qualitative and quantitative information about amounts arising from expected credit losses*

###### i) Trade receivables

The Group manages its exposure to credit risk arising from sales of automobile accessories to its holding company and a related party. The significant concentration of credit risk arose from holding company, which represents **99.86%** (2023: 99.93%) of the total receivables. The company adopts a proactive approach in its credit evaluation process, credit policies and credit control as well as collection procedures to manage risk arising from the concentration of its credit exposure.

###### (ii) Other receivables

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

###### (iii) Amount due from subsidiary

At Company level, amounts due from subsidiary is mainly represented by the non-trade amount extended for the short term funding requirement of the subsidiary. The amount due from subsidiary is considered to have low credit risk, as the Group has control or significant influence over the operating, investing and financing activities of the subsidiary. In view of the ongoing business contracts which subsidiary has with their customers, the directors of the Company considered that the exposure to credit risk is manageable. In respect of the concentration of credit risk over the amounts due from subsidiary corporation, the management will closely monitor the financial positions of the subsidiary corporation, and will consider to provide impairment if necessary

###### (iv) Bank balances

The Group's bank balances, as detailed in Note 11 to the financial statements, are held in major financial institutions which are regulated and located in both Singapore and Dubai, 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 Group's operations. All financial transactions with the banks are governed by banking facilities duly accepted with Board of Directors' resolutions, with banking mandates which define the permitted financial instruments and facilities limits, all of which are approved by the Board of Directors. Loss allowance on bank balances are measured on a 12-month ECL basis and is insignificant.

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### 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

As the Group 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 Group.

###### **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 Group in the current period and in the future years.

The Group transacts mainly in United States dollars. The Group and Company also hold cash and bank balances denominated in Singapore dollars, Euros, Japanese Yen, Indonesian Rupiah and United Arab Emirates Dirham for working capital purposes. Foreign currency exchange exposures are naturally hedged as both assets and liabilities are denominated in the above currencies. This natural hedge reduces significantly the financial impact of movements in the foreign exchange rates. The Group does not use derivative financial instruments to protect against the volatility associated with foreign currency transactions in the ordinary course of business

###### Foreign currency sensitivity analysis

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year. 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 Group 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 Group. The Group and Company regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations. The Group also maintains a balance between continuity of accounts receivables collectability and flexibility through the use of accounts payables.

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### 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 Group'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 Group is expected to pay.

<u>Group</u> <u>2024</u>	Effective interest rate (%)	Carrying amount US\$	Contractual undiscounted cash flows		Total US\$
			Within 1 year or repayable on demand US\$	Within 2 to 5 years US\$	
<b>Financial liabilities</b>					
Trade and other payables	-	15,216,431	15,216,431	-	15,216,431
Lease liabilities	5	155,833	98,323	64,114	162,437
		<u>15,372,264</u>	<u>15,314,754</u>	<u>64,114</u>	<u>15,378,868</u>

<u>Group</u> <u>2023</u>	Effective interest rate (%)	Carrying amount US\$	Contractual undiscounted cash flows		Total US\$
			Within 1 year or repayable on demand US\$	Within 2 to 5 years US\$	
<b>Financial liabilities</b>					
Trade and other payables	-	9,462,706	9,462,706	-	9,462,706
Lease liabilities	5	109,932	57,875	57,875	115,750
		<u>9,572,638</u>	<u>9,520,581</u>	<u>57,875</u>	<u>9,578,456</u>

<u>Company</u> <u>2024</u>	Effective interest rate (%)	Carrying amount US\$	Contractual undiscounted cash flows		Total US\$
			Within 1 year or repayable on demand US\$	Within 2 to 5 years US\$	
<b>Financial liabilities</b>					
Trade and other payables	-	12,051,076	12,051,077	-	12,051,076
Lease liabilities	5	155,833	98,323	64,114	162,437
		<u>12,206,909</u>	<u>12,149,400</u>	<u>64,114</u>	<u>12,213,513</u>

