HLB ATREDE

Directors' Statement and
Audited Financial Statements

Apollo Tyres Holdings (Singapore) Pte. Ltd.

(Co. Reg. No. 201019159E)

For the year ended 31 March 2024

Apollo Tyres Holdings (Singapore) Pte. Ltd.
(Co. Reg. No. 201019159E)

General Information

Directors

Sunam Sarkar
Akshaykumar Narendrasinhji Chudasama
Ravi Kumar Shingari
Kattookkaran Joju Davis

Secretaries

Pan Mi Keay
Wong Sien Ting

Independent Auditor

HLB Atrede LLP

Contents

Apollo Tyres Holdings (Singapore) Pte. Ltd.
(Co. Reg. No. 201019159E)

Directors' Statement

The directors present their statement to the member together with the audited financial statements of Apollo Tyres Holdings (Singapore) Pte. Ltd. (the "Company") for the financial year ended 31 March 2024.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2024 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date; 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:

Sunam Sarkar
Akshaykumar Narendrasinhji Chudasama
Ravi Kumar Shingari
Kattookkaran Joju Davis

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 objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

No director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of financial year or at the end of financial year.

5. SHARE OPTIONS

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

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

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

6. INDEPENDENT AUDITOR

HLB Atrede LLP has expressed its willingness to accept re-appointment as auditor.

On behalf of the board of directors,

Sunam Sarkar Director	Kattookkaran Joju Davis Director

Singapore
30 April 2024

Independent Auditor's Report
to the member of Apollo Tyres Holdings (Singapore) Pte. Ltd.
(Co. Reg. No. 201019159E)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Apollo Tyres Holdings (Singapore) Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 March 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2024 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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Independent Auditor's Report
to the member of Apollo Tyres Holdings (Singapore) Pte. Ltd. – continued
(Co. Reg. No. 201019159E)

Other Information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent Auditor's Report
to the member of Apollo Tyres Holdings (Singapore) Pte. Ltd. – continued
(Co. Reg. No. 201019159E)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's Report
to the member of Apollo Tyres Holdings (Singapore) Pte. Ltd. – continued
(Co. Reg. No. 201019159E)

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.

HLB Atrede

HLB Atrede LLP
Public Accountants and
Chartered Accountants

Singapore
30 April 2024

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Apollo Tyres Holdings (Singapore) Pte. Ltd.
(Co. Reg. No. 201019159E)

Statement of Financial Position as at 31 March 2024

	Note	2024 US$	2023 US$
Non-current assets			
Plant and equipment	4	38,500	12,561
Right-of-use assets	5	811,555	1,190,362
Investment in subsidiaries	6	–	72,609
Other receivables	8	350,270	–
		1,200,325	1,275,532
Current assets			
Inventories	7	22,985,971	27,952,105
Other receivables	8	3,389,234	1,044,365
Amounts due from ultimate holding company	9	67,062,206	69,629,846
Amounts due from related companies	10	7,526,049	7,352,800
Cash and cash equivalents	11	745,317	716,978
		101,708,777	106,696,094
Current liabilities			
Trade payables	12	32,035,734	28,997,847
Other payables	13	757,633	1,159,872
Contract liabilities	14	21,400,166	28,308,568
Amounts due to a related company	15	67,117	30,240
Lease liabilities	16	479,028	417,949
Short term borrowings	17	1,751,341	9,318,756
Tax payable		953,413	1,838,278
		57,444,432	70,071,510
Net current assets		44,264,345	36,624,584
Non-current liability			
Lease liabilities	16	358,963	814,044
		358,963	814,044
Net assets		45,105,707	37,086,072
Equity attributable to owner of the Company			
Share capital	18	13,110,195	13,110,195
Accumulated profits		31,995,512	23,975,877
Total equity		45,105,707	37,086,072

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

Apollo Tyres Holdings (Singapore) Pte. Ltd.
(Co. Reg. No. 201019159E)

Statement of Comprehensive Income for the financial year ended 31 March 2024

	Note	2024 US$	2023 US$
Revenue	19	389,741,320	485,922,632
Cost of sales		(376,513,695)	(469,938,870)
Gross profit		13,227,625	15,983,762
Other operating income	20	4,859,088	3,489,564
Distribution costs		(194,178)	(173,696)
Administrative expenses		(7,671,188)	(6,681,592)
Other credits	21	24,134	154,193
Finance costs	22	(944,079)	(1,145,826)
Profit before tax	23	9,301,402	11,626,405
Income tax expense	25	(1,281,767)	(1,984,776)
Profit for the year		8,019,635	9,641,629
Other comprehensive income		–	–
Total comprehensive income for the year		8,019,635	9,641,629

