

Company Registration No: 201408829H

**AFCONS OVERSEAS SINGAPORE PTE. LTD.
(Incorporated in Singapore)**

**DIRECTORS' STATEMENT
AND FINANCIAL STATEMENTS**

31 MARCH 2024

AFCONS OVERSEAS SINGAPORE PTE. LTD.
(Incorporated in Singapore)

31 MARCH 2024

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AFCONS OVERSEAS SINGAPORE PTE. LTD.
(Incorporated in Singapore)

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

The directors present their statement to the members together with the audited financial statements of Afcons Overseas Singapore Pte. Ltd. (the "Company") for the financial year ended 31 March 2024.

In the opinion of the directors,

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2024 and 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.

1 Directors

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

Padmakumar Unnikrishnan
Gokul Javalikar
Ramesh Kumar Jha

2 Arrangements to Enable Directors to Acquire Shares or Debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was 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.

3 Directors' Interests in Shares or Debentures

According to the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act 1967, none of the directors of the Company who held office at the end of the financial year had any interest in shares or debentures of the Company and its related corporations, either at the beginning of the financial year, date of appointment or at the end of the financial year.

4 Share Options

During the financial year, no options to take up unissued shares of the Company were granted.

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

These are no unissued shares of the Company under option at the end of the financial year.

AFCONS OVERSEAS SINGAPORE PTE. LTD.
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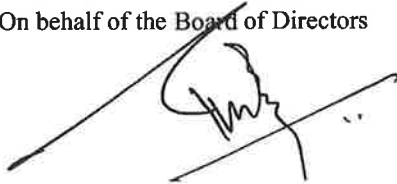
DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

5 Independent Auditors

The independent auditors, Moore Stephens LLP, Public Accountants and Chartered Accountants have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors



.....
Padmakumar Unnikrishnan



.....
Ramesh Kumar Jha

29 NOV 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
AFCONS OVERSEAS SINGAPORE PTE. LTD.
(Incorporated in Singapore)

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 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 Director's Statement.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
AFCONS OVERSEAS SINGAPORE PTE. LTD.
(Incorporated in Singapore)

(cont'd)

Responsibilities of Management and Director 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 director's responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- 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 and 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.



MOORE

MOORE STEPHENS LLP
CHARTERED ACCOUNTANTS OF SINGAPORE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

AFCONS OVERSEAS SINGAPORE PTE. LTD.
(Incorporated in Singapore)

(cont'd)

Auditor's Responsibility for the Audit of the Financial Statements (cont'd)

- 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 director 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.

Moore Stephens LLP
Public Accountants and
Chartered Accountant

Singapore

29 November 2024

AFCONS OVERSEAS SINGAPORE PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

	<u>Note</u>	<u>2024</u> S\$	<u>2023</u> S\$
Revenue	4	7,895,517	19,390,880
Cost of sales		(5,223,304)	(12,292,580)
Gross profit		<u>2,672,213</u>	<u>7,098,300</u>
Other operating income		6,349,580	1,020,321
Administrative expenses		(2,950,762)	(9,535,370)
Write off of financial assets		-	(934,762)
Profit/(loss) before income tax	6	<u>6,071,031</u>	<u>(2,351,511)</u>
Income tax	7	-	-
Net profit/(loss) for the year		<u>6,071,031</u>	<u>(2,351,511)</u>
Other comprehensive income/(loss):			
Items that			
may be reclassified subsequently to profit or loss:			
- Exchange differences			
on translating to the presentation currency		973,438	(768,566)
Total comprehensive income/(loss) for the year		<u>7,044,469</u>	<u>(3,120,077)</u>

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

AFCONS OVERSEAS SINGAPORE PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	<u>Note</u>	<u>2024</u> S\$	<u>2023</u> S\$
ASSETS			
Non-Current Asset			
Investment in subsidiaries	8	5,441	5,441
Plant and equipment	9	1,607,637	2,398,194
		1,613,078	2,403,635
Current Assets			
Inventories	10	750,128	1,084,144
Trade receivables	11	16,151,605	11,638,656
Contract assets	4	979,157	1,849,267
Other receivables and prepayments	12	8,418,362	12,970,728
Amounts due from subsidiaries and related parties	13	49,324,818	43,036,831
Cash and cash equivalents	14	19,087,143	21,835,836
		94,711,213	92,415,462
Total Assets		96,324,291	94,819,097
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	15	50,500	50,500
Translation reserve	16	745,060	(228,378)
Retained earnings		92,350,901	86,279,870
		93,146,461	86,101,992
Current Liabilities			
Trade and other payables	18	1,389,186	3,491,980
Amounts due to related parties	19	1,788,644	5,225,125
		3,177,830	8,717,105
Total Liabilities		3,177,830	8,717,105
Total Equity and Liabilities		96,324,291	94,819,097

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

AFCONS OVERSEAS SINGAPORE PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

	<u>Share capital</u> S\$	<u>Translation reserve</u> S\$	<u>Retained earnings</u> S\$	<u>Total</u> S\$
Balance at 1 April 2023	50,500	(228,378)	86,279,870	86,101,992
Net income for the year	-	-	6,071,031	6,071,031
Other comprehensive income	-	973,438	-	973,438
Total comprehensive income for the year	-	973,438	6,071,031	7,044,469
Balance at 31 March 2024	50,500	745,060	92,350,901	93,146,461
Balance at 1 April 2022	50,500	540,188	88,631,381	89,222,069
Net loss for the year	-	-	(2,351,511)	(2,351,511)
Other comprehensive loss	-	(768,566)	-	(768,566)
Total comprehensive loss for the year	-	(768,566)	(2,351,511)	(3,120,077)
Balance at 31 March 2023	50,500	(228,378)	86,279,870	86,101,992

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

AFCONS OVERSEAS SINGAPORE PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

	<u>Note</u>	<u>2024</u> S\$	<u>2023</u> S\$
Cash Flows from Operating Activities			
Profit/(loss) before income tax		6,071,031	(2,351,511)
Adjustments for:			
Depreciation of plant and equipment	6	427,262	104,990
Write off of financial assets		-	934,762
Interest income	6	(2,285,162)	(700,435)
(Gain)/Loss on disposal of plant and equipment	6	(121,406)	26,208
Operating cash flow before working capital changes		4,091,725	(1,985,986)
Changes in working capital:			
Decrease in inventories		343,573	2,742,828
(Increase)/Decrease in trade receivables and contract assets		(3,421,643)	1,319,231
Decrease/(Increase) in other receivables and prepayments		4,340,028	(5,439,729)
Decrease in trade and other payables and contract liabilities		(2,134,184)	(7,900,613)
(Decrease)/Increase in amounts due to related parties		(6,966,818)	396,637
Increase in amounts due to related parties – trade		24,532	243,232
Net cash used in operating activities		(3,722,787)	(10,624,400)
Cash Flows from Investing Activities			
Dividends received from subsidiary	6	3,894,521	-
Interest income received		2,285,162	700,435
Funds to related parties		(5,273,930)	(3,655,186)
Repayment from related parties		-	2,663,984
Proceed from disposal of fixed assets		584,710	-
Purchase of plant and equipment		-	(7,152,048)
Net cash generated from/(used in) investing activities		1,490,463	(7,442,815)
Cash Flows from Financing Activities			
Funds from subsidiaries		124,556	724,906
Loan to subsidiaries		-	(66,530)
Repayment to subsidiaries		(385,038)	(177,456)
Net cash (used in)/generated from financing activities		(260,482)	480,920
Net decrease in cash and cash equivalents		(2,492,806)	(17,586,295)
Cash and cash equivalents at the beginning of the financial year		21,835,836	40,010,669
Effects of changes in foreign exchange rate on cash and cash equivalents		(255,887)	(588,538)
Cash and cash equivalents at the end of the financial year	14	19,087,143	21,835,836

