

*Directors' Statement and
Audited Financial Statements*

***Capco Consulting Singapore
Pte. Ltd.***

(Co. Reg. No. 201218966M)

For the year ended 31 December 2023

Capco Consulting Singapore Pte. Ltd.
(Co. Reg. No. 201218966M)

General Information

Directors

Ankita Sharma
Srinivasan Badrinath

Secretaries

Sitoh Tuck Meng
Yio Swee Khim (Appointed on 30 October 2023)

Independent Auditor

HLB Atrede LLP

Contents	Page
Directors' Statement	1
Independent Auditor's Report	3
Statement of Financial Position	6
Statement of Comprehensive Income	7
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9

Directors' Statement

The directors are pleased to present their statement to the member together with the audited financial statements of Capco Consulting Singapore Pte. Ltd. (the "Company") for the financial year ended 31 December 2023.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2023 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date; and
- (b) at the date of this statement, the ability of the Company to pay its debts as and when they fall due depends on the continuing financial support from ultimate holding company, and the amounts due to ultimate and immediate holding companies, related companies are not subject to recall within the next twelve months.

2. DIRECTORS

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

Ankita Sharma
Srinivasan Badrinath

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

5. SHARE OPTIONS

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

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

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

Capco Consulting Singapore Pte. Ltd.
(Co. Reg. No. 201218966M)

Directors' Statement - continued

6. INDEPENDENT AUDITOR

The independent auditor, HLB Atrede LLP, has expressed its willingness to accept reappointment as auditor.



Ankita Sharma
Director

31 May 2024



Srinivasan Badrinath
Director

**Independent Auditor's Report
to the member of Capco Consulting Singapore Pte. Ltd.
(Co. Reg. No. 201218966M)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Capco Consulting Singapore Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 December 2023 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of \$5,417,543 during the year ended 31 December 2023 and, as of that date, the Company's current and total liabilities exceeded its current and total assets by \$8,372,715 and \$9,166,255 respectively. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other matter

The financial statements for the financial year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 12 June 2023.

Other Information

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

**Independent Auditor's Report
to the member of Capco Consulting Singapore Pte. Ltd. - continued**
(Co. Reg. No. 201218966M)

Other Information (continued)

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.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- 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.

**Independent Auditor's Report
to the member of Capco Consulting Singapore Pte. Ltd. - continued**
(Co. Reg. No. 201218966M)

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

HLB ATREDE LLP

HLB Atrede LLP
Public Accountants and
Chartered Accountants

Singapore
31 May 2024

20 Peck Seah Street #04-00
Singapore 079312

t: +65 6323 1928
f: +65 6225 3884

www.hlbatrede.com

Capco Consulting Singapore Pte. Ltd.
(Co. Reg. No. 201218966M)

Statement of Financial Position as at 31 December 2023

	Note	2023 \$	2022 \$
Non-current assets			
Plant and equipment	5	16,116	7,313
Current assets			
Trade and other receivables	6	4,068,097	2,419,987
Contract assets	7	670,930	425,123
Prepayments		351,859	227,795
Cash and cash equivalents	8	354,917	510,956
		<u>5,445,803</u>	<u>3,583,861</u>
Current liabilities			
Trade and other payables	9	13,818,518	6,623,421
Net current liabilities		(8,372,715)	(3,039,560)
Non-current liabilities			
Trade and other payables	9	809,656	716,465
Net liabilities		<u>(9,166,255)</u>	<u>(3,748,712)</u>
Equity attributable to owner of the Company			
Share capital	10	458,831	458,831
Accumulated losses		(9,625,086)	(4,207,543)
Equity deficits		<u>(9,166,255)</u>	<u>(3,748,712)</u>

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

Capco Consulting Singapore Pte. Ltd.
(Co. Reg. No. 201218966M)