Statement of Changes in Equity
Year ended 31 March 2024

	Share capital US$	Accumulated profits US$	Total US$
Balance at 1 April 2022	13,110,195	19,742,483	32,852,678
Total comprehensive income for the year	–	9,641,629	9,641,629
Dividend paid (Note 26)	–	(5,408,235)	(5,408,235)
Balance at 31 March 2023	13,110,195	23,975,877	37,086,072
Total comprehensive income for the year	–	8,019,635	8,019,635
Balance at 31 March 2024	13,110,195	31,995,512	45,105,707

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

Apollo Tyres Holdings (Singapore) Pte. Ltd.
(Co. Reg. No. 201019159E)

Statement of Cash Flows for the financial year ended 31 March 2024

	2024	2023
	US$	US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	9,301,402	11,626,405
Adjustments for:		
Depreciation – plant and equipment	16,186	28,596
Depreciation – right-of-use assets	450,929	449,185
Loss on liquidation of a subsidiary	37,636	–
Interest expenses:		
Short-term borrowings	912,613	1,104,108
Lease liabilities	31,466	41,718
Foreign exchange adjustment, loss	(54,699)	(43,566)
Operating cash flows before working capital changes	10,695,533	13,206,446
Decrease in inventories	4,966,134	2,952,997
(Increase)/decrease in other receivables	(2,695,139)	2,254,318
Decrease in amounts due from ultimate holding company	1,485,882	35,015,514
(Increase)/decrease in amounts due from related companies	(179,857)	4,864,547
Decrease in trade payables, other payables and contract liabilities	(4,272,754)	(12,857,602)
Cash generated from operations	9,999,799	45,436,220
Income tax paid	(2,166,632)	(2,524,918)
Net cash flows from operating activities	7,833,167	42,911,302
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(42,125)	(6,054)
Receipt of remaining funds on liquidation of subsidiary	34,973	–
Net cash flows used in investing activities	(7,152)	(6,054)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease/(increase) in amounts due from ultimate holding company	1,081,758	(440,423)
Decrease/(increase) in amounts due from related companies	6,608	(14,718)
Increase/(decrease) in amounts due to a related company	36,877	(161,240)
Decrease in short term borrowings	(7,528,591)	(35,583,773)
Principal repayment of lease liabilities	(450,249)	(426,561)
Interest paid on short term borrowings	(912,613)	(1,104,108)
Interest paid on lease liabilities	(31,466)	(41,718)
Dividends paid on ordinary shares	–	(5,408,235)
Net cash flows used in financing activities	(7,797,676)	(43,180,776)
Net increase/(decrease) in cash and cash equivalents	28,339	(275,528)
Cash and cash equivalents at beginning of year	716,978	992,506
Cash and cash equivalents at end of year	745,317	716,978

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

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

1. CORPORATE INFORMATION

The Company is a private company limited by shares incorporated and domiciled in Singapore.

The immediate holding company is Apollo Tyres Coöperatief U.A., incorporated in Netherlands and its ultimate holding company is Apollo Tyres Ltd, incorporated in India and listed on the India Stock Exchange.

The registered office and principal place of business of the Company is located at 9 Temasek Boulevard #42-01 Suntec Tower 2, Singapore 038989.

The principal activities of the Company are those relating to the trading of natural rubber.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

(a) *Basis of preparation*

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ("FRS"). The financial statements have been prepared on the historical cost basis except as disclosed in the material accounting policy information below.

The financial statements are presented in United States Dollar ("USD" or "US$") and all values are rounded to the nearest one-dollar unless otherwise stated.

(b) *Adoption of new and amended standards and interpretations*

The accounting policies adopted are consistent with those of the previous financial year except that in current financial year, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial period beginning on or after 1 April 2023. The adoption of these standards did not have any material effect on the financial statements of the Company.