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

AFCONS OVERSEAS SINGAPORE PTE. LTD.
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

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

1 General Information

Afcons Overseas Singapore Pte. Ltd. (the “Company”) is a private limited liability company incorporated and domiciled in Singapore. The address of the Company’s registered office and principal place of business is 33 Ubi Avenue 3, #08-68 Vertex, Singapore 408868.

The immediate holding company of the Company is Afcons Infrastructure Limited, a company incorporated in India. The Company’s ultimate controlling entity is Shapoorji Pallonji and Company Private Limited, a company incorporated in India.

The principal activities of the Company are that of an investment holding company, and engaging in engineering, procurement and construction. The principal activities of the subsidiaries are set out in Note 8.

The Company has a branch in the United Arab Emirates (the “Dubai Branch”) whose principal activities include trading in heavy equipment, construction equipment, handling, loading and lifting equipment and related spare parts. The principal place of business of its Dubai branch is located at Dubai Airport Free Zone, Building 6A/West Wing, Office Number 213, Dubai, United Arab Emirates.

The Company has a branch in the Republic of Guinea (the “Guinea Branch”) whose principal activities include activities related to engineering in general, procurement and construction management. The principal place of business of its Guinea branch is located at Commune de Kaloum, Quartier Manquepas, Immeuble Kachour, 1^{er} etage, Bloc B, Conakry, Guinea.

The Company has a branch in the Republic of Côte d'Ivoire (the “Ivory Coast Branch”) whose principal activities related to engineering in general, procurement and construction management. The principal place of business of its Ivory Coast Branch is located at 01 BP 2205 San-Pedro 01, Tier Corniche, San Pedro, Ivory Coast.

These financial statements were authorised for issue in accordance with a resolution of the directors on the date of the Directors’ Statement.

AFCONS OVERSEAS SINGAPORE PTE. LTD.
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

2 Material Accounting Policies

(a) Basis of Preparation

The financial statements of the Company have been prepared in accordance with the provisions of the Singapore Companies Act 1967 (the “Act”) and Financial Reporting Standards in Singapore (“FRS”). The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and disclosure of contingent liabilities at the end of each reporting period. Although these estimates are based on management’s best knowledge of current events and actions, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Areas involving a higher degree of judgement or complexity and critical accounting estimates and assumptions used that are significant to the financial statements are disclosed in Note 3.

(b) New/Revised FRS

Adoption of New and Revised FRS which are effective

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

Amendments to FRS 1-1 Presentation of Financial Statements: Disclosure of Accounting Policies and FRS Practice Statement 2 Making Materiality Judgements

The amendments require entities to disclose their material accounting policy information rather than their significant accounting policies. It clarifies that accounting policy information may be material because of its nature, even if the related amounts are immaterial. Accounting policy information is material if users of an entity’s financial statements would need it to understand other material information in the financial statements. If an entity discloses immaterial accounting policy information, such information must not obscure material accounting policy information. The amended FRS Practice Statement 2 explains and demonstrates the application of the materiality process to accounting policy disclosures. The Company has applied materiality guidance in FRS 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 Policies’.

AFCONS OVERSEAS SINGAPORE PTE. LTD.
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

2 Material Accounting Policies (cont'd)

(b) New and Revised FRS (cont'd)

New/Revised FRS issued but not yet effective

At the date of authorisation of these financial statements, the Company has not adopted the following new or revised standards applicable to the Company that have been issued, but not yet effective:

	Effective for annual financial periods beginning on or after
Amendments to FRS 110 and FRS 28 <i>Investments in Associates and Joint Ventures – Sale or contribution of assets between an investor and its associate or joint venture.</i>	Date to be determined
Amendments to FRS 119 <i>Extinguishing Financial Liabilities with Equity Instruments: Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to FRS 118 <i>Presentation and Disclosure in Financial Statements: Presentation and Disclosure in Financial Statements</i>	1 January 2027
Amendments to FRS109 and FRS107: <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Annual Improvements to FRSs - <i>Volume 11</i>	1 January 2026
Amendments to FRS 21 <i>the Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability</i>	1 January 2025
Amendments to FRS 1, <i>Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current</i>	1 January 2024
Amendments to FRS 1, <i>Presentation of Financial Statements - Non-Current Liabilities with Covenants</i>	1 January 2024
Amendments to FRS 116 <i>Leases: Lease liability in a sales and leaseback</i>	1 January 2024
Amendments to FRS 7 <i>Statement of Cash Flows</i> and FRS 107 <i>Financial Instruments: Disclosures: Supplier Finance Arrangements</i>	1 January 2024

The Directors anticipates that the adoption of the new and revised standards above will have no material impact on the financial statements in the period of initial application.

(c) Basis of Combination

The accompanying financial statements of the Company include the accounts of its overseas branches in Dubai, Guinea and Ivory Coast, referred to hereafter as the “Branches”. All significant transactions and accounts between the Company and the Branches have been eliminated.

The Branches prepare their financial statements under the historical cost convention in accordance with Financial Reporting Standards in Singapore.

AFCONS OVERSEAS SINGAPORE PTE. LTD.
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

2 Material Accounting Policies (cont'd)

(d) Foreign Currencies

Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). Management has determined the functional currency of the Company to be United States dollar (“USD”), as it best reflects the economic substance of the underlying events and circumstances relevant to the Company.

The financial statements are presented in Singapore dollars (“S\$”) (the “presentation currency”) due to the information requirements of management.

The results and financial position of all the entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the reporting date;
- income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of transactions); and
- all resulting exchange differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

Transactions and Balances

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates prevailing at the dates of such transactions. Currency translation differences resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair value was determined.

AFCONS OVERSEAS SINGAPORE PTE. LTD.
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

2 Material Accounting Policies (cont'd)

(e) Investment in Subsidiaries

A subsidiary is an entity (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A subsidiary is fully consolidated from the date on which control is transferred to the Company. It is deconsolidated from the date that control ceases.

