

**PRIMECH HOLDINGS LIMITED.**  
**(Incorporated in the Republic of Singapore)**  
**AND ITS SUBSIDIARIES**  
**Registration Number (UEN): 202042000N**

**DIRECTORS' STATEMENT AND**  
**FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

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## Directors' Statement

For the financial year ended 31 March 2024

The directors present their statement to the member together with the audited consolidated financial statements of Primech Holdings Limited. (the "Company") and its subsidiaries (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2024.

### 1. Opinion of the directors

In the opinion of the director,

- (a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2024 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

### 2. Directors

The directors of the Company in office during the financial year ended are:

Chan Kai Yue Jason (Appointed on 29 September 2023)  
William Mirecki (Appointed on 29 September 2023)  
Yuen Poi Lam William (Appointed on 29 September 2023)  
Ho Kin Wai  
Sng Yew Jin

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

### 4. 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 (the "Act"), the directors of the Company who held office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations except as stated below:

<u>Name of directors</u>	<u>Direct Interest</u>		<u>Deemed Interest</u>	
	<u>At the beginning of financial year</u>	<u>At the end of financial year</u>	<u>At the beginning of financial year</u>	<u>At the end of financial year</u>
The company <u>Primech Holdings Limited.</u> (Number of ordinary shares)				
Ho Kin Wai	-	-	32,500,000	31,287,500

## Directors' Statement

For the financial year ended 31 March 2024

### 4. Directors' interests in shares or debentures (cont'd)

<u>Name of directors</u>	<u>Direct Interest</u>		<u>Deemed Interest</u>	
	<u>At the beginning of financial year</u>	<u>At the end of financial year</u>	<u>At the beginning of financial year</u>	<u>At the end of financial year</u>
The immediate and ultimate holding company <u>Sapphire Universe Holdings Limited</u> (Number of ordinary shares)				
Ho Kin Wai	-	-	72,750	72,750

### 5. Share options

There were no share options granted during the financial year to subscribe for unissued shares of the Company or any corporations in the Group.

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

There were no unissued shares of the Company or any corporations in the Group under option at the end of the financial year.

### 6. Auditor

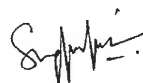
The independent auditor, Paul Wan & Co has expressed its willingness to accept re-appointment as auditor.

On behalf of the Board of Directors



Ho Kin Wai  
Director

02 AUG 2024



Sng Yew Jin  
Director

# Paul Wan & Co

Public Accountants And  
Chartered Accountants of Singapore

Primech Holdings Limited. and its Subsidiaries

## Independent Auditor's Report

For the financial year ended 31 March 2024

### Independent Auditor's Report to the Member of Primech Holdings Limited.

#### Report on the Audit of the Financial Statements

##### *Opinion*

We have audited the financial statements of Primech Holdings Limited. (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 March 2024, the statements of changes in equity of the Group and the Company and the consolidated statement of profit or loss and other comprehensive income, and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

##### *Basis for Opinion*

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

##### *Other Information*

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

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.



# Paul Wan & Co

Public Accountants And  
Chartered Accountants of Singapore

Primech Holdings Limited. and its Subsidiaries

## Independent Auditor's Report

For the financial year ended 31 March 2024

### Report on the Audit of the Financial Statements (cont'd)

#### *Purpose and Restriction on Distribution and Use*

The Financial Statements are prepared solely to assist the members of the Company in preparing their annual return submission. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for members of the Company and should not be distributed to parties other than the members of the Company. Our opinion is not modified in respect of this matter.

#### *Responsibilities of Management and Directors for the Financial Statements*

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

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

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

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional 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.



# Paul Wan & Co

Public Accountants And  
Chartered Accountants of Singapore

Primech Holdings Limited. and its Subsidiaries

## Independent Auditor's Report

For the financial year ended 31 March 2024

### Report on the Audit of the Financial Statements (cont'd)


#### *Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)*

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

### Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

 **PAUL WAN & CO**  
Public Accountants and  
Chartered Accountants

Singapore

**02 AUG 2024**

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Email: pw888@pwco.com.sg Website: www.pwco.com.sg