<u>Company</u> <u>2023</u>	Effective interest rate (%)	Carrying amount US\$	Contractual undiscounted cash flows		Total US\$
			Within 1 year or repayable on demand US\$	Within 2 to 5 years US\$	
<b>Financial liabilities</b>					
Trade and other payables	-	9,460,156	9,460,156	-	9,460,156
Lease liabilities	5	109,932	57,875	57,875	115,750
		<u>9,570,088</u>	<u>9,518,031</u>	<u>57,875</u>	<u>9,575,906</u>

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

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

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

##### e) Fair value of financial assets and financial liabilities

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

##### i) Estimation of fair value

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

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

##### ii) Fair value measurement

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

##### 5.2. Capital Risk Management Policies and Objectives

The Group's objective when managing capital is to safeguard the Group'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 Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

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

	<u>Group</u>		<u>Company</u>	
	<u>2024</u> US\$	<u>2023</u> US\$	<u>2024</u> US\$	<u>2023</u> US\$
Lease liabilities	155,833	109,932	155,833	109,932
Trade and other payables	15,216,431	9,465,706	12,051,076	9,460,156
	<u>15,372,264</u>	<u>9,575,638</u>	<u>12,206,909</u>	<u>9,570,088</u>
Less: Bank balances	<u>(9,973,078)</u>	<u>(4,925,440)</u>	<u>(7,958,127)</u>	<u>(3,775,499)</u>
Net debt	5,399,186	4,650,198	4,248,782	5,794,589
Total equity	7,883,835	6,310,480	7,840,952	6,341,665
Total capital	<u>13,283,021</u>	<u>10,960,678</u>	<u>12,089,734</u>	<u>12,136,254</u>
Gearing ratio	<u>41%</u>	<u>42%</u>	<u>35%</u>	<u>48%</u>



## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

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

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

The Group and the Company are not subject to any externally imposed capital requirements.

The capital structure of the Group mainly consists of equity and net debt. The Group's overall strategic remains unchanged from 31 March 2023. The Group will continue to monitor economic conditions in which its operations and will make adjustments to its capital structure where necessary.

#### 6. HOLDING COMPANY AND RELATED PARTIES

##### **Holding and ultimate holding company**

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

##### **Related Parties**

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

##### **a) Related companies:**

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

##### **b) Other related parties:**

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

There are transactions and arrangement between the reporting entity 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 non-current balances if significant an interest is imputed unless stated otherwise based on the prevailing market interest rate for similar debt less the interest rate if any provided in the agreement for the balance.

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 6. HOLDING COMPANY AND RELATED PARTIES – cont'd

Intra group transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related company transactions and balances below:

Significant intercompany transactions:

Significant transactions with holding company and with related parties:

	<u>Group</u>		<u>Company</u>	
	<u>2024</u> US\$	<u>2023</u> US\$	<u>2024</u> US\$	<u>2023</u> US\$
<b><u>Sale of goods to:</u></b>				
Holding company	69,606,092	54,327,605	64,845,444	54,327,028
Related parties	<u>98,355</u>	<u>192,832</u>	<u>98,355</u>	<u>192,832</u>
	<u>69,704,447</u>	<u>54,520,437</u>	<u>64,943,799</u>	<u>54,519,860</u>
<b><u>Professional fee paid to:</u></b>				
Related party	<u>642,000</u>	<u>564,000</u>	<u>642,000</u>	<u>564,000</u>

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

#### 7. INVESTMENT IN SUBSIDIARIES

	<u>Company</u>	
	<u>2024</u> US\$	<u>2023</u> US\$
Unquoted equity shares, at cost	<u>31,954</u>	<u>13,500</u>

Details of the company's subsidiary as at 31 December 2023 are as follows:

<b><u>Name of subsidiaries</u></b>	<b><u>Principal activities and country of incorporation</u></b>	<b><u>Equity interest held by the company</u></b>	
		<b><u>2024</u></b> %	<b><u>2023</u></b> %
Pricol Asia Exim DMCC	Importers and exporters of Automobile Accessories. Dubai, United Arab Emirates	100	100
Pricol Electronics Private Limited *	Manufacturers of electronic & electrical components for automotive and non-automotive industries. India	100	-

During the financial year, the Company incorporated a new wholly owned subsidiary, Pricol Electronics Private Limited with an issued share capital of US\$18,454.