Investment in subsidiaries is stated at cost less accumulated impairment losses in the Company's statement of financial position. An assessment of investment in subsidiaries is performed when there is an indication that the investment may have been impaired.

On disposal of investment in a subsidiary, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

Non-Consolidation

The Company has not prepared one set of financial statements of the Company and its subsidiaries as:

- (i) The Company is a wholly owned subsidiary of Afcons Infrastructure Limited, a company incorporated in India;
- (ii) The Company's equity instruments are not traded in a public market;
- (iii) The Company did not file, nor is in the process of filing its financial statements for the purpose of issuing any class of instruments in a public market; and
- (iv) The Company's immediate holding company, Afcons Infrastructure Limited, produces consolidated financial statements available for public use.

The registered office of the immediate holding company is at Afcons House, 16, Shah Industrial Estate, Veera Desai Road, Azadnagar, Andheri (West), Mumbai 400053.

(f) Inventories

Inventories comprising goods held for sale and consumable goods are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution. Allowance is made for slow moving and obsolete inventories.

AFCONS OVERSEAS SINGAPORE PTE. LTD.
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

2 Material Accounting Policies (cont'd)

(g) Impairment of Non-Financial Assets

Non-financial assets are tested for impairment whenever there is any indication that these assets may be impaired.

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any), on an individual asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. 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 where the revaluation was taken to other comprehensive income. In this case, such impairment loss of revalued asset is treated as a revaluation decrease.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, 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. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

AFCONS OVERSEAS SINGAPORE PTE. LTD.
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

2 Material Accounting Policies (cont'd)

(h) Financial Assets

(i) *Classification and Measurement*

Financial assets that are debt instruments comprise of “trade receivables”, “contract assets”, “other receivables”, “amounts due from subsidiaries and related parties” and “cash and cash equivalents”. The Company classifies these assets into financial assets measured at amortised cost based on the Company’s business model for managing them and their contractual cash flow characteristics. Financial assets measured at amortised cost comprise of assets that are held within the business model whose objective is to hold those assets for collection of contractual cash flows, and those contractual cash flows represent solely payments of principal and interest.

Initial Recognition

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent Measurement

These assets are subsequently measured at amortised cost using effective interest method unless they are part of a designated hedging relationship. Impairment losses and reversals, interest income, and foreign exchange gains and losses (except where designated as a hedging instrument) on such assets are recognised in profit or loss. Interest income is based on the effective interest method which allocates interest income over the life of the financial asset based on an effective interest rate that discounts estimated future cash receipts to its gross carrying amount.

(ii) *Impairment*

The Company assesses on a forward looking basis the expected credit losses associated with the financial assets measured at amortised costs.

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECLs – represents the ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs – represents the ECLs that will result from all possible default events over the expected life of a financial instrument or contract asset.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

2 Material Accounting Policies (cont'd)

(h) Financial Assets (cont'd)

(ii) *Impairment* (cont'd)

Simplified approach – Trade receivables and contract assets

The Company applies the simplified approach to provide ECLs for trade receivables and contract assets. The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate

General approach – All other financial instruments on which ECL assessment is required

The Company applies the general approach to provide for ECLs on other financial instruments, which requires the loss allowance to be measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information that is reasonable and supportable, including the Company's historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

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.

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 12 months past due.

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2 Material Accounting Policies (cont'd)

(h) Financial Assets (cont'd)

(ii) *Impairment* (cont'd)

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

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired.

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower or a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS

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2 Material Accounting Policies (cont'd)

(h) Financial Assets (cont'd)

(iii) *Recognition and Derecognition*

Financial assets are recognised when, and only when the Company becomes party to the contractual provisions of the instruments. All regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

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

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. On derecognition of an investment in equity instrument, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise the fair value changes in other comprehensive income.

(i) Financial Liabilities

The Company shall recognise a financial liability on its statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially measured at fair value, plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integrated part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Financial liabilities are presented as "trade and other payables" and "amounts due to related parties" on the statement of financial position.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS

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2 Material Accounting Policies (cont'd)

(j) Cash and Cash Equivalents

Cash and cash equivalents comprise bank balances which are subject to an insignificant risk of changes in value. For the purpose of presentation in the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(k) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

(l) Dividends

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

(m) Revenue Recognition

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

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

Sale of goods

Revenue on the sale of goods is recognised when control of the goods has transferred, being when the goods are delivered to the customer. Revenue is not recognised to the extent there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Interest income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding and at the effective interest rate applicable.

Construction

The Company provides engineering and construction services and generates revenue under construction contracts with customers. Such contracts are entered into before construction begins. Revenue is recognised when control over the construction contract has been transferred to the customer, either over time or at a point in time, depending on the contractual terms.

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2 Material Accounting Policies (cont'd)

(m) Revenue Recognition (cont'd)

Construction (cont'd)

For engineering & construction contracts whereby, the Company is contractually restricted from redirecting to another customer and has an enforceable right to payment for performance completed to date, revenue is recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Company considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under FRS 115.

For construction contracts in progress, the Company becomes entitled to invoice customers based on achieving a series of performance-related milestones. When a particular milestone is reached the customer is sent a relevant statement of work and an invoice for the related milestone payment. A contract asset is recognised for the Company's right to consideration for the work performed under the contract but not billed to the customer. Conversely, a contract liability is recognised when the Company received advance consideration from customer or progress billings issued in excess of the Company's rights to consideration under the contract. Contract assets are transferred to trade receivables when the rights to the consideration become unconditional. Contract liabilities are recognised as revenue as the Company performs the work under the contract.

(n) 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.

When the Company is the 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 terms.

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2 Material Accounting Policies (cont'd)

(n) Leases (cont'd)

When the Company is the lessee (cont'd)

Right-of-use assets (cont'd)

If ownership of the leased asset transfers to the Company 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. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2(g).

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.

In calculating the present value of lease payments, the Company 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 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 leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery (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.

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2 Material Accounting Policies (cont'd)

(o) Income Tax

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

i. 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 of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

ii. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The Company recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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2 Material Accounting Policies (cont'd)

(p) Plant and Equipment

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment losses.

The cost of an item of plant and equipment initially recognised 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 recognised as part of the cost of plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset for purposes other than to produce inventories.

Depreciation is calculated on the straight-line method to write off the cost of plant and equipment over their estimated useful lives. The estimated useful lives for plant and equipment are as follows:

Floating barge	- 14 years
Tug boat	- 14 years
Plant and machinery	- 12 years
Office equipment	- 5 years
Furniture and fittings	- 10 years
Motor vehicles	- 8 years

Subsequent expenditure relating to 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 Company and the cost of the item can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

The residual values and useful life of plant and equipment are reviewed, and adjusted as appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on the disposal or retirement of an item of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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2 Material Accounting Policies (cont'd)

(q) Related Party

A related party is defined as follows:

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the “reporting entity”).