Statement of Comprehensive Income for the financial year ended 31 December 2023

	Note	2023 \$	2022 \$
Revenue	11	9,482,718	5,211,137
Staff costs	12	(12,557,966)	(7,282,511)
Foreign exchange adjustments, (loss)/gain		(72,140)	294,561
Professional fee		(1,107,056)	(232,468)
Other expenses		(923,524)	(996,865)
Other income		627	43,258
Finance income	13	29,548	37,451
Finance costs	14	(269,750)	(27,862)
Loss before tax	15	(5,417,543)	(2,953,299)
Tax expense	16	–	–
Loss for the year		(5,417,543)	(2,953,299)
Other comprehensive income		–	–
Total comprehensive loss for the year		(5,417,543)	(2,953,299)

Statement of Changes in Equity for the financial year ended 31 December 2023

	Share capital \$	Accumulated losses \$	Total \$
Balance at 1 January 2022	458,831	(1,254,244)	(795,413)
Total comprehensive loss for the year	–	(2,953,299)	(2,953,299)
Balance at 31 December 2022	458,831	(4,207,543)	(3,748,712)
Total comprehensive loss for the year	–	(5,417,543)	(5,417,543)
Balance at 31 December 2023	458,831	(9,625,086)	(9,166,255)

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

Statement of Cash Flows for the financial year ended 31 December 2023

	2023	2022
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(5,417,543)	(2,953,299)
Adjustments for		
Depreciation of plant and equipment	7,982	1,180
Grant income	–	(43,258)
Interest expense on amount due to immediate holding company	46,191	9,278
Interest expense on amounts due to related companies	223,559	18,584
Interest income from amount due from immediate holding company	(27,152)	(16,516)
Interest income from amounts due from related companies	(2,396)	(20,935)
Unrealised foreign exchange adjustments, gain	–	(143,365)
Operating loss before working capital changes	(5,169,359)	(3,148,331)
(Increase)/decrease in trade and other receivables	(1,543,704)	792,800
Increase in contract assets	(245,807)	(90,150)
Increase in prepayments	(124,064)	(202,085)
Increase in trade and other payables	355,035	2,648,596
Grants received	–	43,258
Cash (used in)/generated from operations	(6,727,899)	45,088
Interest paid	(269,750)	–
Interest received	29,548	–
Net cash flows (used in)/from operating activities	(6,968,101)	45,088
CASH FLOWS FROM INVESTING ACTIVITY		
Acquisition of plant and equipment	(16,785)	(8,493)
Net cash flows used in investing activity	(16,785)	(8,493)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in amount due from ultimate holding company	(104,406)	–
Increase in amount due to immediate holding company	272,166	–
Increase in amounts due to related companies	6,425,490	–
Increase in amount due to ultimate holding company	235,597	–
Loan from immediate holding company	–	200,968
Loan from related corporations	–	19,262
Net cash flows from financing activities	6,828,847	220,230
Net (decrease)/increase in cash and cash equivalents	(156,039)	256,825
Cash and cash equivalents at beginning of year	510,956	254,131
Cash and cash equivalents at end of year	354,917	510,956

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

Notes to the Financial Statements – 31 December 2023

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

1. FUNDAMENTAL ACCOUNTING CONCEPT

The Company incurred a net loss of \$5,417,543 during the financial year ended 31 December 2023 and as at that date, the Company's current and total liabilities exceeded its current and total assets by \$8,372,715 and \$9,166,255 respectively. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on its ultimate holding company undertaking to provide continuing financial support to enable the Company to continue as a going concern, and the ultimate and immediate holding companies, and related companies have agreed not to recall the amounts due within the next twelve months.

If the Company is unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

2. CORPORATE INFORMATION

The Company is a private company limited by shares, incorporated and domiciled in Singapore. The immediate and ultimate holding companies are The Capital Markets Company BVBA, a company incorporated in Belgium, and Wipro Limited, a limited company incorporated in India and listed on the New York Stock Exchange respectively.

The registered office and principal place of business of the Company is located at 1 George Street #15-05 Singapore 049145.