During the previous financial year, the Company incorporated a new wholly owned subsidiary, Pricol Asia Exim DMCC with an issued share capital of US\$13,500.

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 7. INVESTMENT IN SUBSIDIARY – cont'd

The audited financial statement of the subsidiary has been audited by Prudential Public Accounting Corporation, Public Accountants and Chartered Accountants, Singapore as part of the Group audit purpose.

\* Newly –incorporated subsidiary, no audit performed for the year ended 2024 as it has not yet commenced business operations and hence it is not significant.

At the end of the reporting period, the company carried out a review on the recoverable amount of its investment in subsidiary. Determining whether investment in subsidiary is impaired requires an estimate of the recoverable amount of the subsidiary. Estimating the recoverable amount requires the Company to make an estimate of the future cash flows expected from its investment and of an appropriate discount rate in order to calculate the present value of these cash flows. The review revealed no impairment in value was required during the financial period.

#### 8. PROPERTY, PLANT AND EQUIPMENT

<u>Group</u> <u>2024</u>	Office premises (‘ROU’)	Computers & Software	Total
	US\$	US\$	US\$
<u>Cost</u>			
At 1.4.2023	127,144	29,961	157,105
Additional	110,003	1,593	111,596
Lease modification	34,974	-	34,974
Written off	(21,471)	-	(21,471)
<b>At 31.3.2024</b>	<b>250,650</b>	<b>31,554</b>	<b>282,204</b>
<u>Accumulated depreciation</u>			
At 1.4.2023	10,040	29,961	40,001
Charged for the year	85,372	1,593	86,965
Written off	(21,471)	-	(21,471)
<b>At 31.3.2024</b>	<b>73,941</b>	<b>31,554</b>	<b>105,495</b>
<u>Carrying amount</u>			
<b>At 31.3.2024</b>	<b>176,709</b>	<b>-</b>	<b>176,709</b>
<u>Group</u> <u>2023</u>	Office premises (‘ROU’)	Computers & Software	Total
	US\$	US\$	US\$
<u>Cost</u>			
At 1.4.2022	29,044	29,961	59,005
Additions	127,144	-	127,144
Disposal	(29,044)	-	(29,044)
<b>At 31.3.2023</b>	<b>127,144</b>	<b>29,961</b>	<b>157,105</b>
<u>Accumulated depreciation</u>			
At 1.4.2022	6,052	29,961	36,013
Charged for the year	33,032	-	33,032
Disposal	(29,044)	-	(29,044)
<b>At 31.3.2023</b>	<b>10,040</b>	<b>29,961</b>	<b>40,001</b>
<u>Carrying amount</u>			
<b>At 31.3.2023</b>	<b>117,104</b>	<b>-</b>	<b>117,104</b>

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 8. PROPERTY, PLANT AND EQUIPMENT – cont'd

<u>Company</u> <u>2024</u>	Office premises (‘ROU’)	Computers & Software	Total
	US\$	US\$	US\$
<u>Cost</u>			
At 1.4.2023	109,933	29,961	139,894
Additions	88,222	1,593	89,815
Modification of lease	15,685	-	15,685
Written off	(21,471)	-	(21,471)
<b>At 31.3.2024</b>	<b>192,369</b>	<b>31,554</b>	<b>223,923</b>
<u>Accumulated depreciation</u>			
At 1.4.2023	-	29,961	29,961
Charged for the year	58,081	1,593	59,664
Written off	(21,471)	-	(21,471)
<b>At 31.3.2024</b>	<b>36,610</b>	<b>31,554</b>	<b>68,164</b>
<u>Carrying amount</u>			
<b>At 31.3.2024</b>	<b>155,759</b>	<b>-</b>	<b>155,759</b>
<u>Company</u> <u>2023</u>	Office premises (‘ROU’)	Computers & Software	Total
	US\$	US\$	US\$
<u>Cost</u>			
At 1.4.2022	29,044	29,961	59,005
Additions	109,933	-	109,933
Disposal	(29,044)	-	(29,044)
<b>At 31.3.2023</b>	<b>109,933</b>	<b>29,961</b>	<b>139,894</b>
<u>Accumulated depreciation</u>			
At 1.4.2022	6,052	29,961	36,013
Charged for the year	22,992	-	22,992
Disposal	(29,044)	-	(29,044)
<b>At 31.3.2023</b>	<b>-</b>	<b>29,961</b>	<b>29,961</b>
<u>Carrying amount</u>			
<b>At 31.3.2023</b>	<b>109,933</b>	<b>-</b>	<b>109,933</b>