- a. A person or a close member of that person’s family is related to a reporting entity if that person:
 - i. has control or joint control over the reporting entity;
 - ii. has significant influence over the reporting entity; or
 - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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

3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Company’s accounting policies, which are described in Note 2 above, the management is required to make 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 estimate is 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.

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty (cont'd)

(a) Critical Judgements in applying the Company's Accounting Policies

In the process of applying the Company's accounting policies, which are described above, the management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

(b) Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i. Impairment of investment in subsidiaries and amounts due from subsidiaries and related parties

Management assesses impairment of investment in subsidiaries whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost of disposal and value-in-use) of the investment is estimated to determine the impairment loss.

There was no allowance for impairment investment in subsidiaries and amounts due from subsidiaries and related parties recognised during the year and the carrying amount of the investment in subsidiaries and amounts due from subsidiaries and related parties are disclosed in Note 8 and 13, respectively.

ii. Allowance for expected credit losses of trade receivables and contract assets

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables and contract assets is disclosed in Note 20(a)(i).

The carrying amount of the Company's trade receivables and contract assets as at 31 March 2024 and 2023 are disclosed in Notes 11 and 4(b) respectively.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty (cont'd)

(b) Key Sources of Estimation Uncertainty (cont'd)

iii. *Allowance for expected credit losses of other receivables*

The Company applies the general approach to provide for ECLs on all other receivables, which requires the loss allowance to be measured at an amount equal to 12-month ECLs at initial recognition. At each reporting date, the Company assesses whether the credit risk of the other receivables has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information that is reasonable and supportable, including the Company's historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

Management have assessed and considered the other receivables to have low credit risk as there has been no significant increase in the risk of default on the receivables since initial recognition. There is no allowance for ECLs arising from these outstanding balances as the ECLs are not material. The information about the ECLs on the Company's other receivables is disclosed in Note 21(a)(i).

4 Revenue

(a) Disaggregation of revenue from contracts with customers

	<u>2024</u>	<u>2023</u>
	S\$	S\$
Sale of goods - point in time	6,667,894	11,082,733
Contract revenue - over time	1,227,623	8,308,147
	<u>7,895,517</u>	<u>19,390,880</u>

Contract revenue is derived from the project to build a dry cargo terminal by the Ivory Coast Branch.

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4 Revenue (cont'd)

(b) Contract balances

	<u>2024</u> S\$	<u>2023</u> S\$	<u>1 April 2022</u> S\$
Contract assets	979,157	1,849,267	3,736,425
Contract liabilities (Note 18)	-	-	(501,851)

Contract assets relate to the Company's right to consideration for engineering & construction work completed but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when invoices are billed to the customer.

Contract liabilities relate to advance consideration received from customers, billings in excess of revenue recognised to-date and deferred revenue. Contract liabilities are recognised as revenue as (or when) the Company satisfies the performance obligations under its contracts.

Significant changes in the contract assets and contract liabilities balances during the financial year are disclosed as follows:

	<u>2024</u> S\$	<u>2023</u> S\$
Contract assets		
Contract assets reclassified to trade receivables	<u>1,849,267</u>	<u>3,736,425</u>
Contract liabilities		
Revenue recognised during the year	<u>-</u>	<u>(501,851)</u>

Management estimates the loss allowance on contract assets at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the construction industry. None of the contract assets 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 impairment loss on contract assets. The Company uses a similar approach for assessment of ECLs for the trade receivables as disclosed in Note 11.

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5 Staff Costs

	<u>2024</u>	<u>2023</u>
	S\$	S\$
Salaries and allowances	225,014	1,938,423
Other staff benefits	30,888	150,832
Staff accommodation – short-term lease expense	40,842	70,060
	<u>296,744</u>	<u>2,159,315</u>

6 Profit/(loss) Before Income Tax

	<u>2024</u>	<u>2023</u>
	S\$	S\$
This was arrived at after charging/(crediting):		
Included in cost of sales:		
- Cost of inventories	5,782,146	9,456,264
- Technical consultancy*	-	333,785
- Clearing, forwarding, freight, transportation and LC charges	175,801	841,678
Included in other operating income:		
- Interest income	(2,285,162)	(700,435)
- Gain on disposal of plant and equipment	(121,406)	-
- Gain on sale of scrap and other sales	-	(250,564)
- Dividend income from related party	(3,894,521)	-
Included in administrative expenses:		
- Depreciation of plant and equipment	149,036	104,990
- Donation	-	811,459
- Legal and professional fees#	2,207,303	2,131,426
- Loss on disposal of plant and equipment	-	26,208
- Office rental – short-term operating lease	36,124	39,079
- Realised foreign exchange (gain)/loss - net	28,950	3,103,694
- Staff costs (Note 5)	296,744	2,159,315

* Technical consultancy pertains mainly to the consultancy services for the construction works.

Legal and professional fees pertain mainly to the consultancy services for the business developments and conferences of the Branches.

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7 Income Tax

	<u>2024</u>	<u>2023</u>
	S\$	S\$
Current income tax	-	-

The income tax on the profit/(loss) before income tax varies from the amount of income tax determined by applying the applicable tax rates in each jurisdiction the Company's entities operates due to the following factors:

	<u>2024</u>	<u>2023</u>
	S\$	S\$
Profit/(loss) before income tax	<u>6,071,031</u>	<u>(2,351,511)</u>
Income tax calculated at applicable tax rates	669,765	(162,302)
Non-taxable income	(686,418)	-
Non-deductible expenses	<u>16,653</u>	<u>162,302</u>
	<u>-</u>	<u>-</u>

The Singapore corporate tax rate applicable to the Company is 17% (2023: 17%).

The Dubai Branch of the Company resides in the United Arab Emirates (UAE). UAE does not have any enforced federal income tax legislation for general business. An income tax decree is restricted to foreign banks and to oil companies.

The Guinea Branch, being a subcontractor for the construction of the port material handling for the bauxite export project in Guinea, is exempt from any tax for all works undertaken in Guinea.

The Ivory Coast Branch, being a subcontractor for the construction to build a dry cargo terminal in the Ivory Coast, is exempted from any tax for all works undertaken in Ivory Coast.

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8 Investment in Subsidiaries

	<u>2024</u>	<u>2023</u>
	S\$	S\$
<u>Unquoted equity shares, at cost</u>		
At the beginning and end of the financial year	5,441	5,441

The details of the subsidiaries of the Company are as follows:

<u>Name of subsidiaries</u> (Place of incorporation and operation)	<u>Principal activities</u>	<u>Cost of investment</u>		<u>Effective equity</u> <u>interest held</u> <u>by the Company</u>	
		<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
		S\$	S\$	%	%
Afcons Infra Projects Kazakhstan Limited Liability Partnership (Republic of Kazakhstan)	Construction and installation works	3,024	3,024	100	100
Afcons Overseas Project Gabon SARL (Republic of Gabon)	Conclusion and execution of contracts of civil works and construction	2,417	2,417	100	100
		5,441	5,441		

On 27 October 2015, the Company incorporated Afcons Overseas Project Gabon SARL in the Republic of Gabon with a paid-up share capital of Central African Franc 1,000,000 (equivalent to S\$2,417 on the date of incorporation, fully subscribed in cash by the Company).