(c) *Standards issued but not yet effective*

A number of new standards and amendments to standard that have been issued are not yet effective and have not been applied in preparing these financial statements. The directors expect that the adoption of these new and amended standards will have no material impact on the financial statements in the year of initial application.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(d) *Functional and foreign currency*

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be USD.

Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the rate of exchange ruling at the end of the reporting period. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(e) *Plant and equipment*

All items of plant and equipment are initially recorded at cost. Subsequent to initial recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. 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 Company and the cost of the item can be measured reliably.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Computers and software	–	3 years
Equipment	–	3 years
Furniture and fixtures	–	5 years
Office equipment	–	5 years

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

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

The residual value, useful life and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(f) *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

Consolidated Financial Statements (Non-consolidated)

The financial statements of the subsidiaries have not been consolidated with the Company's financial statements as the Company itself is a wholly owned subsidiary of Apollo Tyres Coöperatief U.A., incorporated in Netherlands. The ultimate holding company is Apollo Tyres Ltd, incorporated in India, which prepares consolidated financial statements on a worldwide basis. Such financial statements are publicly available.

The registered address of Apollo Tyres Ltd is 3rd Floor, Areekal Mansion, Near Manorama Junction, Panampilly Nagar, Kochi 682036, Kerala.

Investment in subsidiary in the financial statements of the Company are stated at cost, less any impairment in recoverable value.

(g) *Financial instruments*

(i) *Financial assets*

Initial recognition and measurement

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

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(g) ***Financial instruments (continued)***

(i) ***Financial assets (continued)***

Subsequent measurement

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(ii) ***Financial liabilities***

Initial recognition and measurement

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

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

Subsequent measurement

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

Derecognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(g) *Financial instruments (continued)*

(iii) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(h) *Impairment of financial assets*

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. 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-month 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).

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(i) *Contract balances*

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(j) *Impairment of non-financial assets*

The Company assesses at each reporting date whether there is an indication that a non-financial asset, may be impaired. If any such an indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generating unit to which the asset belongs.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

(k) *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Trading goods – first-in-first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

The amount of any write-down of inventories to net realisable value and all losses of inventories shall be recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurred.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(l) *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and at bank.

(m) *Trade and other payables*

Trade and other payables are non-interest bearing and trade payables are normally settled on 30 to 60 days' terms while other payables have an average term of six months.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(n) ***Provisions***

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(o) ***Borrowing costs***

Borrowing cost consists of interest and other costs that an entity incurs in connection with the borrowing of funds. All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred.

(p) ***Employee benefits***

(i) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Company makes contributions to the Central Provident Fund (“CPF”) scheme in Singapore, a defined contribution pension scheme. These contributions are recognised as an expense in the period in which the related service is performed.

(ii) *Employee leave entitlement*

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(q) *Leases*

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

(i) *As lessee*

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

- *Right-of-use assets*

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

- *Lease liabilities*

  At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

  Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

  The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Company shall use its incremental borrowing rate.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(q) *Leases (continued)*

(i) *As lessee (continued)*

- *Lease liabilities (continued)*

  After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

- *Short term and low value leases*

  The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(r) *Revenue*

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

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

(i) *Sales of goods*

Revenue from sale of goods is recognised at the point in time when control of the goods has transferred, being when the goods have been delivered to customer’s specific location.

(ii) *Rendering of services*

The Company provides business advisory services to its ultimate holding company and global supply chain services and global human resources services to its ultimate holding company and related companies. Revenue from services rendered is recognised over time in the accounting period in which the services are rendered.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(s) *Government grants*

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income". Alternatively, they are deducted in reporting the related expenses.

(t) *Share capital*

Ordinary shares

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

(u) *Taxes*

(i) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Current income taxes are recognised in the profit or loss except to the extent that tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) *Deferred tax*

Deferred tax is provided using the liability method on 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 assets and liabilities are measured using 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 income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(u) *Taxes (continued)*

(iii) *Goods and services tax*

Revenue, expenses and assets are recognised net of the amount of goods and services tax ("GST") except:

- Where the goods and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of goods and services tax included.

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

(v) *Related parties*

A related party is defined as follows:

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities, and disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(i) *Judgement made in applying accounting policies*

There were no material judgements made by management in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(ii) *Estimates and assumptions*

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

- *Useful lives of plant and equipment*

  The cost of plant and equipment is depreciated on a straight-line basis over the plant and equipment's estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 3 to 5 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, therefore, future depreciation charges could be revised. The carrying amount of the plant and equipment at the end of each reporting period is disclosed in Note 4 to the financial statements.