Right-of-use assets acquired under leasing arrangements are presented as office premises together with the staff accommodation. The fair value of the leases is based on the present value of the remaining lease payments using the incremental borrowing rate from a market participant's perspective. (Note 13).

During the period, the Group carried out a review of the recoverable amount of all property, plant and equipment. As a result, there were no allowances for impairment or revisions to the useful lives required for plant and equipment.

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 9. TRADE AND OTHER RECEIVABLES

	<u>Group</u>		<u>Company</u>	
	<u>2024</u> US\$	<u>2023</u> US\$	<u>2024</u> US\$	<u>2023</u> US\$
Trade receivables:				
- holding company (Note 6)	9,642,594	10,972,475	8,558,486	10,971,898
- related party (Note 6)	3,817	7,568	3,817	7,568
	<u>9,646,411</u>	<u>10,980,043</u>	<u>8,562,303</u>	<u>10,979,466</u>
Others:				
- subsidiary (Note 7)	-	-	1,136,500	1,187,126
- related party	3,906	-	-	-
- third parties	47,310	31,803	29,639	16,272
- rental deposits	2,860	1,771	-	-
	<u>9,700,487</u>	<u>11,013,617</u>	<u>9,728,442</u>	<u>12,182,864</u>
Other current assets:				
- advance to suppliers	12,986	45,648	12,986	45,648
	<u>9,713,473</u>	<u>11,059,265</u>	<u>9,741,428</u>	<u>12,228,512</u>

Trade receivables are unsecured, non-interest bearing and are generally on 30 days' (2023: 30 days') credit terms. They are recognised at their original invoices amounts, which represent their fair value on recognition. 99.86% (2023: 99.98%) of the company's trade receivables are due from the holding company, who is also the company's most significant customer. In determining the recoverability of trade receivable from holding company, the company considers the financial strength and performance of the holding company. Accordingly, management believes that no allowance for doubtful debts is needed. Based on the historical default rates the company believes the debts are collectible.

The credit risk profile of trade receivables is presented based on their past due status is as follows:

<u>Group</u> <u>2024</u>	<u>Gross</u> <u>amounts</u> US\$	<u>Expected</u> <u>credit loss</u> US\$	<u>Carrying</u> <u>amount</u> US\$
Current (Not past due)	3,212,638	-	3,212,638
Past due:			
1 - 30 days	5,728,483	-	5,728,483
31 – 60 days	174,449	-	174,449
61 – 90 days	530,841	-	530,841
More than 91 days	-	-	-
	<u>9,646,411</u>	-	<u>9,646,411</u>
<u>Group</u> <u>2023</u>	<u>Gross</u> <u>amounts</u> US\$	<u>Expected</u> <u>credit loss</u> US\$	<u>Carrying</u> <u>amount</u> US\$
Current (Not past due)	4,920,329	-	4,920,329
Past due:			
1 - 30 days	3,460,623	-	3,460,623
31 – 60 days	2,595,998	-	2,595,998
61 – 90 days	3,093	-	3,093
More than 91 days	-	-	-
	<u>10,980,043</u>	-	<u>10,980,043</u>

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 9. TRADE AND OTHER RECEIVABLES – cont'd