In financial year 2021, management recognised an impairment loss of S\$1,016,368 on the cost of investment in Afcons Infra Projects Kazakhstan Limited Liability Partnership, based on management's assessment on the financial position of the subsidiary.

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9 Plant and Equipment

	<u>Plant and Machinery</u> S\$	<u>Office Equipment</u> S\$	<u>Furniture and Fittings</u> S\$	<u>Motor Vehicles</u> S\$	<u>Floating Equipment</u> S\$	<u>Total</u> S\$
2024						
<u>Cost</u>						
At 1 April 2023	660,886	111,781	79,299	205,290	1,738,491	2,795,747
Disposal	(497,245)	(72,630)	(67,146)	(147,880)	-	(784,901)
Translation difference	7,779	1,213	965	2,091	(185,349)	(173,301)
At 31 March 2024	<u>171,420</u>	<u>40,364</u>	<u>13,118</u>	<u>59,501</u>	<u>1,553,142</u>	<u>1,837,545</u>
<u>Accumulated depreciation</u>						
At 1 April 2023	223,396	73,941	35,399	64,532	285	397,553
Charge for the year	23,262	6,045	2,848	11,834	105,047	149,036
Disposal	(194,939)	(44,179)	(33,982)	(48,454)	-	(321,554)
Translation difference	2,676	777	434	639	347	4,873
At 31 March 2024	<u>54,395</u>	<u>36,584</u>	<u>4,699</u>	<u>28,551</u>	<u>105,679</u>	<u>229,908</u>
<u>Net book value</u>						
At 31 March 2024	<u>117,025</u>	<u>3,780</u>	<u>8,419</u>	<u>30,950</u>	<u>1,447,463</u>	<u>1,607,637</u>
2023						
<u>Cost</u>						
At 1 April 2022	690,169	119,441	78,421	213,349	-	1,101,380
Additions	-	-	-	-	7,152,048	7,152,048
Disposal (a)	(30,863)	(5,582)	-	-	(5,473,960)	(5,510,405)
Translation difference	1,580	(2,078)	878	(8,059)	60,403	52,724
At 31 March 2023	<u>660,886</u>	<u>111,781</u>	<u>79,299</u>	<u>205,290</u>	<u>1,738,491</u>	<u>2,795,747</u>
<u>Accumulated depreciation</u>						
At 1 April 2022	174,765	61,068	27,401	41,730	-	304,964
Charge for the year	54,854	16,995	7,656	24,155	285,394	389,054
Disposal (a)	(7,227)	(3,010)	-	-	(279,241)	(289,478)
Translation difference	1,004	(1,112)	342	(1,353)	(5,868)	(6,987)
At 31 March 2023	<u>223,396</u>	<u>73,941</u>	<u>35,399</u>	<u>64,532</u>	<u>285</u>	<u>397,553</u>
<u>Net book value</u>						
At 31 March 2023	<u>437,490</u>	<u>37,840</u>	<u>43,900</u>	<u>140,758</u>	<u>1,738,206</u>	<u>2,398,194</u>

- (a) On 4 January 2023, one of the floating equipment, a crane barge AC FC BHIM sank as reported by the vessel's captain. Salvage efforts were undertaken, but the barge remains unlocated. The management has accepted that there is no foreseeable chance of locating the asset and has claimed compensation from the insurer. The loss of the crane barge at a cost of S\$5,473,960 and a book value of S\$5,194,719 has been recorded as disposal during the year, with a corresponding insurance claim of S\$5,194,719 receivable disclosed in Note 12, pending settlement, against Afcons Infrastructure Limited.

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10 Inventories

	<u>2024</u>	<u>2023</u>
	S\$	S\$
At cost:		
- Other consumables	750,128	1,084,144
	750,128	1,084,144

11 Trade Receivables

	<u>2024</u>	<u>2023</u>
	S\$	S\$
Trade receivables:		
- immediate holding company	11,186,857	7,500,744
- third party	4,964,748	4,137,912
	16,151,605	11,638,656

The trade receivables are unsecured, interest-free and repayable on normal credit terms.

The Company's credit risk exposure in relation to the trade receivables from contracts with customers as at 31 March 2024 and 2023 are set out in the provision matrix as presented below. The Company's provision for loss allowance is based on past due as the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments.

	← Past due (days) →				
		0 - 30	31 to 60	≥ 61 days	
	<u>Current</u>	<u>days</u>	<u>days</u>	<u>S\$</u>	<u>Total</u>
	S\$	S\$	S\$	S\$	S\$
<u>2024</u>					
Trade receivables	757,487	40,984	-	15,353,134	16,151,605
Contract assets (Note 4(b))	979,157	-	-	-	979,157
					17,130,762
Loss allowance					
- lifetime ECL	-	-	-	-	-
					17,130,762
<u>2023</u>					
Trade receivables	8,753,118	1,629,195	-	1,256,343	11,638,656
Contract assets (Note 4(b))	1,849,267	-	-	-	1,849,267
					13,487,923
Loss allowance					
- lifetime ECL	-	-	-	-	-
					13,487,923

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12 Other Receivables and Prepayments

	<u>2024</u>	<u>2023</u>
	S\$	S\$
<u>Other receivables:</u>		
Deposits	23,039	26,837
Advances to suppliers (a)	2,691,695	7,723,537
Advances to employees	-	2,344
Other receivables	481,564	-
Insurance claim receivables ((b), Note 9)	5,194,719	5,194,719
	8,391,017	12,947,437
VAT receivables	5,417	5,736
Prepayments	21,928	17,555
	8,418,362	12,970,728

- (a) Advances to suppliers pertain mainly to the advance payments made to the suppliers in relation to the supply of construction materials to the Dubai Branch and Ivory Coast Branch.
- (b) The crane barge which sank on 4 January 2023 (Refer to Note 9) was insured by the Charterer, Afcons Infrastructure Limited. Although the insurance claim has not yet been settled, Afcons Infrastructure Limited has indemnified the Company against any loss.

13 Amounts due from Subsidiaries and Related Parties

	<u>2024</u>	<u>2023</u>
	S\$	S\$
Amount due from a subsidiary (a)	227,913	224,871
Amount due from related parties (b)	49,096,905	42,811,960
	49,324,818	43,036,831

- (a) The amount due from a subsidiary is non-trade in nature, unsecured, interest-free and is repayable on demand in cash.
- (b) The amounts due from related parties are non-trade in nature, unsecured, incur interest rates from 1.50% to 7.56% (2023: 2.64% to 14.43%) per annum, and are repayable on demand in cash. Included in the amounts due from related parties, no allowance for impairment loss has been recognised for an amount of S\$42,436,969 (2023: S\$36,425,114) with impairment indication as the immediate holding company has agreed to indemnify the Company to the extent of any losses suffered if the amount is not recoverable.