- *Calculation of expected credit loss ("ECL")*

  When measuring ECL, the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

  Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

  Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

(ii) *Estimates and assumptions (continued)*

- *Leases – estimating the incremental borrowing rate*

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

4. PLANT AND EQUIPMENT

	Computers and software US$	**Equipment** US$	**Furniture and fixtures** US$	**Office equipment** US$	**Total** US$
Cost:					
At 1 April 2022	137,973	12,380	282,623	76,722	509,698
Additions	4,531	–	1,267	256	6,054
At 31 March 2023	142,504	12,380	283,890	76,978	515,752
Additions	41,419	–	706	–	42,125
At 31 March 2024	183,923	12,380	284,596	76,978	557,877
Accumulated depreciation:					
At 1 April 2022	125,094	12,380	263,061	74,060	474,595
Charge for the year	7,607	–	18,284	2,705	28,596
At 31 March 2023	132,701	12,380	281,345	76,765	503,191
Charge for the year	14,943		1,192	51	16,186
At 31 March 2024	147,644	12,380	282,537	76,816	519,377
Net carrying amount:					
At 31 March 2023	9,803	–	2,545	213	12,561
At 31 March 2024	36,279	–	2,059	162	38,500

5. RIGHT-OF–USE ASSETS

Leases (as a lessee)

	Building US$	Motor vehicles US$	Office equipment US$	Total US$
Cost:				
At 1 April 2022	2,439,598	306,669	11,851	2,758,118
Additions	–	212,780	15,718	228,498
At 31 March 2023	2,439,598	519,449	27,569	2,986,616
Additions	–	72,119	–	72,119
Written off	–	(311,518)	(12,164)	(323,682)
Currency alignment	1,500	4,848	312	6,660
At 31 March 2024	2,441,098	284,898	15,717	2,741,713
Accumulated depreciation:				
At 1 April 2022	1,065,490	271,716	9,863	1,347,069
Charge for the year	353,627	89,790	5,768	449,185
At 31 March 2023	1,419,117	361,506	15,631	1,796,254
Charge for the year	358,153	89,979	2,797	450,929
Written off	–	(311,518)	(12,164)	(323,682)
Currency alignment	1,500	4,830	327	6,657
At 31 March 2024	1,778,770	144,797	6,591	1,930,158
Net carrying amount:				
At 31 March 2023	1,020,481	157,943	11,938	1,190,362
At 31 March 2024	662,328	140,101	9,126	811,555

The Company leases several assets including its office premises, office equipment and motor vehicle with lease terms ranging from 2 to 4 years (2023: 3 to 5 years). The Company's obligation under these leases are secured by the lessors' title to the leased assets. The Company is restricted from assigning and subleasing the leased assets.

The carrying amounts and maturity analysis of lease liabilities is presented in Note 16.

	2024 US$	**2023** US$
(i) Amounts recognised in profit and loss		
Depreciation expense on right-of-use assets	450,929	449,185
Interest expense on lease liabilities	31,466	41,718
	482,395	490,903

(ii) Total cash outflow

The Company had total cash flow for all the leases of US$481,715 (2023: US$468,279) in 2024.

6. INVESTMENT IN SUBSIDIARIES

	2024 US$	**2023** US$
Unquoted shares, at cost	1,636,266	1,636,266
Less:		
- Impairment loss	(1,563,657)	(1,563,657)
- Receipt of remaining funds on liquidation	(34,973)	–
- Loss on liquidation of subsidiary	(37,636)	–
	–	72,609

The details of the subsidiaries are as follows:

Name and principal activities	**Country of incorporation**	**Cost of investments**		**Proportion of ownership interest**	
		2024 US$	**2023** US$	**2024** %	**2023** %
Apollo Tyres (Malaysia) Sdn. Bhd. * (Sales of natural rubber and related products)	Malaysia	1,636,266	1,636,266	100	100

* The Company is in the process of liquidating its Malaysian subsidiary. The completion of the liquidation is subject to the receipt of final approval from the Malaysian authorities.