**Morison Global**  
Independent member

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 March 2024

	Note	2024 S\$	2023 S\$
<b>Revenue</b>	5	97,538,071	94,688,168
Cost of Sales		(80,580,795)	(80,125,767)
<b>Gross Profit</b>		<u>16,957,276</u>	<u>14,562,401</u>
Other operating income	6	340,972	952,121
General and administrative expenses		(22,341,794)	(16,942,779)
Other operating expenses	7	(73,534)	(65,641)
Finance costs	8	(1,389,691)	(992,206)
<b>Loss before tax</b>	9	<u>(6,506,771)</u>	<u>(2,486,104)</u>
Income tax credit	10	54,830	13,893
<b>Loss for the year</b>		<u>(6,451,941)</u>	<u>(2,472,211)</u>
<b>Other comprehensive loss</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Currency translation differences arising from consolidation		(1,104)	(8,572)
<b>Other comprehensive in loss for the year, net of tax</b>		<u>(1,104)</u>	<u>(8,572)</u>
<b>Total comprehensive loss for the year</b>		<u>(6,453,045)</u>	<u>(2,480,783)</u>
<b>Loss attributable to:</b>			
Equity holders of parent		(6,473,590)	(2,450,019)
Non-controlling interests		21,649	(22,192)
		<u>(6,451,941)</u>	<u>(2,472,211)</u>
<b>Total comprehensive loss attributable to:</b>			
Equity holders of parent		(6,474,694)	(2,458,591)
Non-controlling interests		21,649	(22,192)
		<u>(6,453,045)</u>	<u>(2,480,783)</u>

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



**Statements of Financial Position**

As at 31 March 2024

	<u>Note</u>	<u>Group</u> <u>2024</u> S\$	<u>Group</u> <u>2023</u> S\$	<u>Company</u> <u>2024</u> S\$	<u>Company</u> <u>2023</u> S\$
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	11	18,177,240	18,739,925	-	-
Investment in subsidiaries	12	-	-	19,116,089	19,116,088
Intangible assets	13	390,209	390,209	-	-
		<u>18,567,449</u>	<u>19,130,134</u>	<u>19,116,089</u>	<u>19,116,088</u>
<b>Current assets</b>					
Inventories	14	74,433	187,686	-	-
Trade and other receivables	15	31,758,054	24,751,895	3,115,202	776,915
Amount due from subsidiaries	16	-	-	110,000	-
Cash and bank balances	17	10,306,665	12,038,840	245,622	177,143
		<u>42,139,152</u>	<u>36,978,421</u>	<u>3,470,824</u>	<u>954,058</u>
<b>Total assets</b>		<u>60,706,601</u>	<u>56,108,555</u>	<u>22,586,913</u>	<u>20,070,146</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	18	30,668,424	17,136,090	30,668,424	17,136,090
Reserves	19	(1,655,263)	(1,654,159)	-	-
Accumulated losses		(9,386,160)	(2,912,570)	(12,344,529)	(2,815,110)
<b>Equity attributable to equity holders of parent</b>		<u>19,627,001</u>	<u>12,569,361</u>	<u>18,323,895</u>	<u>14,320,980</u>
Non-controlling interests		89,531	67,882	-	-
		<u>19,716,532</u>	<u>12,637,243</u>	<u>18,323,895</u>	<u>14,320,980</u>
<b>Non-current liabilities</b>					
Borrowings	20	7,687,577	9,440,638	-	-
Lease liabilities	21	2,369,302	2,253,148	-	-
Deferred tax liabilities	22	299,188	302,303	-	-
		<u>10,356,067</u>	<u>11,996,089</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>					
Trade and other payables	23	12,663,012	13,481,742	473,797	578,078
Amount due to subsidiaries	16	-	-	3,789,221	5,171,088
Borrowings	20	15,196,529	15,798,400	-	-
Lease liabilities	21	2,774,461	2,195,081	-	-
		<u>30,634,002</u>	<u>31,475,223</u>	<u>4,263,018</u>	<u>5,749,166</u>
<b>Total liabilities</b>		<u>40,990,069</u>	<u>43,471,312</u>	<u>4,263,018</u>	<u>5,749,166</u>
<b>Total equity and liabilities</b>		<u>60,706,601</u>	<u>56,108,555</u>	<u>22,586,913</u>	<u>20,070,146</u>

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

# **Statements of Changes in Equity**

For the financial year ended 31 March 2024

<u>Group</u>	<u>Note</u>	Share capital S\$	Translation reserves S\$	Other reserves S\$	Accumulated losses S\$	Attributable to equity holders of the Company			Non-controlling interests S\$	<u>Total</u> S\$
						Company				
At 1 April 2022		17,136,090	(8,437)	(1,636,956)	(462,551)	15,028,146			90,074	15,118,220
Loss for the year		-	-	-	(2,450,019)	(2,450,019)			(22,192)	(2,472,211)
Other comprehensive loss for the year		-	(8,766)	-	-	(8,766)			-	(8,766)
At 31 March 2023		17,136,090	(17,203)	(1,636,956)	(2,912,570)	12,569,361			67,882	12,637,243
Loss for the year		-	-	-	(6,473,590)	(6,473,590)			21,649	(6,451,941)
Other comprehensive loss for the year		-	(1,104)	-	-	(1,104)			-	(1,104)
Issuance of ordinary shares	18	13,532,334	(1,104)	-	(6,473,590)	(6,474,694)			21,649	(6,453,045)
At 31 March 2024		30,668,424	(18,307)	(1,636,956)	(9,386,160)	19,627,001			89,531	19,716,532