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14 Cash and Cash Equivalents

	<u>2024</u>	<u>2023</u>
	S\$	S\$
As disclosed in the statement of cash flows:		
Cash on hand	56	40,682
Cash at bank	19,087,087	21,795,154
	19,087,143	21,835,836

15 Share Capital

	<u>2024</u>		<u>2023</u>	
	No. of ordinary shares	S\$	No. of ordinary shares	S\$
Issued and fully paid:				
At the beginning and end of the financial year	50,500	50,500	50,500	50,500

Ordinary shares do not have a par value.

The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction at general meetings of the Company and rank equally with regards to the Company's residual assets.

16 Translation Reserve

The translation reserve arose due to the translation of the United States dollar (functional currency) denominated balances into the presentation currency of Singapore dollar. Translation differences are reconciled in the translation reserve.

17 Trade and Other Payables

	<u>2024</u>	<u>2023</u>
	S\$	S\$
Trade payables		
- third parties	1,310,461	3,389,800
Other payables:		
- Accrued operating expenses	78,725	102,180
	1,389,186	3,491,980

The trade payables are unsecured, interest-free and repayable on normal credit terms.

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18 Amounts due to Related Parties

	<u>2024</u>	<u>2023</u>
	S\$	S\$
<u>Trade</u>		
Amount due to the ultimate controlling entity	336,190	334,645
Amount due to the immediate holding company	1,067,416	1,218,904
Amount due to the subsidiary	-	3,381
	1,403,606	1,556,930
<u>Non-trade</u>		
Advance received from a subsidiary	385,038	3,668,195
	1,788,644	5,225,125

The trade balances due to a related party, ultimate controlling entity, immediate holding company and subsidiary are unsecured, interest-free and are repayable on demand based on cash terms. These pertain mainly to the professional services rendered to the Company.

Advance received from a subsidiary is mainly in relation to the supply of construction materials to the Branches for the project in Gabon and San Pedro.

19 Related Party Transactions

(a) Transactions with Related Parties

A related party in the financial statements refers to a member of the ultimate controlling entity's Group of entities.

In addition to the related party information disclosed elsewhere in the financial statements, the following are significant transactions of the Company with related parties at mutually agreed amounts during the financial period:

	<u>2024</u>	<u>2023</u>
	S\$	S\$
<u>With related parties</u>		
Interest income on loan to related parties	2,285,162	700,435
Funds to related parties	5,273,930	2,710,765
Repayment from related parties	-	1,939,078
	2,285,162	4,350,278
<u>With the ultimate controlling entity</u>		
Purchase of goods and services	275,561	406,916
	275,561	406,916

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19 Related Party Transactions (cont'd)

(a) Transaction with Related Parties (cont'd)

With the immediate holding company

Purchase of goods and services	1,798	1,098,336
Hire charges	725,868	527,947
Sales of goods	6,380,794	7,482,633
		7,482,633

With subsidiaries

Dividend from subsidiary	3,894,521	-
Advance/Repayment to the subsidiary	385,038	243,986
Advance from a subsidiary	124,556	724,906
		724,906

(b) Key Management Personnel Compensation

The directors of the Company have not received any remuneration during the financial year other than director's fee of S\$16,151 (2023: S\$15,982) paid to a director.

20 Financial Instruments

(a) Financial Risk Management Objectives and Policies

The Company's activities expose it to foreign currency risk, interest rate risk, credit risk and liquidity risk. The Company's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Company's financial performance. The directors of the Company are responsible for setting the objectives and underlying principles of financial risk management for the Company.

Management reviews and agrees policies for managing the following risks:

(i) *Credit risk*

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company's exposure to credit risk arises primarily from trade and other receivables, amount due from subsidiaries and related parties and cash and cash equivalents. The Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company has adopted a policy of only dealing with creditworthy counterparties and generally do not require a collateral. The Company has no significant concentration of credit risk other than the amount due from related company which has low credit risk based on the latest financial performance and financial position of the related company.

The Company considers the probability of default upon initial recognition of financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

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20 Financial Instruments (cont'd)

(b) Financial Risk Management Objectives and Policies (cont'd)

(j) *Credit risk* (cont'd)

The Company has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 90 days or there is significant difficulty of the counterparty.

The Company determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

Trade receivables and contract assets

As disclosed in Note 2(h)(ii), the Company uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and contract assets. In measuring the expected credit losses, trade receivables and contract assets are grouped based on their shared credit risk characteristics and numbers of days past due. The contract assets have substantially the same risk characteristics as the trade receivables from the same type of customers. Therefore, the Company has concluded that the expected credit loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Other receivables and amounts due from subsidiaries and related parties

As at 31 March 2024, the Company has other receivable and amount due from subsidiaries and related parties as disclosed in Note 12 and 13, respectively. The Company assessed the latest performance and financial position of the counterparty, adjusted for the future outlook of the industry and country in which the counterparty operates in, and concluded that there has been no significant increase in credit risk since the initial recognition. Accordingly, the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

For the purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL.

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20 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

(i) *Credit risk* (cont'd)

Other receivables and amounts due from subsidiaries and related parties (cont'd)

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in measuring the loss allowance using 12-month ECL and the Company has determined the ECL is insignificant.

Cash and bank balances

The cash and bank balances are entered into with bank and financial institution counterparties, which are rated from A to B, based on rating agency ratings.

Impairment on cash and bank balances has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and bank balances have low credit risk based on the external credit ratings of the counterparties. The Company uses a similar approach for assessment of ECLs for cash and bank balances to those used for debt investments. The amount of the allowance on cash and bank balances was immaterial.