<u>Company</u> <u>2024</u>	<u>Gross</u> <u>amounts</u> US\$	<u>Expected</u> <u>credit loss</u> US\$	<u>Carrying</u> <u>amount</u> US\$
Current (Not past due)	2,128,530	-	2,128,530
Past due:			
1 - 30 days	5,728,483	-	5,728,483
31 – 60 days	174,449	-	174,449
61 – 90 days	530,841	-	530,841
More than 91 days	-	-	-
	<u>8,562,303</u>	-	<u>8,562,303</u>
<u>Company</u> <u>2023</u>	<u>Gross</u> <u>amounts</u> US\$	<u>Expected</u> <u>credit loss</u> US\$	<u>Carrying</u> <u>amount</u> US\$
Current (Not past due)	4,919,752	-	4,919,752
Past due:			
1 - 30 days	3,460,623	-	3,460,623
31 – 60 days	2,595,998	-	2,595,998
61 – 90 days	3,093	-	3,093
More than 91 days	-	-	-
	<u>10,979,466</u>	-	<u>10,979,466</u>

The amounts due from subsidiary and a related parties are unsecured, interest free, repayable on demand and are to be settled in cash.

Other receivables from external parties are normally unsecured, interest free and repayable on demand.

Rental deposits are placed with land lords as security deposits for office premises and they are recognised at fair value on initial recognition. Deposits are considered to be lower credit risk and subject to immaterial credit risk. Credit risk for these assets has not increase significantly since their initial recognition.

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

	<u>Group</u>		<u>Company</u>	
	<u>2024</u> US\$	<u>2023</u> US\$	<u>2024</u> US\$	<u>2023</u> US\$
United States dollars	9,459,674	10,809,840	9,487,629	11,980,858
Euros	73,347	106,214	73,347	106,214
Japanese yen	138,818	133,623	138,818	133,623
Great Britain Pounds	792	5,934	792	5,934
Swiss franc	40,842	1,883	40,842	1,883
United Arab Emirates Dirham	-	1,771	-	-
	<u>9,713,473</u>	<u>11,059,265</u>	<u>9,741,428</u>	<u>12,228,512</u>

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 9. TRADE AND OTHER RECEIVABLES – cont'd

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

#### 10. INVENTORIES

	<u>Group</u>		<u>Company</u>	
	<u>2024</u> US\$	<u>2023</u> US\$	<u>2024</u> US\$	<u>2023</u> US\$
Good-in-transit	<u>3,647,839</u>	<u>-</u>	<u>2,415,593</u>	<u>-</u>

Goods-in-transit refers to inventories that have been shipped by the Group, but not received by the customer and still in transit as at 31 March 2024.

#### 11. BANK BALANCES

	<u>Group</u>		<u>Company</u>	
	<u>2024</u> US\$	<u>2023</u> US\$	<u>2024</u> US\$	<u>2023</u> US\$
Cash at banks	5,973,078	2,925,440	3,958,127	1,775,499
Fixed deposits	<u>4,000,000</u>	<u>2,000,000</u>	<u>4,000,000</u>	<u>2,000,000</u>
	<u>9,973,078</u>	<u>4,925,440</u>	<u>7,958,127</u>	<u>3,775,499</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 three months (2023: three months) and earn interest at the rate of 4.6% (2023: 4.5%) per annum. The company's fixed deposits are readily convertible to cash at minimal costs.

The bank balances are denominated in the following currencies:

	<u>Group</u>		<u>Company</u>	
	<u>2024</u> US\$	<u>2023</u> US\$	<u>2024</u> US\$	<u>2023</u> US\$
Singapore dollars	270,610	233,232	270,610	233,232
United States dollars	9,153,974	2,891,950	7,159,023	2,891,950
Indonesian rupiah	-	818	-	818
Euros	222,678	156,691	222,678	156,691
Japanese yen	305,816	492,808	305,816	492,808
United Arab Emirates Dirham	<u>20,000</u>	<u>1,149,941</u>	<u>-</u>	<u>-</u>
	<u>9,973,078</u>	<u>4,925,440</u>	<u>7,958,127</u>	<u>3,775,499</u>

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 12. SHARE CAPITAL

<u>Group and Company</u>	<u>2024</u> <u>Number of ordinary shares</u>	<u>2023</u> <u>Number of ordinary shares</u>	<u>2024</u> <u>US\$</u>	<u>2023</u> <u>US\$</u>
<u>Issued and fully paid:</u>				
As at beginning and end of year	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>

The company has only one class of ordinary shares, which have no par value and the holders of these ordinary shares are entitled to receive dividends as and when declared by the company. All shares rank equally with regard to the company's residual assets. The company is not subject to any externally imposed capital requirements and there is no restriction to issue shares.