The principal activities of the Company are that of business and management consultancy services.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

(a) *Basis of preparation*

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on a historical cost basis except where otherwise described in the material accounting policy information below.

The financial statements are presented in Singapore Dollar (SGD or \$), which is the Company's functional currency and all values are rounded to the nearest one-dollar, except when otherwise indicated.

Notes to the Financial Statements – 31 December 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

(c) *Standards issued but not yet effective*

A number of new standards and amendments to standard that have been issued are not yet effective and have not been applied in preparing these financial statements.

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

(d) *Functional and foreign currency*

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

Foreign currency transactions

Transactions in foreign currencies are measured in SGD and are recorded on initial recognition at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are re-translated to the functional currency at the rate of exchange ruling at the end of the reporting period.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of initial recognition. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

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

(e) *Plant and equipment*

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

When significant parts of plant and equipment are required to be replaced in intervals, the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Notes to the Financial Statements – 31 December 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(e) *Plant and equipment (continued)*

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

Computer equipment – 3 years

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

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

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

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

(f) *Financial instruments*

(i) *Financial assets*

Initial recognition and measurement

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

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

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

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(f) *Financial instruments (continued)*

(i) *Financial assets (continued)*

Subsequent measurement (continued)

Investments in debt instruments (continued)

▪ *Amortised cost*

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

▪ *Fair value through other comprehensive income (FVOCI)*

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

▪ *Fair value through profit or loss*

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the right to receive payments is established. For investments in equity instruments which the Company has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(f) *Financial instruments (continued)*

(i) *Financial assets (continued)*

De-recognition

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

(ii) *Financial liabilities*

Initial recognition and measurement

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

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

Subsequent measurement

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

De-recognition

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

(iii) *Offsetting of financial instruments*

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(g) *Impairment of financial assets*

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

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

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

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when the contractual payments are more than 30 days past due.

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

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

Notes to the Financial Statements – 31 December 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(g) *Impairment of financial assets (continued)*

Credit-impaired financial assets (continued)

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

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the procedures for recovery of amounts due.

(h) *Impairment of non-financial assets*

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

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

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

(i) *Contract balances*

Contract assets

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(j) *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank.

(k) *Trade and other payables*

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

(l) *Provisions*

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(m) *Employee benefits*

(i) *Defined contribution plans*

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

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

(ii) *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(m) *Employee benefits (continued)*

(iii) *Share-based payments transactions*

The ultimate holding company, Wipro Limited operates equity-settled share-based compensation plans. Wipro Limited granted share options to the Company's employees pursuant to the Wipro ADS Restricted Stock Unit Plan (ADS Restricted Stock Unit Plan, 2004). The fair value of the employee services received in exchange for the grant of the share options is re-charged by Wipro Limited to the Company. The fair value is recognised as an expense with a corresponding increase in the capital reserve of the ultimate holding company over the vesting period. Upon the recharges from Wipro Limited, the Company recognises an amount due to Wipro Limited. The total amount to be recognised over the vesting period is determined by reference to the fair value of the share options granted on the date of the grant.

(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. Reassessment is only required when the terms and conditions of the contract are changed.

As lessee

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

Short term and low value leases

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

(o) *Government grants*

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

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

Notes to the Financial Statements – 31 December 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(p) *Revenue*

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

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

(i) *Consulting services*

The Company has ongoing contracts to provide technical advice to assist customers in integrating PeopleSoft Finance as part of their PeopleSoft Human Resources Management System. Revenue from consulting services is recognised over time by reference to the progress, which is measured by comparing the actual hours spent on the project with the total number of hours expected to complete the project (ie. An input based method). The customer simultaneously received and consumes the benefits over the duration of the contract and the contracts would require payment to be received for time and effort spent by the Company on progressing the contracts in the event of the customer cancelling the contract prior to completion for any reason other than the Company's failure to perform its obligations under the contract.

(ii) *Interest income*

Interest income is recognised using the effective-interest method.