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

# **Statements of Changes in Equity**

For the financial year ended 31 March 2024

<u>Company</u>	<u>Note</u>	Share <u>capital</u> S\$	Accumulated <u>losses</u> S\$	<u>Total</u> S\$
At 1 April 2022		17,136,090	(1,576,993)	15,559,097
Total comprehensive loss for the year		-	(1,238,117)	(1,238,117)
At 31 March 2023		17,136,090	(2,815,110)	14,320,980
Issuance of ordinary shares	18	13,532,334	-	13,532,334
Total comprehensive loss for the year		-	(9,529,419)	(9,529,419)
At 31 March 2024		30,668,424	(12,344,529)	18,323,895

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

# Consolidated Statement of Cash Flows

For the financial year ended 31 March 2024

	Note	2024 S\$	2023 S\$
<b>Cash flows from operating activities</b>			
Loss before tax		(6,506,771)	(2,486,104)
Adjustments for:			
Allowance for impairment of trade receivables	7	20,326	-
Bad debt written off	7	8,627	51,878
Depreciation of property, plant and equipment	11	5,168,613	4,599,346
Impairment loss of property, plant and equipment	11	9,849	-
Gain on disposal of property, plant and equipment	6	(23,481)	(260,243)
Interest expenses	8	1,389,691	992,206
Interest income	6	(7,508)	(6,748)
Property, plant and equipment written off	7	5,492	5,216
Reversal of impairment of doubtful debt	6	-	(79,799)
Unrealised exchange losses		23,324	21,345
		88,162	2,837,097
Changes in working capital:			
Inventories		113,253	7,437
Trade and other receivables		(7,042,408)	(6,051,843)
Trade and other payables		(818,730)	2,377,430
<b>Cash used in operations</b>		(7,659,723)	(829,879)
Interest paid		(340,476)	(438,758)
Income tax refund/(paid)		51,715	(41,132)
<b>Net cash used in operating activities</b>		(7,948,484)	(1,309,769)
<b>Cash flows from investing activities</b>			
Amounts due from related parties		-	657
Acquisition of property, plant and equipment		(990,000)	(2,608,150)
Proceeds from disposal of property, plant and equipment		136,663	1,302,865
Interest received		7,508	6,748
<b>Net cash used in investing activities</b>		(845,829)	(1,297,880)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		1,899,618	4,200,100
Repayment of bank borrowings		(2,749,221)	(2,151,858)
Repayment of lease liabilities		(3,299,905)	(3,325,372)
Decrease of pledged fixed deposits		55,938	101,824
Issuance of ordinary shares		13,532,334	-
Dividend paid		-	(428,410)
<b>Net cash generated from/(used in) financing activities</b>		9,438,764	(1,603,716)
<b>Net change in cash and cash equivalents</b>		644,451	(4,211,365)
Effect of exchange rate changes on balances held in foreign currency		(16,675)	-
Cash and cash equivalents at the beginning of year		(544,855)	3,666,510
<b>Cash and cash equivalents at the end of year</b>	17	82,921	(544,855)

**Consolidated Statement of Cash Flows**  
For the financial year ended 31 March 2024

Reconciliation of liabilities arising from financing activities

	1 April 2023 S\$	Proceeds from borrowings S\$	Principal and interest payments S\$	Interest expense S\$	Non-cash changes			31 March 2024 S\$
					Addition S\$	Lease modification S\$	Lease written off S\$	
Lease liabilities	4,448,229	-	(3,299,905)	250,532	4,077,078	-	(332,171)	5,143,763
Bank borrowings	15,085,607	1,899,618	(2,749,221)	798,683	-	-	-	15,034,687

	1 April 2022 S\$	Proceeds from borrowings S\$	Principal and interest payments S\$	Interest expense S\$	Non-cash changes			31 March 2023 S\$
					Addition S\$	Lease modification S\$	Due to acquisition/ restructuring S\$	
Lease liabilities	2,838,498	-	(3,325,372)	175,260	4,759,842	-	-	4,448,228
Bank borrowings	12,659,177	4,200,100	(2,151,858)	378,188	-	-	-	15,085,607

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

## Notes to the Financial Statements

For the financial year ended 31 March 2024

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

### 1. Corporate information

Primech Holdings Limited (the “Company”) is incorporated and domiciled in Singapore on 29 December 2020 as a private company limited by shares under the name “Primech Holdings Pte Ltd” with its registered office and principal place of business at 25 Ubi Crescent, Singapore 408579. On 11 May 2023, the Company changed its name to “Primech Holdings Limited” in connection with its proposed initial public offering on the NASDAQ Stock Market LLC (“NASDAQ”). The Company listed on NASDAQ on 10 Oct 2023.