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20 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

(i) *Credit risk* (cont'd)

Credit risk grading guideline

The Company's management has established the Company's internal credit risk grading to the different exposures according to their degree of default risk. The internal credit risk grading which are used to report the Company's credit risk exposure to key management personnel for credit risk management purposes are as follows:

Internal rating grades	Definition	Basis of recognition of expected credit loss (ECL)
i. Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
ii. Under-performing	There has been a significant increase in credit risk since initial recognition.	Lifetime ECL (not credit-impaired)
iii. Non-performing	There is evidence indicating that the asset is credit-impaired.	Lifetime ECL (credit impaired)
iv. Write-off	There is evidence indicating that there is no reasonable expectation of recovery as the debtor is in severe financial difficulty.	Asset is written off

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20 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

(i) *Credit risk* (cont'd)

Credit risk exposure and significant credit risk concentration

The credit quality of the Company's financial assets, as well as maximum exposure to credit risk by credit risk rating grades is presented as follows:

	<u>Internal credit rating</u>	<u>ECL</u>	<u>Gross carrying amount S\$</u>	<u>Loss allowance S\$</u>	<u>Net carrying amount S\$</u>
<u>2024</u>					
Trade receivables (Note 11)	Performing	Lifetime ECL (Simplified)	16,151,605	-	16,151,605
Contract assets (Note 4(b))	Performing	Lifetime ECL (Simplified)	979,157	-	979,157
Other receivables (excluding advances, VAT receivables and prepayments) (Note 12)	Performing	12-month ECL	5,699,322	-	5,699,322
Amounts due from subsidiaries (Note 13)	Non- Performing	Lifetime ECL (credit impaired)	227,913	-	227,913
Amounts due from related parties (Note 13)	Performing	12-month ECL	49,096,905	-	49,096,905
<u>2023</u>					
Trade receivables (Note 11)	Performing	Lifetime ECL (Simplified)	11,638,656	-	11,638,656
Contract assets (Note 4(b))	Performing	Lifetime ECL (Simplified)	1,849,267	-	1,849,267
Other receivables (excluding advances, VAT receivables and prepayment) (Note 12)	Performing	12-month ECL	5,221,556	-	5,221,556
Amounts due from subsidiaries (Note 13)	Non- Performing	Lifetime ECL (credit impaired)	224,871	-	224,871
Amounts due from related parties (Note 13)	Performing	12-month ECL	42,811,960	-	42,811,960

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20 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

(ii) *Foreign currency risk*

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign currency risk on transactions that are denominated in a currency other than the functional currencies of the Company and the Branches. The functional currencies of the Company and the Branches are United States dollar ("US\$") and the presentation currency of the Company is S\$.

To manage the aforesaid foreign currency risk, the Company maintains a natural hedge, whenever possible, by depositing foreign currency proceeds from revenue into foreign currency bank accounts which are primarily used for payments of expenses in the same currency denomination.

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20 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

(ii) Foreign currency risk (cont'd)

The Company's foreign currency exposure based on the information provided to key management is as follows:

2024	USD S\$	SGD S\$	EUR S\$	GNF S\$	XOF S\$	Total S\$
<u>Financial assets</u>						
Trade receivables	13,352,347	-	-	1,690,207	1,109,051	16,151,605
Contract asset	-	-	-	-	979,157	979,157
Other receivables*	5,194,719	-	-	-	504,603	5,699,322
Amounts due from subsidiaries and related parties	49,324,818	-	-	-	-	49,324,818
Cash and cash equivalents	7,243,979	50,450	11,757,340	-	35,374	19,087,143
	75,115,863	50,450	11,757,340	1,690,207	2,628,185	91,242,045
<u>Financial liabilities</u>						
Trade and other payables	79,594	62,749	-	6,338	1,240,505	1,389,186
Amounts due to related parties	721,228	-	-	-	1,067,416	1,788,644
	800,822	62,749	-	6,338	2,307,921	3,177,830
Net financial assets/(liabilities)	69,120,322	(12,299)	11,757,340	1,683,869	(161,300)	82,387,932
Less: Net financial assets denominated in the functional currency of the Company	(69,120,322)	-	-	-	-	(69,120,322)
Currency exposure		(12,299)	11,757,340	1,683,869	(161,300)	13,267,610

* Excluded advances, VAT receivables and prepayment.

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20 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

(ii) Foreign currency risk (cont'd)

The Company's foreign currency exposure based on the information provided to key management is as follows: (cont'd)

2023	USD S\$	SGD S\$	EUR S\$	GNF S\$	XOF S\$	Total S\$
Financial assets						
Trade receivables	9,331,841	-	-	1,500,393	806,422	11,638,656
Contract asset	-	-	-	-	1,849,267	1,849,267
Other receivables*	5,194,719	-	-	-	26,837	5,221,556
Amounts due from subsidiaries and related parties	43,036,831	-	-	-	-	43,036,831
Cash and cash equivalents	4,515,702	50,450	16,484,410	-	785,274	21,835,836
	<u>62,079,093</u>	<u>50,450</u>	<u>16,484,410</u>	<u>1,500,393</u>	<u>3,467,800</u>	<u>83,582,146</u>
Financial liabilities						
Trade and other payables	173,838	27,151	-	233,939	3,057,052	3,491,980
Amounts due to related parties	4,002,840	-	-	-	1,222,285	5,225,125
	<u>4,176,678</u>	<u>27,151</u>	<u>-</u>	<u>233,939</u>	<u>4,279,337</u>	<u>8,717,105</u>
Net financial assets/(liabilities)	57,902,415	23,299	16,484,410	1,266,454	(811,537)	74,865,041
Less: Net financial assets denominated in the functional currency of the Company	(57,902,415)	-	-	-	-	(57,902,415)
Currency exposure		<u>23,299</u>	<u>16,484,410</u>	<u>1,266,454</u>	<u>(811,537)</u>	<u>16,962,626</u>

* Excluded advances, VAT receivables and prepayment.

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20 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

(ii) *Foreign currency risk (cont'd)*

Sensitivity analysis

	Increase/(Decrease) (Loss)/Profit before income tax	
	<u>2024</u>	<u>2023</u>
	S\$	S\$
SGD against USD		
- strengthened by 5% (2023: 5%)	(600)	1,200
- weakened by 5% (2023: 5%)	600	(1,200)
	600	(1,200)
EUR against USD		
- strengthened by 5% (2023: 5%)	587,900	824,221
- weakened by 5% (2023: 5%)	(587,900)	(824,221)
	(587,900)	(824,221)
GNF against USD		
- strengthened by 5% (2023: 5%)	84,200	63,323
- weakened by 5% (2023: 5%)	(84,200)	(63,323)
	(84,200)	(63,323)
XOF against USD		
- strengthened by 5% (2023: 5%)	(16,000)	(40,577)
- weakened by 5% (2023: 5%)	16,000	40,577
	16,000	40,577

(iii) *Interest rate risk*

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

The Company has no external borrowing or interest-earned financial assets. Therefore, the Company is not exposed to any significant market risk for changes in interest rates. Hence, no sensitivity analysis is presented in the financial statements.

(iv) *Liquidity risk*

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

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20 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

(iv) *Liquidity risk* (cont'd)

The Company does not have any non-current liabilities. The current liabilities as at the reporting date approximate their expected contractual undiscounted cash outflows of financial liabilities.

(b) Fair Value Measurement

The directors of the Company consider that the fair values of financial assets and financial liabilities of the Company with a maturity of less than one year are a close approximation of their carrying amounts due to the relatively short-term maturity of these financial instruments.

21 Changes in Liabilities Arising from Financing Activities

The reconciliation of movements of liabilities to cash flows arising from financing activities is as follows:

	1 April S\$	Cash Flows		Other changes* S\$	31 March S\$
		<u>Proceeds</u> S\$	<u>Repayment</u> S\$		
<u>2024</u>					
Funds from subsidiaries	3,668,195	124,556	(7,351,856)	3,944,143	385,038
<u>2023</u>					
Funds from subsidiaries	3,320,852	724,906	(243,986)	(133,577)	3,668,195

* Others changes pertain to dividend received of and foreign exchange difference.