(q) *Taxes*

(i) *Current income tax*

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

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

(ii) *Deferred tax*

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(q) *Taxes (continued)*

(ii) *Deferred tax (continued)*

Deferred tax liabilities are recognised for all temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) *Goods and services tax*

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

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

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

Notes to the Financial Statements – 31 December 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(r) *Related parties*

A related party is defined as follows

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

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

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

▪ *Estimates and assumptions*

The key assumptions concerning the future and other key sources of estimation uncertainty as at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Notes to the Financial Statements – 31 December 2023

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

▪ *Estimates and assumptions (continued)*

(i) *Useful lives of plant and equipment*

The cost of plant and equipment is depreciated on a straight-line basis over the plant and equipment's estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 3 years. These are common life expectancies applied in the industry.

Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, therefore, future depreciation charges could be revised. The carrying amounts of the plant and equipment as at the end of each reporting period is disclosed in Note 5 to the financial statements.

(ii) *Provision 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 various customers segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates.

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

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

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The information about the ECLs on the Company's trade receivables and contract assets is disclosed in Notes 6 and 7 to the financial statements respectively.

▪ *Judgement made in applying accounting policies*

In the process of applying the accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements except as discussed below.

Notes to the Financial Statements – 31 December 2023

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

- *Judgement made in applying accounting policies (continued)*

Determination of functional currency

In determining the functional currency of the Company, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currency of the Company is determined based on management's assessment of the economic environment in which the Company operate and the Company's process of determining sales prices of its goods and services.

5. PLANT AND EQUIPMENT

	Computer equipment \$
Cost	
At 1 January 2022	63,855
Additions	8,493
At 31 December 2022	<u>72,348</u>
Additions	16,785
At 31 December 2023	<u>89,133</u>
Accumulated depreciation	
At 1 January 2022	63,855
Charge for the year	1,180
At 31 December 2022	<u>65,035</u>
Charge for the year	7,982
At 31 December 2023	<u>73,017</u>
Carrying amount	
At 31 December 2022	<u>7,313</u>
At 31 December 2023	<u>16,116</u>

6. TRADE AND OTHER RECEIVABLES

	2023 \$	2022 \$
Trade receivables	1,741,978	819,934
Amount due from immediate holding company	657,099	644,443
Amounts due from related companies	1,559,162	920,108
Amount due from ultimate holding company	104,406	–
Deposits	3,952	5,002
Sundry receivables	1,500	30,500
	<u>4,068,097</u>	<u>2,419,987</u>

Notes to the Financial Statements – 31 December 2023

6. TRADE AND OTHER RECEIVABLES (continued)

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

Trade receivables denominated in foreign currency as at 31 December are as follows

	2023	2022
	\$	\$
United States Dollar	<u>1,045,486</u>	<u>205,946</u>

The following tables provide information about the exposure to credit risk and ECLs for trade receivables for individual customers as at 31 December 2023 and 2022.

	Expected credit loss rate	Gross carrying amount	Impairment loss allowance	Credit impaired
	%	\$	\$	
2023				
Current and not past due	–	1,464,561	–	No
1 to 30 days past due	–	237,600	–	No
31 to 60 days past due	–	39,817	–	No
		<u>1,741,978</u>	<u>–</u>	
2022				
Current and not past due	–	721,927	–	No
1 to 30 days past due	–	98,007	–	No
		<u>819,934</u>	<u>–</u>	

The amount due from immediate holding company is trade related, unsecured, interest free, repayable on demand and to be paid in cash.

The amounts due from related companies are trade related, unsecured, interest free, repayable on demand and to be paid in cash.

The amount due from ultimate holding company is non-trade related, unsecured, interest free, repayable on demand and to be paid in cash.

Included in the amounts due from immediate holding company and related companies is an amount of \$Nil (2022: \$1,564,551) that is overdue for more than 12 months. The outstanding balance was subject to interest rate at SIBOR + 0.85% (2022: SIBOR + 0.85%) per annum.