The principal activities of the Company are that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements.

The immediate holding company and ultimate holding company is Sapphire Universe Holdings Limited, a company incorporated in British Virgin Islands.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended 31 March 2024 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on the date of the Directors’ Statement.

### 2. Restructuring exercise

In November 2021, a restructuring exercise was undertaken by the Company to consolidate the business activities of the Group by acquiring 100% of the equity interest of Primech A&P Pte. Ltd. and its subsidiary, Acteef Cleaning Specialists Pte. Ltd., My All Services Sdn. Bhd., Maint-Kleen Pte Ltd, and Homehelpy Pte Ltd at a total consideration of S\$17,136,088, which was determined based on the historical carrying value of the respective entities as at 31 March 2021.

The restructuring exercise involves a combination of entities under common control since the Company and those companies acquired are controlled majority by the common shareholders. Accordingly, the above restructuring exercise is considered to be acquisitions of equity interests of the subsidiaries under common control and have been accounted for in a manner similar to the merger accounting method. The Group is deemed to have existed since the beginning of the earliest period, although the legal parent-subsidiary relationship was not established until after 1 April 2021.

Accordingly, the assets and liabilities of the subsidiaries have been included in the consolidated financial statements at their historical carrying amounts. The consolidated financial statements present the financial condition, results of operations and cash flows as if the restructuring has occurred as of the beginning of the year. No adjustments are made to reflect fair values or recognise any new assets or liabilities as a result of the restructuring exercise.

All intra-group transactions and balances have been eliminated on combination.

## Notes to the Financial Statements

For the financial year ended 31 March 2024

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### 3. Material accounting policy information

#### 3.1 Basis of preparation

The consolidated financial statements of the Group have been drawn up in accordance with Financial Reporting Standards in Singapore (“FRSs”). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollar (“S\$”), which is the Company’s functional currency and the presentation currency for the consolidated financial statements.

#### 3.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group 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 Group.

#### 3.3 Standards issued but not yet effective

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

The directors expect that the adoption of these new and amended standards will have no material impact on the financial statements in the year of initial application.

#### 3.4 Foreign currency transactions and translation

##### Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate (the “functional currency”). The consolidated financial statements are presented in Singapore dollar (“S\$”), which is the Company’s functional currency and Group’s presentation currency.

##### 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 the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign entities which are taken to currency translation reserve; and monetary items that form part of the Group’s net investment in foreign subsidiaries, which are recognised initially in a separate component of equity as currency translation reserve in the consolidated statement of financial position and recognised in profit or loss on disposal of the subsidiary.

Currency translation differences on non-monetary items are reported as part of the fair value gain or loss. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

## Notes to the Financial Statements

For the financial year ended 31 March 2024

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### 3. Material accounting policy information (cont'd)

#### 3.4 Foreign currency transactions and translation (cont'd)

##### Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of reporting period;
- (ii) Income and expenses are translated at average rates (unless this 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 the transactions); and
- (iii) All resulting exchange differences are taken to the foreign currency translation reserves within other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

##### Consolidation adjustments

On consolidation, currency translation differences arising from the net investment in foreign entities are taken to the currency translation reserve. When a foreign operation is disposed, such currency translation differences are recognised in profit or loss as part of the gain or loss on disposal.

#### 3.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from its involvement with the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which the Group obtains control over the investee and cease from consolidation when the control is lost. Control is reassessed whenever the facts and circumstances indicate that they may be a change in the elements of control.

All intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides an impairment indicator of the transferred asset.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

In the separate financial statements of the Company, investment in subsidiaries is carried at cost, less any impairment loss that has been recognised in profit or loss.



## Notes to the Financial Statements

For the financial year ended 31 March 2024

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### 3. Material accounting policy information (cont'd)

#### 3.5 Basis of consolidation (cont'd)

##### Non-controlling interests

Non-controlling interests represents the equity in subsidiaries which is not attributable directly or indirectly to the equity owners of the parent. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

#### 3.6 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration transferred also includes any contingent consideration measured at the fair value at the acquisition date. Subsequent changes in fair value of contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 *Business Combinations* are recognised at their fair value at the acquisition date.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amount arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

## Notes to the Financial Statements

For the financial year ended 31 March 2024

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### 3. Material accounting policy information (cont'd)

#### 3.6 Business combinations (cont'd)

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

If, after reassessment, the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase.