22 Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, issue new shares, or obtain new borrowings.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2024 and 2023.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

23 Capital Management (cont'd)

The Company monitors capital using a net debt-to-equity ratio which is net debt divided by total equity. Net debt is calculated as total liabilities less cash and cash equivalents. Total equity includes share capital and reserves attributable to equity holders of the Company.

	<u>2024</u>	<u>2023</u>
	S\$	S\$
Net (cash)/debt	(15,909,313)	(13,118,731)
Total equity	<u>93,146,461</u>	<u>86,101,992</u>
Net debt-to-equity ratio	<u>N.M</u>	<u>N.M</u>

The Company was not subject to any externally imposed capital requirements for the financial years ended 31 March 2024 and 2023.

*N.M – not meaningful

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THE FOLLOWING DETAILED INCOME STATEMENT
HAS BEEN PREPARED FOR MANAGEMENT PURPOSES ONLY
AND DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS

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DETAILED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

	Singapore <u>Operations</u> S\$	Dubai <u>Branch</u> S\$	Guinea <u>Branch</u> S\$	Ivory Coast <u>Branch</u> S\$	Total S\$
Revenue					
Sale of goods	-	6,458,080	-	209,814	6,667,894
Contract revenue	-	-	-	1,227,623	1,227,623
	-	6,458,080	-	1,437,437	7,895,517
Less: Cost of sales					
Cost of inventories	-	5,477,899	-	304,247	5,782,146
Technical consultancy	-	-	-	(16,659)	(16,659)
Clearing, forwarding, freight, transportation and LC charges	-	-	-	175,801	175,801
Other costs	-	10,084	-	(728,068)	(717,984)
	-	5,487,983	-	(264,679)	5,223,304
Gross profit/(loss)	-	970,097	-	1,702,116	2,672,213
Add: Other operating income					
Interest income	-	2,285,162	-	-	2,285,162
Gain on sale of scrap	-	-	(16,934)	138,340	121,406
Sundry income	-	-	11,163	37,328	48,491
Dividend income	3,894,521	-	-	-	3,894,521
	3,894,521	2,285,162	(5,771)	175,668	6,349,580
Less: Administrative expenses					
Audit fee	27,659	14,636	2,007	15,571	59,873
Bank charges	221	24,201	-	2,569	26,991
Depreciation	-	105,051	13,220	30,765	149,036
Insurance	-	382	-	-	382
Legal and professional fees	70,079	1,683,742	(18,166)	471,648	2,207,303
Miscellaneous expenses	-	8,399	-	204,393	212,792
Land Rent	-	-	-	(50,591)	(50,591)
Office rental – operating lease	-	36,124	-	-	36,124
Other client deductions	-	-	(192,994)	120,782	(72,212)
Printing and stationery	-	-	-	2,688	2,688
Repairs and maintenance	-	-	-	27,030	27,030
Realised foreign exchange loss/(gain) – net	(143,233)	357,825	(77,943)	(107,699)	28,950
Salaries and allowances	-	-	-	225,014	225,014
Other staff benefits	-	-	-	30,888	30,888
Staff accommodation – short-term lease expense	-	-	-	40,842	40,842
Travel and transportation	-	8,809	(5,810)	22,653	25,652
	(45,274)	2,239,169	(279,686)	1,036,553	2,950,762
Profit before income tax	3,939,795	1,016,090	273,915	841,231	6,071,031

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DETAILED INCOME STATEMENT
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	Singapore <u>Operations</u> S\$	Dubai <u>Branch</u> S\$	Guinea <u>Branch</u> S\$	Ivory Coast <u>Branch</u> S\$	<u>Total</u> S\$
Revenue					
Sale of goods	-	8,992,915	1,384,889	704,929	11,082,733
Contract revenue	-	-	-	8,308,147	8,308,147
	-	8,992,915	1,384,889	9,013,076	19,390,880
Less: Cost of sales					
Cost of inventories	-	5,291,375	1,401,807	2,763,082	9,456,264
Technical consultancy	-	-	-	333,785	333,785
Clearing, forwarding, freight, transportation and LC charges	-	15,820	-	825,858	841,678
Other costs	-	-	-	1,660,853	1,660,853
	-	5,307,195	1,401,807	5,583,578	12,292,580
Gross profit/(loss)	-	3,685,720	(16,918)	3,429,498	7,098,300
Add: Other operating income					
Interest income	-	700,435	-	-	700,435
Gain on sale of scrap	-	-	-	250,564	250,564
Sundry income	-	23,837	-	45,485	69,322
	-	724,272	-	296,049	1,020,321
Less: Administrative expenses					
Audit fee	27,151	11,959	3,311	19,625	62,046
Bank charges	348	77,370	-	6,195	83,913
Depreciation	-	285,394	48,383	55,277	389,054
Donation	811,459	-	-	-	811,459
Entertainment expenses	-	-	-	618	618
Insurance	-	299	-	133,361	133,660
Loss on sales of assets	-	-	-	26,208	26,208
Legal and professional fees	18,712	2,013,715	-	98,999	2,131,426
Land rent	-	-	-	92,459	92,459
Office rental – operating lease	-	39,079	-	-	39,079
Postage and courier	-	-	-	8,566	8,566
Printing and stationery	-	-	-	16,046	16,046
Repairs and maintenance	-	-	-	45,809	45,809
Realised foreign exchange loss/(gain) – net	97,045	1,375,580	1,430,019	(83,014)	2,819,630

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DETAILED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Singapore <u>Operations</u> S\$	Dubai <u>Branch</u> S\$	Guinea <u>Branch</u> S\$	Ivory Coast <u>Branch</u> S\$	<u>Total</u> S\$
Less: Administrative expenses (cont'd)					
Site maintenance	-	-	-	43,527	43,527
Salaries and allowances	-	-	-	1,938,423	1,938,423
Staff benefits	-	-	-	150,832	150,832
Staff accommodation – operating lease	-	-	-	70,060	70,060
Sundry expenses	-	11,173	(16)	304,138	315,295
Telecommunication	-	-	-	34,447	34,447
Travel and transportation	-	-	-	226,217	226,217
Utilities	-	-	-	96,596	96,596
	<u>954,715</u>	<u>3,814,569</u>	<u>1,481,697</u>	<u>3,284,389</u>	<u>9,535,370</u>
Less: Write off of financial assets	-	-	934,762	-	934,762
	-	-	<u>934,762</u>	-	<u>934,762</u>
(Loss)/Profit before income tax	<u>(954,715)</u>	<u>595,423</u>	<u>(2,433,377)</u>	<u>441,158</u>	<u>(2,351,511)</u>