7. INVENTORIES

	2024 US$	**2023** US$
Goods-in-transit	22,985,971	27,952,105
Statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	376,513,695	469,938,870

8. OTHER RECEIVABLES

	2024 US$	**2023** US$
Financial assets		
Deposits	152,010	149,674
Loan receivables	506,738	–
	658,748	149,674
Non-financial assets		
Advance billing from suppliers	2,634,421	606,851
GST receivables	18,405	15,985
Prepayments	427,930	271,855
	3,739,504	1,044,365
Comprising of:		
Current	3,389,234	1,044,365
Non-current	350,270	–
	3,739,504	1,044,365

Other receivables that denominated in foreign currencies as at 31 March are as follows:

	2024	2023
Euro	179,307	–
Singapore Dollar	760,023	165,659
British Pound	27,788	–
Emirati Dirham	429	–

Loan receivables comprise of interest-free, unsecured loans granted to director. The loans are to be repaid in 50 monthly instalments commencing from June 2023.

Advance billing from suppliers relate to amounts billed from suppliers prior to receipt of goods. These amounts are reversed and subsequently recognised as cost of sales in the next financial year.

None of the amounts due at the end of reporting period is past due. There is no loss allowance arising as the expected credit losses are not material.

9. AMOUNTS DUE FROM ULTIMATE HOLDING COMPANY

	2024 US$	**2023** US$
Trade	67,035,818	68,521,700
Non-trade	26,388	1,108,146
	67,062,206	69,629,846

The amounts due are unsecured, interest-free and repayable upon demand.

The amounts due from ultimate holding company denominated in foreign currencies as at 31 March are as follows:

Euro	761,140	–
Singapore Dollar	(27,496)	761,989
Emirati Dirham	3,265,728	–

10. AMOUNTS DUE FROM RELATED COMPANIES

Trade	7,461,998	7,282,141
Non-trade	64,051	70,659
	7,526,049	7,352,800

The amounts due are unsecured, interest-free and repayable upon demand.

Included in amounts due from related companies is an amount of US$4,275,351 (2023: US$5,193,847) which is denominated in Euro.

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents that are denominated in foreign currencies as at 31 March are as follows:

Euro	280,833	330,486
Singapore Dollar	95,289	118,541

12. TRADE PAYABLES

Trade payables that are denominated in foreign currencies as at 31 March are as follows:

Euro	2,274,010	1,510,275
Emirati Dirham	471,744	–

13. OTHER PAYABLES

	2024 US$	2023 US$
Financial liabilities		
Accrued liabilities	207,185	514,699
Accrued salaries and related costs	408,011	419,382
Sundry payables	142,437	225,791
	757,633	1,159,872

Other payables that are denominated in foreign currencies as at 31 March are as follows:

Indian Rupee	–	15,167
Singapore Dollar	450,805	455,305

14. CONTRACT LIABILITIES

Contract liabilities relate to advance billings to customers for the sale of goods. The revenue will be recognised when the goods are received by the customers.

The movement in contract liabilities during the year are as follows:

At beginning of the year	28,308,568	30,801,122
Revenue recognised during the year	(28,308,568)	(30,801,122)
Increase during the year	21,400,166	28,308,568
At end of the year	21,400,166	28,308,568

<u>Transaction price allocated to remaining unsatisfied performance obligation</u>

The aggregate amount of transaction price allocated to the unsatisfied (or partially satisfied) performance obligations as at 31 March 2024 is US$ 21,400,166 (2023: US$28,308.568). The Company expects to complete its performance obligations and recognise the related revenue within the next financial year.

15. AMOUNTS DUE TO A RELATED COMPANY

The amounts due are non-trade related, unsecured, interest-free and repayable upon demand.

Included in amounts due to a related company is an amount of US$67,117 (2023: US$30,240) which is denominated in British Pounds.

16. LEASE LIABILITIES

	2024 US$	2023 US$
Analysed as:		
Current	479,028	417,949
Non-current	358,963	814,044
	837,991	1,231,993
Maturity analysis:		
Year 1	496,415	458,577
Year 2	359,453	452,653
Year 3	3,459	369,435
Year 4	–	3,375
	859,327	1,284,040
Less: Unearned interest	(21,336)	(52,047)
	837,991	1,231,993

Lease liabilities are denominated in Singapore Dollar at end of reporting period.