#### Acquisition under common control

Business combination arising from transfers of interest in entities that are under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. For this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously and no adjustments are made to reflect the fair values or recognised any new assets or liabilities, including no goodwill is recognised as a result of the combination. The components of equity of the acquired entities are added to the same components within the Group's equity. Any difference between the cash paid for the acquisition and share capital of acquiree is recognised directly to equity as merger reserve.

#### 3.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs 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. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The annual rates of depreciation are as follows:

	<u>Useful lives</u>
Leasehold property	over lease terms
Cleaning equipment & machinery	5 years
Office equipment & furniture	5 years
Computer & software	3 – 5 years
Renovation	10 years
Motor vehicles	5 – 10 years

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

## Notes to the Financial Statements

For the financial year ended 31 March 2024

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### 3. Material accounting policy information (cont'd)

#### 3.7 Property, plant and equipment (cont'd)

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

#### 3.8 Goodwill

Goodwill on acquisition of subsidiary corporations and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired.

Goodwill on subsidiary is recognised separately as intangible assets. Goodwill is initially recognised at cost and subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

#### 3.9 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

## Notes to the Financial Statements

For the financial year ended 31 March 2024

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### 3. Material accounting policy information (cont'd)

#### 3.10 Subsidiaries

Subsidiaries are entities (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.

Investment in subsidiaries is carried at cost less accumulated impairment losses in the Company's statement of financial position.

#### 3.11 Investment properties

Investment properties are properties that are either owned by the Group or right-of-use assets that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

#### 3.12 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of asses. Where the carrying amount of an asset or cash-generating unit exceed its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

## Notes to the Financial Statements

For the financial year ended 31 March 2024

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### 3. Material accounting policy information (cont'd)

#### 3.13 Financial instruments

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

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amount 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 Group's 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 amortised cost, fair value through other comprehensive income ("FVOCI") and FVPL. The Group has debt instruments at amortised cost and at FVPL.

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

##### Investments in equity instruments

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

## Notes to the Financial Statements

For the financial year ended 31 March 2024

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### 3. Material accounting policy information (cont'd)

#### 3.13 Financial instruments (cont'd)

##### Financial assets (cont'd)

##### Derecognition

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

##### Financial liabilities

##### Initial recognition and measurement

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

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

##### Subsequent measurement

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

##### Derecognition

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

##### Offsetting of financial instruments

A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, an entity:

- (a) currently has a legally enforceable right to set off the recognised amount; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## Notes to the Financial Statements

For the financial year ended 31 March 2024

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### 3. Material accounting policy information (cont'd)

#### 3.14 Impairment of financial assets

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

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

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

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group 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 Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than 60 days past due.

The Group considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amount in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### 3.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group’s cash management.

## Notes to the Financial Statements

For the financial year ended 31 March 2024

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### 3. Material accounting policy information (cont'd)

#### 3.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in first-out method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

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

#### 3.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that 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.

#### 3.18 Government grants

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

When the grant relates to an expense item, it is deduction to the respective expenses on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the consolidated statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

#### 3.19 Borrowing costs

All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred.



## Notes to the Financial Statements

For the financial year ended 31 March 2024

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### 3. Material accounting policy information (cont'd)

#### 3.19 Borrowing costs (cont'd)

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date. When an entity breaches an undertaking under a long-term loan agreement on or before the reporting date with the effect that the liability becomes payable on demand, the liability is classified as current, even if the lender has agreed, after the reporting date and before the authorisation of the consolidated financial statements for issue, not to demand payment as a consequence of the breach. The liability is classified as current because, at the reporting date, the entity does not have an unconditional right to defer its settlement for at least twelve months after that date.

Where the entity expects, and has the discretion, to re-finance or roll over an obligation for at least 12 months after the reporting period under an existing loan facility with the same lender, the liability is classified as non-current.

#### 3.20 Employee benefit

##### Defined contribution plan

The Group makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

##### 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 if the Group 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.

#### 3.21 Leases

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

##### As lessee

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

## Notes to the Financial Statements

For the financial year ended 31 March 2024

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### 3. Material accounting policy information (cont'd)

#### 3.21 Leases (cont'd)

##### Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any 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 shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 3.12. The Group's right-of-use assets are presented within property, plant and equipment (Note 11).

##### Lease liabilities

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

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is 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.

The Group's lease liabilities are disclosed in Note 21.

##### Short-term leases and leases of low-value assets

The Group 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.

## Notes to the Financial Statements

For the financial year ended 31 March 2024

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### 3. Material accounting policy information (cont'd)

#### 3.21 Leases (cont'd)

##### As lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on the Group's properties is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

#### 3.22 Revenue

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

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

##### Recurring service income

Revenue from service income is recognised on a periodic basis over the term of the service contract. Ad-hoc service income is recognised upon the performance of the services and acceptance by customers.