#### 13. LEASE LIABILITIES

<u>Group and Company</u>	<u>Minimum lease payments</u>		<u>Present value of minimum lease payment</u>	
	<u>2024</u> <u>US\$</u>	<u>2023</u> <u>US\$</u>	<u>2024</u> <u>US\$</u>	<u>2023</u> <u>US\$</u>
<b>Amounts payable under finance leases:</b>				
Within one year	98,323	57,875	93,050	53,595
Within two to five years	64,114	57,875	62,783	56,337
	<u>162,437</u>	<u>115,750</u>	<u>155,833</u>	<u>109,932</u>
Less: Future finance charges	<u>(6,604)</u>	<u>(5,818)</u>		
Present value of lease obligations	<u>155,833</u>	<u>109,932</u>		
Less: Amount due for settlement within 12 months	<u>(93,050)</u>	<u>(53,595)</u>		
Amount due for settlement after 12 months	<u>62,783</u>	<u>56,337</u>		

The company leases office premises and staff accommodation with a lease term of 24 months (2023: 24 Months) (Note 8).

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentive receivable. The incremental borrowing rate is 5% (2023: 5%) per annum.

In calculating the present value of lease payments, the company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying based on the initial application of asset.



## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 13. LEASE LIABILITIES – cont'd

The incremental borrowing rate applied for lease liabilities at the date of initial adoption was 5% (2023: 5%).

##### a) Amounts recognized in profit or loss

	<u>Group</u>		<u>Company</u>	
	<u>2024</u> US\$	<u>2023</u> US\$	<u>2024</u> US\$	<u>2023</u> US\$
Interest on lease liabilities	4,371	561	4,371	182
Depreciation charges for the year	<u>85,372</u>	<u>33,032</u>	<u>58,081</u>	<u>22,992</u>
	<u><u>89,743</u></u>	<u><u>33,593</u></u>	<u><u>62,452</u></u>	<u><u>23,174</u></u>

##### b) Movements of lease liabilities are as follows

	<u>Group</u>		<u>Company</u>	
	<u>2024</u> US\$	<u>2023</u> US\$	<u>2024</u> US\$	<u>2023</u> US\$
Balance at beginning of year	109,932	21,762	109,932	21,762
Additions for the year	88,222	127,144	88,222	109,932
Repayment of lease liabilities	(56,093)	(38,695)	(56,093)	(21,483)
Lease modification	13,772	-	13,772	-
Foreign currency exchange adjustments loss	-	(279)	-	(279)
Balance at end of year	<u><u>155,833</u></u>	<u><u>109,932</u></u>	<u><u>155,833</u></u>	<u><u>109,932</u></u>

Lease liabilities are denominated in Singapore dollars.

#### 14. TRADE AND OTHER PAYABLES

	<u>Group</u>		<u>Company</u>	
	<u>2024</u> US\$	<u>2023</u> US\$	<u>2024</u> US\$	<u>2023</u> US\$
Trade payables				
- third parties	14,889,710	9,436,538	11,829,193	9,435,988
- related parties	312,095	-	215,058	-
Others:				
- accruals	14,326	29,168	6,825	24,168
- external party	<u>300</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>15,216,431</u></u>	<u><u>9,465,706</u></u>	<u><u>12,051,076</u></u>	<u><u>9,460,156</u></u>

Trade and other payables are non-interest bearing and are normally settled on 30 to 60 (2023: 30 to 60) days terms. Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The amounts due to related parties are unsecured, interest free, repayable on demand and are to be settled in cash.