17. SHORT TERM BORROWINGS

	2024	2023
Trade financing	1,751,341	9,318,756

The borrowings bear interest ranging from 5.61% to 6.22% (2023: 5.61% to 5.66%) per annum and are guaranteed by a letter of comfort from the ultimate holding company, Apollo Tyres Ltd.

18. SHARE CAPITAL

	2024		2023	
	Number of shares	US$	Number of shares	US$
Issued and fully paid:				
Ordinary shares	15,565,383	13,110,195	15,565,383	13,110,195

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value carry one vote per share without restriction.

19. REVENUE

Revenue represents the sale of goods in the normal course of business and is recognised at a point in time.

20. OTHER OPERATING INCOME

	2024 US$	2023 US$
Business advisory services rendered	2,610,110	2,186,856
Global human resource services rendered	1,987,722	1,086,235
Government grants	4,436	5,462
Supply chain management services rendered	256,820	211,011
	4,859,088	3,489,564

21. OTHER CREDITS

Foreign exchange gain	(61,770)	(154,193)
Loss on liquidation of a subsidiary	37,636	–
	(24,134)	(154,193)

22. FINANCE COSTS

Interest expenses on:		
– Short-term borrowings	912,613	1,104,108
– Lease liabilities	31,466	41,718
	944,079	1,145,826

23. PROFIT BEFORE TAX

The profit before tax is arrived at after charging:

Depreciation – plant and equipment	16,186	28,596
Depreciation – right-of-use assets	450,929	449,185
Legal and professional fee	900,385	801,533
Management fee	531,900	388,902
Procurement fee	972,449	816,451
Employees benefits (Note 24)	4,382,554	5,167,406
Travelling	166,008	136,421

24. EMPLOYEE BENEFITS

Employee benefits expenses (including directors):		
Salaries and bonuses	3,855,104	4,699,591
Central provident fund contributions	166,774	160,326
Directors' allowance	172,617	145,228
Others	188,059	162,261
	4,382,554	5,167,406

25. INCOME TAX EXPENSE

(i) *Major components of income tax expense*

The major components of income tax expense for the years ended 31 March 2024 and 2023 are:

	2024	**2023**
	US$	US$
Statement of comprehensive income:		
Current tax		
Current year	1,271,030	1,976,489
Under provision in prior year	10,737	8,287
	1,281,767	1,984,776

(ii) *Relationship between tax expense and accounting profit*

The reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 March 2024 and 2023 are as follows:

Profit before tax	9,301,402	11,626,405
Tax expense on profit before tax at 17%	1,581,238	1,976,489
Adjustments:		
Non-deductible expenses	1,100	8,371
Tax exemptions	(12,961)	(12,683)
Under provision in prior year – current tax	10,737	8,287
Tax incentive	(290,257)	–
Deferred taxation not recognised	(8,090)	4,312
Total tax expense	1,281,767	1,984,776

With effect from 1 October 2023, the Company was granted the Approved Global Trading Company ("AGTC") status under Section 43I of the Income Tax Act. The concessionary tax rate for AGTC is 10% subject to certain terms and conditions.

26. DIVIDEND PAID

Tax Exempt (One-tier) Dividend declared and paid during the financial year:		
Interim		
– US$Nil (2023: US$0.35) per ordinary share for financial year ended 31 March	–	5,408,235

27. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

A reconciliation of liabilities arising from financing activities is as follows:

	1.4.2023	Cash flows		Non-cash changes			31.3.2024
		Repayment/ (proceed)	Interest paid	Acquired new lease	Interest expense	Currency alignment	
	US$	US$	US$	US$	US$	US$	US$
Amounts due from ultimate holding company	1,108,146	(1,081,758)	–	–	–	–	26,388
Amounts due from related companies	70,659	(6,608)	–	–	–	–	64,051
Amounts due to a related company	(30,240)	(36,877)	–	–	–	–	(67,117)
Short term borrowings	(9,318,756)	7,528,591	912,613		(912,613)	38,824	(1,751,341)
Lease liabilities	(1,231,993)	450,249	31,466	(72,119)	(31,466)	15,872	(837,991)
	(9,402,184)	6,853,597	944,079	(72,119)	(944,079)	54,696	(2,566,010)