##### Rental income and management income

Rental income and management income are recognised over the period in which the services are rendered.

##### Interest income

Interest income is accrued on a time-apportionment basis using the effective interest method.

##### Revenue from sales of goods

The Company sells cleaning material.

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The goods are often sold with a right of return and with retrospective volume rebates based on the aggregate sales over a period of time.

## Notes to the Financial Statements

For the financial year ended 31 March 2024

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### 3. Material accounting policy information (cont'd)

#### 3.22 Revenue (cont'd)

##### Revenue from sales of goods (cont'd)

The amount of revenue recognised is based on the transaction price, which comprises the contractual price, net of the estimated volume rebates and adjusted for expected returns. Based on the Company's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is a highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Company recognises the expected volume rebates payable to customer where consideration have been received from customers and refunds due to expected returns from customers as refund liabilities. Separately, the Company recognises a related asset for the right to recover the returned goods, based on the former carrying amount of the good less expected costs to recover the goods, and adjust them against cost of sales correspondingly.

At the end of each reporting date, the Company updates its assessment of the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained. The corresponding amounts are adjusted against revenue in the period in which the transaction price changes. The Company also updates its measurement of the asset for the right to recover returned goods for changes in its expectations about returned goods.

#### 3.23 Taxes

##### 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 reporting date.

Current income taxes are recognised in profit or loss except to the extent that the 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.

##### Deferred tax

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

## Notes to the Financial Statements

For the financial year ended 31 March 2024

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### 3. Material accounting policy information (cont'd)

#### 3.23 Taxes (cont'd)

##### Deferred tax (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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 by the end of the reporting period.

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

##### Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of sales tax except:

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

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

#### 3.24 Share capital

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

#### 3.25 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 Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group.

## Notes to the Financial Statements

For the financial year ended 31 March 2024

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### 3. Material accounting policy information (cont'd)

#### 3.25 Related parties (cont'd)

- (b) An entity is related to the Group if any of the following conditions applies:
- (i) the entity and the Group 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 Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
  - (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 Group or to the parent of the Group.

#### 3.26 Dividends

Interim dividends are recorded in the financial year in which they are declared and payable. Final dividends are recorded in the financial year in which the dividends are approved by shareholders.

#### 3.27 Non-current assets held-for-sale

Non-current assets are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

### 4. Significant accounting judgements and estimates

The preparation of the Group's and the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. 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.

## Notes to the Financial Statements

For the financial year ended 31 March 2024

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### 4. Significant accounting judgements and estimates (cont'd)

#### 4.1 Judgments made in applying accounting policies

##### Impairment of investment in subsidiaries

The Company follow the guidance of FRS36 on determining whether investment in subsidiaries are impaired. This determination requires significant judgement. The Company evaluate, among other factors, the duration and extent to which the fair value of investment in subsidiaries are less than its cost and the financial health of and near-term business outlook for investment in subsidiaries, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

#### 4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group and 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 Group and the Company. Such changes are reflected in the assumptions when they occur.

##### Provision for expected credit loss on trade receivables

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

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast of economic conditions. The Group 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 Group's trade receivables is disclosed in Note 15.

The carrying amount of the Group's trade receivables as at 31 March 2024 is disclosed in Note 15 to the financial statements.

##### Impairment of goodwill

The recoverable amounts of the cash generating units which goodwill has been allocated to are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The carrying amounts of the goodwill and key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and future explained in Note 13 to the financial statements.

## Notes to the Financial Statements

For the financial year ended 31 March 2024

### 4. Significant accounting judgements and estimates (cont'd)

#### 4.2 Key sources of estimation uncertainty (cont'd)

##### Useful life of property, plant and equipment

The management exercises their judgement in estimating the useful lives and residual values of the depreciable assets. The estimated useful lives reflect management's estimate of the period that the Group intends to derive future economic benefits from the use of the depreciable asset. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, and therefore future depreciation charges could be revised. The carrying amounts of property, plant and equipment are disclosed in the Note 11 to the financial statements.