The Company assesses as at the end of the reporting period whether there is objective evidence that trade and other receivables are impaired.

Notes to the Financial Statements – 31 December 2023

7. CONTRACT ASSETS

Contract assets relate primarily to the right to consideration for services rendered but not yet billed as at the end of the reporting period. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company invoices the customer.

Management always estimates the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the consulting industry. None of the amounts due from customers as at the end of the reporting period is past due.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the contract assets.

Contract assets denominated in foreign currency as at 31 December are as follows

	2023	2022
	\$	\$
United States Dollar	<u>368,228</u>	<u>128,498</u>

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents denominated in foreign currency as at 31 December are as follow

United States Dollar	<u>116,713</u>	<u>243,205</u>
----------------------	----------------	----------------

9. TRADE AND OTHER PAYABLES

Trade payables	8,137	10,145
Accrued operating expenses	1,030,755	674,101
Amounts due to immediate holding company	1,933,466	1,661,300
Amounts due to related companies	11,285,038	4,859,548
Amount due to ultimate holding company	235,597	–
GST payables	135,181	134,792
	<u>14,628,174</u>	<u>7,339,886</u>
Current	13,818,518	6,623,421
Non-current	809,656	716,465
	<u>14,628,174</u>	<u>7,339,886</u>

Trade payables are unsecured, non-interest bearing and are generally settled on 30 (2022: 30) days' term.

The amount due to immediate holding company is non-trade related, unsecured, charged interest at interest rate range between 2.7% to 6.89% (2022: 6.332%) per annum. The amount is to be repaid over the period between 18 May 2024 to 1 September 2025, and to be settled in cash.

Notes to the Financial Statements – 31 December 2023

9. TRADE AND OTHER PAYABLES (continued)

The amounts due to related companies amounted to \$1,481,360 (2022: \$303,928) is non-trade related, unsecured, interest free, repayable upon demand and to be settled in cash.

The amounts due to related companies amounted to \$10,176,677 (2022: \$4,555,620) are non-trade related, unsecured, charged interest at an interest rate range between 1.25% to 6.61% (2022: 1.79 to 7.85%) per annum. The amount is to be repaid over a period between 16 October 2024 to 2 December 2024, and to be settled in cash.

The amount due to ultimate holding company is non-trade related, unsecured, interest free, repayable upon demand and to be settled in cash.

Trade and other payables denominated in foreign currencies as at 31 December are as follow

	2023	2022
	\$	\$
Euro	315,979	1,881,596
Pound Sterling	1,790,587	–
Hong Kong Dollar	2,015,691	–
Indian Rupee	114,617	–
Malaysian Ringgit	2,395,267	–
Thai Baht	795,144	–
Polish Zloty	81,440	–
United States Dollar	<u>96,371</u>	<u>398,604</u>

10. SHARE CAPITAL

	2023		2022	
	Number of shares	\$	Number of shares	\$
<i>Issued and fully paid</i>				
Ordinary shares	<u>458,831</u>	<u>458,831</u>	<u>458,831</u>	<u>458,831</u>

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

11. REVENUE

Revenue represents the consultancy services fee earned in the normal course of business.

The transfer of goods and services during the financial year is overtime as the customers simultaneously receive and consume the benefits over the duration of the contract.

The Company does not have any amount of unsatisfied performance obligation as at the end of the reporting period.

Notes to the Financial Statements – 31 December 2023

12. EMPLOYEE BENEFITS

	2023	2022
	\$	\$
Staff Central Provident Fund contributions	494,780	310,151
Staff salaries and bonuses	11,108,007	6,416,172
Staff welfare	717,510	365,681
Others	237,669	190,507
	<u>12,557,966</u>	<u>7,282,511</u>

13. FINANCE INCOME

Interest income from		
- amount due from immediate holding company	27,152	16,516
- amounts due from related companies	2,396	20,935
	<u>29,548</u>	<u>37,451</u>