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 14. TRADE AND OTHER PAYABLES – cont'd

	<u>Group</u>		<u>Company</u>	
	<u>2024</u> US\$	<u>2023</u> US\$	<u>2024</u> US\$	<u>2023</u> US\$
United States dollars	14,806,971	9,324,339	11,641,616	9,319,789
Euros	51,269	42,842	51,269	42,842
Japanese yen	92,600	98,525	92,600	98,525
Swiss Franc	50,533	-	50,533	-
Indian Rupees	215,058	-	215,058	-
	<u>15,216,431</u>	<u>9,465,706</u>	<u>12,051,076</u>	<u>9,460,156</u>

#### 15. 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.

#### 16. OTHER INCOME

	<u>Group</u>		<u>Company</u>	
	<u>2024</u> US\$	<u>2023</u> US\$	<u>2024</u> US\$	<u>2023</u> US\$
Government grant				
- Job Support Scheme	-	2,707	-	2,707
Gain on lease modification	1,914	-	1,914	-
Interest on bank deposit	168,140	37,397	166,974	37,397
	<u>170,054</u>	<u>40,104</u>	<u>168,888</u>	<u>40,104</u>

#### Job Support Scheme (“JSS”)

The JSS was introduced in the Budget 2020 and enhanced subsequently in the four supplementary budgets to provide wage support to employers to help them retain their local employees during the period of economic uncertainty. Under the JSS, the government co-funds the first S\$4,600 of gross monthly wages (including employee CPF contributions but exclude employer CPF contributions) paid to each local employee. In the Budget Statement for the financial year 2022, the JSS was further extended for firms in Tier 1 and 2 sectors by up to six months, covering wages paid up to September 2022.

#### 17. FINANCE COSTS

	<u>Group</u>		<u>Company</u>	
	<u>2024</u> US\$	<u>2023</u> US\$	<u>2024</u> US\$	<u>2023</u> US\$
Interest on lease liabilities	4,371	561	4,371	182

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 18. INCOME TAX EXPENSES

##### a) Major component of income tax expenses

The major components of income tax expense are as follows:

	<u>Group and Company</u>	
	<u>2024</u> US\$	<u>2023</u> US\$
Current year's provision	255,000	202,000
Prior year's under provision	7,320	-
	<u>262,320</u>	<u>202,000</u>

##### b) Reconciliation between income tax expense and accounting profit

The income tax expenses are lower than the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2023: 17%) to profit before income tax due to the following:

	<u>Group</u>		<u>Company</u>	
	<u>2024</u> US\$	<u>2023</u> US\$	<u>2024</u> US\$	<u>2023</u> US\$
Profit for the year	<u>1,835,675</u>	<u>1,209,121</u>	<u>1,761,607</u>	<u>1,240,306</u>
Income tax expense at statutory rate	312,065	205,551	299,473	210,852
Tax effect:				
- income not subject to tax	(12,868)	-	-	-
- allowable items	(1,616)	9,144	(1,892)	3,843
- partial tax exemptions	(12,921)	(12,695)	(12,921)	(12,695)
- tax rebate	(29,660)	-	(29,660)	-
Current year's provision	255,000	202,000	255,000	202,000
Adjustment recognised in the current year in relation to current tax of previous years	7,320	-	7,320	-
Income tax recognised in the statement of comprehensive income	<u>262,320</u>	<u>202,000</u>	<u>262,320</u>	<u>202,000</u>

The above reconciliation is prepared by aggregating separate reconciliations for each tax jurisdiction.

The Company is subject to tax at the applicable rate in accordance with the relevant tax laws and regulations in Singapore. The Company's subsidiaries are either incorporated in India or in United Arab Emirate ("UAE"). The India incorporated subsidiary is incorporated under Indian Company's Act and accordingly, is taxed under Indian Tax Laws. According to the relevant UAE laws, the UAE incorporated subsidiary is not required to pay UAE income taxes.

## PRICOL ASIA PTE. LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 18. INCOME TAX EXPENSES – cont'd

##### b) Reconciliation between income tax expense and accounting profit – cont'd

###### *Corporate Tax in the UAE*

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-law No. 47 of 2022 on the Taxation of Corporations and Businesses to enact a federal corporate tax regime in the UAE ("UAE CT regime"). The UAE CT regime is effective for accounting periods beginning on or after 1 June 2023. The UAE CT regime proscribes the threshold of income over which a 9 % tax rate would apply. The 9% tax rate will apply to taxable income exceeding AED 375,000 and a rate of 0% will apply to taxable income not exceeding AED 375,000 and a rate of 0% on qualifying income of free zone entities.