### 5. Revenue

#### Disaggregation of revenue

	<u>Group</u> <u>2024</u>	<u>Group</u> <u>2023</u>	<u>Company</u> <u>2024</u>	<u>Company</u> <u>2023</u>
	S\$	S\$	S\$	S\$
Sales of goods	477,189	684,423	-	-
Services rendered	97,060,882	94,003,745	-	-
	<u>97,538,071</u>	<u>94,688,168</u>	<u>-</u>	<u>-</u>

	<u>Group</u> <u>2024</u>	<u>Group</u> <u>2023</u>	<u>Company</u> <u>2024</u>	<u>Company</u> <u>2023</u>
	S\$	S\$	S\$	S\$

#### Timing of transfer of good or service

Over time	95,571,873	93,956,138	-	-
At a point in time	1,966,198	732,030	-	-
	<u>97,538,071</u>	<u>94,688,168</u>	<u>-</u>	<u>-</u>

Contract assets amounted to S\$5,482,460 (2023: S\$4,751,051) relate to the Group's rights to consideration for work completed but not billed at the reporting date for services rendered. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

#### Transaction price allocated to remaining performance obligations

Management expects that the transactions price allocated to remaining unsatisfied (or partially unsatisfied) performance obligations as at 31 March 2024 and 2023 may be recognized as revenue in the next reporting periods as follows:

	<u>Group</u> <u>2024</u>	<u>Group</u> <u>2023</u>
	S\$	S\$
Unsatisfied and partially unsatisfied performance obligation	<u>194,585,955</u>	<u>155,633,208</u>



## Notes to the Financial Statements

For the financial year ended 31 March 2024

### 6. Other operating income

	<u>Group</u> <u>2024</u>	<u>Group</u> <u>2023</u>
	S\$	S\$
Gain on disposal of property, plant and equipment	23,481	260,243
Government grant	248,408	148,848
Interest on bank deposits	7,508	6,748
Miscellaneous	57,724	203,448
Bad debt recovery	3,851	-
Performance bonus by customer	-	20,479
Recharge of license fee to related party	-	134,400
Recharge to sub-contractor	-	98,156
Reversal of impairment of doubtful debt	-	79,799
	<u>340,972</u>	<u>952,121</u>

### 7. Other operating expenses

	<u>Group</u> <u>2024</u>	<u>Group</u> <u>2023</u>
	S\$	S\$
Allowance for doubtful debt	20,326	-
Bad debt written off	8,627	51,878
Net foreign exchange loss	29,240	8,547
Impairment loss on property, plant and equipment	9,849	-
Property, plant and equipment written off	5,492	5,216
	<u>73,534</u>	<u>65,641</u>

### 8. Finance costs

	<u>Group</u> <u>2024</u>	<u>Group</u> <u>2023</u>
	S\$	S\$
Factoring charges	305,174	182,710
Lease interest	250,532	175,260
Bank loan interest	493,509	378,188
Bank overdraft interest	340,476	256,048
	<u>1,389,691</u>	<u>992,206</u>

### 9. Loss before tax

Loss before tax is arrived at after charging:

	<u>Group</u> <u>2024</u>	<u>Group</u> <u>2023</u>
	S\$	S\$
Depreciation of property, plant and equipment	5,168,613	4,599,346
Directors' remuneration	2,524,511	1,571,239
Legal and professional fees	296,564	410,728
Employee benefits expense:		
- Salaries, bonuses and other costs	74,192,318	69,910,526
- Contributions to Central Provident Fund	5,257,754	5,616,429
- Post Combination Compensation	1,200,000	-
	<u>82,639,759</u>	<u>81,107,748</u>

## Notes to the Financial Statements

For the financial year ended 31 March 2024

### 10. Income tax credit

The major components of income tax credit recognised in profit or loss for the years ended 31 March 2024 and 2023 were:

	<u>Group</u> <u>2024</u> S\$	<u>Group</u> <u>2023</u> S\$
<u>Current income tax</u>		
- Current year	-	-
- Over provision in respect of prior years	(51,715)	(10,891)
	(51,715)	(10,891)
<u>Deferred income tax</u> (Note 22)		
- Current year	-	(4,161)
- (Over)/under provision in respect of prior years	(3,115)	1,159
Income tax expenses recognised in profit or loss	(54,830)	(13,893)

#### Relationship between tax credit and accounting loss

The reconciliation between tax credit and the product of accounting loss multiplied by the applicable tax rate for the financial years ended 31 March 2024 and 2023 were as follows:

	<u>Group</u> <u>2024</u> S\$	<u>Group</u> <u>2023</u> S\$
Loss before tax	(6,506,771)	(2,486,104)
Tax at the applicable tax rate 17%	(1,106,151)	(422,637)
Different tax rate in other countries	(5,863)	(8,662)
Income not subject to tax	(515,993)	(1,096,869)
Expenses not deductible for tax purposes	1,335,148	1,190,678
Tax exemptions and rebates	(253,111)	(23,006)
Deferred tax assets not recognised	521,043	356,334
Utilisation of deferred tax assets previously not recognised	(53,009)	-
Over provision of income tax in respect of prior years	(51,715)	(10,891)
(Over)/under provision of deferred tax in respect of prior years	(3,115)	1,160
Others	77,936	-
Income tax expenses recognised in profit or loss	(54,830)	(13,893)