14. FINANCE COSTS

Interest expenses on		
- amount due to immediate holding company	46,191	9,278
- amounts due to related companies	223,559	18,584
	<u>269,750</u>	<u>27,862</u>

15. LOSS BEFORE TAX

The loss before tax is arrived at after charging

Commission expense	326,400	–
Consulting fee	412,826	–
Recruitment	187,921	175,751
Short-term lease	345,733	138,496
	<u>1,272,880</u>	<u>314,247</u>

16. INCOME TAX EXPENSE

(i) *Major components of income tax expense*

The major components of income tax expense for the years ended 31 December are

Current income tax	<u>–</u>	<u>–</u>
--------------------	----------	----------

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

A reconciliation between the tax expense and the product of accounting loss multiplied by the applicable tax rate for the years ended 31 December 2023 and 2022 is as follows

Loss before tax	<u>5,417,543</u>	<u>2,953,299</u>
-----------------	------------------	------------------

Notes to the Financial Statements – 31 December 2023

16. INCOME TAX EXPENSE (continued)

(ii) Relationship between tax expense and accounting loss (continued)

	2023	2022
	\$	\$
Tax benefit on loss before tax at 17%	920,982	502,061
Adjustments		
Non-deductible expenses	–	(4,737)
Tax exempt income	–	50,076
Effects of unrecognised tax losses	(920,982)	(547,400)
	<u>–</u>	<u>–</u>

(iii) Deferred tax assets

Other deductible temporary differences	(45,231)	483,415
Unutilised tax losses	1,758,759	4,906,343
Unutilised capital allowances	36,102	212,362
	<u>1,749,630</u>	<u>5,602,120</u>

The unutilised tax losses and capital allowances of approximately \$10,345,600 and \$212,400 (2022: \$4,821,900 and \$212,400) respectively, which may be available for carry forward and set off against future taxable profits, are subject to agreement with the tax authority and compliance with the provision of the Income Tax Act 1947. The unutilised tax losses and other deductible temporary differences do not expire under current tax legislation.

Deferred tax assets have not been recognised in respect of these items as it is not probable that future profit will be available against which the Company can utilise the benefits.

17. SHARE-BASED COMPENSATION

The ultimate holding company operates equity settled share-based compensation plans, including the Wipro ADS Restricted Stock Unit Plan (ADS Restricted Stock Unit Plan, 2004).

Movements in the number of unissued ordinary shares of ultimate holding company under options for the Company's employees are as follows

	Balance at beginning of financial year	Granted during financial year	Forfeited during the financial year	Exercised during financial year	Balance at end of financial year	Exercise price	Exercise period
						US\$	
2023							
Restricted stock unit	75,712	77,567	–	–	153,279	0.03	36 months

Notes to the Financial Statements – 31 December 2023

17. SHARE-BASED COMPENSATION (continued)

Movements in the number of unissued ordinary shares of ultimate holding company under options for the Company's employees are as follows (continued)

	Balance at beginning of financial year	Granted during financial year	Forfeited during the financial year	Exercised during financial year	Balance at end of financial year	Exercise price	Exercise period
						US\$	
2022							
Restricted stock unit	–	99,437	(23,725)	–	75,712	0.03	36 months

During the year, the Company recognised total compensation cost of \$413,921 (2022: \$213,351) relating to the stock options.

18. COMMITMENTS

Short term leases commitments

The lease commitments for short-term leases which are committed at the end of the reporting period and which is dissimilar to the short-term lease expense amounted to \$345,733 (2022: \$44,345).

19. RELATED PARTY DISCLOSURES

In addition to related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and its related party that took place at terms agreed between the parties during the financial year.