	1.4.2022	Cash flows		Non-cash changes			31.3.2023
		Repayment/ (proceed)	Interest paid	Acquired new lease	Interest expense	Currency alignment	
	US$	US$	US$	US$	US$	US$	US$
Amounts due from ultimate holding company	667,723	440,423	–	–	–	–	1,108,146
Amounts due from related companies	55,941	14,718	–	–	–	–	70,659
Amounts due to a related company	(191,480)	161,240	–	–	–	–	(30,240)
Short term borrowings	(44,902,529)	35,583,773	1,104,108	–	(1,104,108)	–	(9,318,756)
Lease liabilities	(1,445,309)	426,561	41,718	(228,498)	(41,718)	15,253	(1,231,993)
	(45,815,654)	36,626,715	1,145,826	(228,498)	(1,145,826)	15,253	(9,402,184)

28. RELATED PARTY DISCLOSURES

In addition to those related party information disclosed elsewhere in the financial statements, significant transactions between the Company and related parties that took place at terms agreed between the parties during the financial year are as follows:

(i) *Significant related party transactions*

	2024	2023
	US$	US$
<u>*Related company*</u>		
Sales to	38,078,233	51,090,935
Global human resource services rendered to	236,736	125,706
Supply chain management services rendered to	29,559	23,320
Management fee	531,900	388,902
Expenses paid on behalf by	27,264	–

28. RELATED PARTY DISCLOSURES (continued)

(i) *Significant related party transactions (continued)*

	2024 US$	**2023** US$
Ultimate holding company		
Business advisory services rendered to	2,610,110	2,186,856
Sales to	351,663,087	434,831,697
Global human resource services rendered to	1,750,986	960,529
Supply chain management services rendered to	227,261	187,691
Expenses paid on behalf by	29,898	21,300
Expenses paid on behalf of	24,551	–
Procurement fee	972,449	816,451
Reimbursement expenses	1,201,723	1,977,261
Received on behalf of	78,660	–
IT support expenses	86,275	79,641

(ii) *Compensation of key management personnel*

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the Company. The directors of the Company and the general management of the Company are considered as key management personnel of the Company.

	2024 US$	2023 US$
Short term employee benefits (including benefit in kind)	1,847,704	1,486,687
Central provident fund contributions	11,515	10,513
	1,859,219	1,497,200

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, credit risk and liquidity risk. The Company's risk management policies focus on the unpredictability of financial markets and seek to, where appropriate, minimise potential adverse effects on the financial performance of the Company. The Company does not have any written financial risk management policies and guidelines and there has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

The following sections provide details regarding the Company's exposure to the financial risks associated with financial instruments held in the ordinary course of business and the objectives, policies and processes for the management of these risks.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Company and the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from their short term borrowings, interest-bearing loans given to related parties, investments in debt securities and cash and cash equivalent.

The Company's policy is to manage its interest cost using a mix of fixed and variable rate debts as well as by rolling over its borrowings on a short-term basis.

Sensitivity analysis for interest rate risk

Movements in interest rates will have an impact on the Company's loans and borrowings. A change of 75 basis points (bp) in interest rates at the reporting date would change equity and profit before tax by US$13,135 (2023: US$69,891). This analysis assumes that all other variables remain constant.

(ii) ***Foreign currency risk***

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Company has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency. The foreign currencies in which these transactions are denominated are mainly Singapore Dollar ("SGD") and Euro ("EUR"). The Company's trade receivable and trade payable balances at the end of the reporting period have similar exposures. The Company also hold cash and short-term deposits denominated in foreign currencies for working capital purposes.

However, the Company does not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's profit before tax to a reasonably possible change in the SGD and EUR, with all other variables held constant.

	Profit before tax	
	2024	**2023**
	US$	US$
EUR		
– strengthened 1% (2023: 3%)	15,747	133,585
– weakened 1% (2023: 3%)	(15,747)	(133,585)
SGD		
– strengthened 1% (2023: 1%)	3,043	18,691
– weakened 1% (2023: 1%)	(3,043)	(18,691)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from both trade and non-trade amounts due from ultimate holding company and related companies. Guidelines on credit terms provided to trade customers are established and continually monitored. For cash and cash equivalents, the Company minimises credit risk by dealing exclusively with reputable and well-established local and foreign banks, and companies with high credit ratings and no history of defaults.

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposures. Credit policies with guidelines on credit terms and limits set the basis for risk control.