As the Group's financial year ends on 31 March, the effective implementation date for the Group starts from 1 April 2024, with the first return for the financial year ended 31 March 2025 to be filed on or before 31 December 2025.

Based on the assessment carried out, the Group does not expect a material impact on its consolidated financial statements, from both the current and deferred tax perspective. The Group will continue to assess the possible impact of the UAE CT regime based on any way issuance of clarifications and guidance.

##### c) Income tax payables

The movement in income tax payable is as follows:

	<u>Group and Company</u>	
	<u>2024</u> US\$	<u>2023</u> US\$
Beginning of year	215,691	140,000
Income tax expenses	262,320	202,000
Income tax paid	<u>(223,011)</u>	<u>(126,309)</u>
Balance at end of year	<u>255,000</u>	<u>215,691</u>

#### 19. PROFIT FOR THE YEAR

Profit for the year has been arrived after charging:

	<u>Group</u>		<u>Company</u>	
	<u>2024</u> US\$	<u>2023</u> US\$	<u>2024</u> US\$	<u>2023</u> US\$
Employee's benefit expenses	218,678	175,036	218,678	175,036
Cost of defined contribution plan included in the employee benefit expenses	7,557	13,348	7,557	13,348
Foreign currency exchange adjustment loss	<u>77,020</u>	<u>47,440</u>	<u>71,421</u>	<u>47,425</u>

#### 20. EVENTS AFTER THE END OF THE REPORTING PERIOD

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

# PRICOL ASIA PTE. LIMITED

## DETAILED PROFIT AND LOSS STATEMENTS

FOR THE PERIOD FROM 1 APRIL 2023 TO 31 MARCH 2024

(Expressed in United States Dollars)

	<u>Group</u>		<u>Company</u>	
	<u>2024</u> US\$	<u>2023</u> US\$	<u>2024</u> US\$	<u>2023</u> US\$
Revenue	69,706,153	54,520,437	64,945,505	54,519,860
Less: Cost of goods sold				
Purchases	(66,327,429)	(52,150,644)	(61,875,308)	(52,150,094)
Gross profit	3,378,724	2,369,793	3,070,197	2,369,766
Add: Other income				
Government grant	-	2,707	-	2,707
- Job Support Scheme	-	-	-	-
Interest on bank deposits	168,140	37,397	166,974	37,397
Gain on lease modification	1,914	-	1,914	-
	170,054	40,104	168,888	40,104
	3,548,778	2,409,897	3,239,085	2,409,870
Less: Expenses				
<b>Administrative expenses</b>				
Auditors' remuneration	27,858	23,500	20,358	18,500
Accountancy fee	-	1,657	-	1,657
Bank charges	7,905	4,944	7,760	4,885
Bad debts written off – non-trade	3,027	-	3,027	-
CPF	7,557	13,438	7,557	13,438
General expenses	27,199	3,557	26,808	2,402
Legal and professional fee	1,038,632	848,049	880,442	848,049
Printing and stationery	50	77	50	77
Portages and courier charges	-	198	-	198
Repairs and maintenance	4,023	384	4,023	384
Rental service charges	-	9,623	-	9,623
Salaries and allowances	211,121	159,350	211,121	159,350
Staff welfare expenses	-	2,248	-	2,248
Sales promotion expenses	42,238	-	42,238	-
Telephone, fax and internet	2,235	1,907	2,235	1,907
Transport expenses	1,073	1,879	1,073	1,879
Travelling expenses	169,313	32,958	133,985	32,958
Water and electricity charges	1,335	1,410	1,335	1,410
<b>Finance costs</b>				
Interest on lease liabilities	4,371	561	4,371	182
<b>Other expenses</b>				
Foreign currency exchange adjustment loss	77,020	47,440	71,421	47,425
Depreciation of property, plant and equipment	86,965	33,032	59,674	22,992
Pre-incorporation expenses written off	1,181	14,564	-	-
	(1,713,103)	(1,200,776)	(1,477,478)	(1,169,564)
Profit before income tax	1,835,675	1,209,121	1,761,607	1,240,306

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