(i) *Significant related party transactions*

	2023 \$	2022 \$
<i>Ultimate holding company</i>		
Rental expense from	345,733	–
<i>Immediate holding company</i>		
Interest expense to	46,191	9,278
Interest income from	(27,152)	(16,516)
Purchases from	–	1,973
<i>Related companies</i>		
Consultancy fee from	882,211	406,515
Interest expense to	223,559	18,584
Interest income from	2,396	20,935
Management fee from	1,428,742	255,924
Other expenses (to)/from	(677,367)	321,491

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(i) *Credit risk*

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

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposures. Credit policies with guidelines on credit terms and limits set the basis for risk control. New customers are subject to credit evaluation while the Company continues to monitor existing customers, especially those with repayment issues. In addition, appropriate allowances are made for probable losses when necessary for identified debtors.

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

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

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

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL

Notes to the Financial Statements – 31 December 2023

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) Credit risk (continued)

The Company's current credit risk grading framework comprises the following categories (continued).

Category	Description	Basis for recognising expected credit losses (ECL)
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery.	Amount is written off

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

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount \$	Loss allowance \$	Net carrying amount \$
2023						
Trade receivables	6	(a)	Lifetime ECL (simplified approach)	1,741,978	–	1,741,978
Amount due from immediate holding company	6	Performing	12-month ECL	657,099	–	657,099
Amount due from related companies	6	Performing	12-month ECL	1,559,162	–	1,559,162
Amount due from ultimate holding company	6	Performing	12-month ECL	104,406	–	104,406
Deposits	6	Performing	12-month ECL	3,952	–	3,952
Sundry receivables	6	Performing	12-month ECL	1,500	–	1,500
Contract assets	7	(a)	Lifetime ECL (simplified approach)	670,930	–	670,930
					–	

Notes to the Financial Statements – 31 December 2023

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) *Credit risk (continued)*

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

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount \$	Loss allowance \$	Net carrying amount \$
2022						
Trade receivables	6	(a)	Lifetime ECL (simplified approach)	819,934	–	819,934
Amount due from immediate holding company	6	Performing	12-month ECL	644,443	–	644,443
Amount due from related companies	6	Performing	12-month ECL	920,108	–	920,108
Deposits	6	Performing	12-month ECL	5,002	–	5,002
Sundry receivables	6	Performing	12-month ECL	30,500	–	30,500
Contract assets	7	(a)	Lifetime ECL (simplified approach)	425,123	–	425,123
					–	

(a) For trade and other receivables and contract assets, the Company has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime. The Company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix (Notes 6 and 7 to the financial statements).

▪ *Exposure to credit risk*

As at the end of the reporting period, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

▪ *Credit risk concentration profile*

As at the end of the reporting period, there were no significant concentrations of credit risk due to the Company's many varied customers.

It is the Company's policy to sell a diversity of credit worthy customers so as to reduce concentration of credit risk.

Notes to the Financial Statements – 31 December 2023

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) *Credit risk (continued)*

▪ *Financial assets that are neither past due nor impaired*

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Company. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

▪ *Financial assets that are either past due or impaired*

Information regarding financial assets that are either past due or impaired is disclosed in Notes 6 (Trade and other receivables) and 7 (Contract assets) to the financial statements.

(ii) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from possible mismatches of the maturities of financial assets and liabilities. The Company's objective is to maintain a level of cash to meet the obligations and commitments due and ensure cash efficiency whereby maximisation of cash flow position can be achieved.

The Company ensures that there are adequate working capital to meet all its obligation in a timely and cost effective manner.

Analysis of financial instruments by remaining contractual maturities

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

	Total \$	Within one year \$	Within two to five years \$
2023			
<i>Financial assets</i>			
Trade and other receivables	4,068,097	4,068,097	–
Contract assets	670,930	670,930	–
Cash and cash equivalents	354,917	354,917	–
Total undiscounted financial assets	<u>5,093,944</u>	<u>5,093,944</u>	<u>–</u>
<i>Financial liabilities</i>			
Trade and other payables	14,492,993	13,683,337	809,656
Total undiscounted financial liabilities	<u>14,492,993</u>	<u>13,683,337</u>	<u>809,656</u>
Total net undiscounted financial liabilities	<u>(9,399,049)</u>	<u>(8,589,393)</u>	<u>(809,656)</u>