The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

In order to minimise credit risk, the Company has developed and maintain the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

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

Category	**Description**	**Basis for recognising expected credit losses ("ECL")**
Performing	The 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.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and has no realistic prospect of recovery.	Amount is written off

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) *Credit risk (continued)*

The tables below detail the credit quality of the Company's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	External credit rating	Category	12-month or lifetime ECL	Gross carrying amount US$	Loss allowance US$	Net carrying amount US$
2024							
Other receivables	8	N.A.	Performing	12m ECL	658,748	–	658,748
Amounts due from ultimate holding company	9	N.A.	Performing	12m ECL	67,062,206	–	67,062,206
Amounts due from related companies	10	N.A.	Performing	12m ECL	7,526,049	–	7,526,049
						–	
2023							
Other receivables	8	N.A.	Performing	12m ECL	149,674	–	149,674
Amounts due from ultimate holding company	9	N.A.	Performing	12m ECL	69,629,846	–	69,629,846
Amounts due from related companies	10	N.A.	Performing	12m ECL	7,352,800	–	7,352,800
						–	

	Not past due US$	Past due 1-30 days US$	31-60 days US$	61-180 days US$	181-365 days US$	> 365 days US$	Total US$
2024							
Amounts due from ultimate holding company	52,701,383	9,203,349	4,420,499	736,975	–	–	67,062,206
Amounts due from related companies	7,526,049	–	–	–	–	–	7,526,049
2023							
Amounts due from ultimate holding company	60,484,297	5,920,741	3,220,686	2,380	1,742	–	69,629,846
Amounts due from related companies	7,295,118	57,682	–	–	–	–	7,352,800

No expected credit loss been provided for amounts due from ultimate holding company and amounts due from related companies as majority of the amounts due is trade in nature and both ultimate holding company and related companies always settled the debts within the credit term given.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) ***Credit risk (continued)***

Exposure to credit risk

At the end of the reporting period, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position. No other financial assets carry a significant exposure to credit risk.

Credit risk concentration profile

The Company has significant concentrations of credit risk with the ultimate holding company (2023: ultimate holding company) amounting to US$67,062,206 (2023: US$69,629,846).

Financial assets that are neither past due nor impaired

Trade receivables that are neither past due not impaired are creditworthy debtors with good payment record with the Company. Cash and cash equivalents and derivatives, that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

(iv) ***Liquidity risk***

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from possible mismatches of the maturities of financial assets and liabilities. The Company objective is to maintain a balance between continuity of funding and flexibility through the use of standby credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below analyses the maturity profile of the Company's financial liabilities at the end of reporting period, based on contractual undiscounted repayment obligations.

	Total US$	**Within one year** US$	**Within two to five years** US$
2024			
Trade payables	32,035,734	32,035,734	–
Other payables	757,633	757,633	–
Amounts due to a related company	67,117	67,117	–
Lease liabilities	859,327	496,415	362,912
Short term borrowings	1,768,196	1,768,196	–
	35,488,007	35,125,095	362,912
2023			
Trade payables	28,997,847	28,997,847	–
Other payables	1,159,872	1,159,872	–
Amounts due to a related company	30,240	30,240	–
Lease liabilities	1,284,040	458,577	825,463
Short term borrowings	9,408,444	9,408,444	–
	40,880,443	40,054,980	825,463

30. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting period:

	2024 US$	**2023** US$
Financial assets at amortised cost		
Other receivables	658,748	149,674
Amounts due from ultimate holding company	67,062,206	69,629,846
Amounts due from related companies	7,526,049	7,352,800
Cash and cash equivalents	745,317	716,978
	75,992,320	77,849,298
Financial liabilities at amortised cost		
Trade payables	32,035,734	28,997,847
Other payables	757,633	1,159,872
Amounts due to a related company	67,117	30,240
Lease liabilities	837,991	1,231,993
Short term borrowings	1,751,341	9,318,756
	35,449,816	40,738,708

31. FAIR VALUE OF ASSETS AND LIABILITIES

The fair value of an asset or a liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying amount of financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

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

At the end of the reporting period, the Company does not have any other asset or liability carried at fair value.

32. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Company consists of its total liabilities and total equity.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2024 and 31 March 2023. The Company is not subjected to externally imposed capital requirements.

33. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 March 2024 were authorised for issue in accordance with a resolution of the directors on the date of these statements.