Notes to the Financial Statements – 31 December 2023

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) *Liquidity risk (continued)*

Analysis of financial instruments by remaining contractual maturities (continued)

	Total \$	Within one year \$	Within two to five years \$
2022			
<i>Financial assets</i>			
Trade and other receivables	2,419,987	2,419,987	–
Contract assets	425,123	425,123	–
Cash and cash equivalents	510,956	510,956	–
Total undiscounted financial assets	<u>3,356,066</u>	<u>3,356,066</u>	<u>–</u>
<i>Financial liabilities</i>			
Trade and other payables	7,205,094	6,488,629	716,465
Total undiscounted financial liabilities	<u>7,205,094</u>	<u>6,488,629</u>	<u>716,465</u>
Total net undiscounted financial liabilities	<u>(3,849,028)</u>	<u>(3,132,563)</u>	<u>(716,465)</u>

(iii) *Foreign currency risk*

The Company transacts business in various foreign currencies other than the respective functional currencies of the Company and its subsidiary, including Euro (“EUR”), Malaysian ringgit (“MYR”), Hong Kong dollar (“HKD”), Pound Sterling (“GBP”), Thai Baht (“THB”) and United States dollar (“USD”), and hence is exposed to foreign currency risks. These risks are managed either by foreign currency forward contracts in respect of actual or forecast currency exposures or through natural hedges arising from a matching of sales and purchases or a matching of assets and liabilities of the same currency and amount.

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

Sensitivity analysis for foreign currency risk

A 10% strengthen of Singapore Dollar against the following currencies at the end of the reporting period would increase/(decrease) profit or loss, by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Increase/(decrease)	
	2023	2022
	\$	\$
EUR		
Strengthens against SGD	31,598	188,160
Weakens against SGD	(31,598)	(188,160)

Notes to the Financial Statements – 31 December 2023

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk (continued)

	Increase/(decrease)	
	2023	2022
	\$	\$
HKD		
Strengthens against SGD	201,569	–
Weakens against SGD	(201,569)	–
GBP		
Strengthens against SGD	179,059	–
Weakens against SGD	(179,059)	–
MYR		
Strengthens against SGD	239,527	–
Weakens against SGD	(239,527)	–
THB		
Strengthens against SGD	79,515	–
Weakens against SGD	(79,515)	–
USD		
Strengthens against SGD	106,583	5,778
Weakens against SGD	<u>(106,583)</u>	<u>(5,778)</u>

No sensitivity analysis has been prepared for the other currencies as the effect of currency risk is not significant.

21. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The following table summarises the carrying amounts of financial assets and financial liabilities recorded as at the end of the reporting period by FRS 109 categories.

	2023	2022
	\$	\$
<i>Financial assets at amortised cost</i>		
Trade and other receivables	4,068,097	2,419,987
Contract assets	670,930	425,123
Cash and cash equivalents	354,917	510,956
	<u>5,093,944</u>	<u>3,356,066</u>
<i>Financial liabilities at amortised cost</i>		
Trade and other payables	14,492,993	7,205,094
	<u>14,492,993</u>	<u>7,205,094</u>

Notes to the Financial Statements – 31 December 2023

22. FAIR VALUE OF ASSETS AND LIABILITIES

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

The carrying amounts of financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

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

It is not practicable to determine, with sufficient reliability without incurring excessive costs, the fair value of amounts payable from related parties and directors due to the absence of agreed repayment terms between the parties involved.

As at the end of the reporting period, the Company does not have any other financial instruments carried at fair value.

23. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to safeguard the Company's ability to continue as a going concern and to maintain the Company at a net current asset position by means of funding and financial support from the shareholders, in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may acquire further funding from its holding companies and related companies, or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2023 and 2022.

The Company is not subjected to externally-imposed capital requirements.

24. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2023 were authorised for issue in accordance with a directors' resolution which was dated on the same date as the directors' statement.