## Notes to the Financial Statements

For the financial year ended 31 March 2024

### 11. Property, plant and equipment

Group	Leasehold property S\$	Cleaning equipment & machinery S\$	Office equipment & furniture S\$	Computer & software S\$	Renovation S\$	Motor vehicles S\$	Total S\$
<b>Cost</b>							
At 1 April 2022	12,999,865	7,636,437	1,531,121	1,359,199	1,059,046	2,625,440	27,211,108
Additions	3,019,212	2,373,760	149,465	37,754	-	1,787,801	7,367,992
Written off	-	(9,323)	-	-	(17,880)	-	(27,203)
Disposal/Derecognition	(2,085,087)	(6,800)	(94,532)	-	-	(1,632,967)	(3,819,386)
Translation difference	-	5,354	353	84	-	-	5,791
At 31 March 2023	13,933,990	9,999,428	1,586,407	1,397,037	1,041,166	2,780,274	30,738,302
Additions	3,120,057	668,784	1,119	162,812	40,290	1,072,033	5,065,095
Written off	-	(1,217,970)	(22,604)	(51,948)	-	-	(1,292,522)
Disposal/Derecognition	(2,060,963)	(144,087)	-	-	-	(192,228)	(2,397,278)
Translation difference	-	(3,230)	(259)	(62)	-	-	(3,551)
At 31 March 2024	14,993,084	9,302,925	1,564,663	1,507,839	1,081,456	3,660,079	32,110,046

**Notes to the Financial Statements**

For the financial year ended 31 March 2024

**11. Property, plant and equipment (cont'd)**

	Leasehold property S\$	Cleaning equipment & machinery S\$	Office equipment & furniture S\$	Computer & software S\$	Renovation S\$	Motor vehicles S\$	Total S\$
<b>Accumulated depreciation</b>							
At 1 April 2022	2,126,932	5,734,470	595,425	666,383	103,374	963,082	10,189,666
Charges for the year	2,404,461	1,060,539	263,177	370,468	109,555	391,146	4,599,346
Written off	-	(9,226)	-	-	(12,761)	-	(21,987)
Disposal	(1,977,311)	(6,800)	(94,532)	-	-	(698,121)	(2,776,764)
Translation difference	-	7,722	353	41	-	-	8,116
At 31 March 2023	2,554,082	6,786,705	764,423	1,036,892	200,168	656,107	11,998,377
Charges for the year	2,750,693	1,166,885	217,932	345,152	106,914	581,037	5,168,613
Written off	-	(1,214,203)	(22,605)	(50,222)	-	-	(1,287,030)
Disposal	(1,776,810)	(99,218)	-	-	-	(77,881)	(1,953,909)
Translation difference	-	(2,647)	(259)	(43)	-	-	(2,949)
At 31 March 2024	3,527,965	6,637,522	959,491	1,331,779	307,082	1,159,263	13,923,102
<b>Accumulated impairment</b>							
At 1 April 2022 and 31 March 2023	-	-	-	-	-	-	-
Impairment loss for the year	-	9,849	-	-	-	-	9,849
Translation difference	-	(145)	-	-	-	-	(145)
At 31 March 2024	-	9,704	-	-	-	-	9,704
<b>Carrying amount</b>							
At 31 March 2024	11,465,119	2,655,699	605,172	176,060	774,374	2,500,816	18,177,240
At 31 March 2023	11,379,908	3,212,723	821,984	360,145	840,998	2,124,167	18,739,925

## Notes to the Financial Statements

For the financial year ended 31 March 2024

### 11. Property, plant and equipment (cont'd)

The leasehold properties are mortgaged to secure banking borrowings granted to the Group (Note 20).

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 21.

### 12. Investment in subsidiaries

	<u>Company</u> <u>2024</u> S\$	<u>Company</u> <u>2023</u> S\$
<u>Unquoted equity shares, at cost</u>		
At the beginning of year	19,116,088	19,116,088
Additions due to acquisition	1	-
At the end of year	19,116,089	19,116,088
Less: Allowance for impairment loss	-	-
	19,116,089	19,116,088

The details of the subsidiaries as at 31 March 2024 are as follows:

<u>Name of subsidiaries</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Percentage of equity held</u> <u>2024</u> %	<u>Percentage of equity held</u> <u>2023</u> %
<u>Held by the Company</u>				
Primech A&P Pte Ltd #	General cleaning services	Singapore	100	100
Acteef Cleaning Specialists Pte Ltd #	General cleaning services	Singapore	100	100
HomeHelpy Singapore Pte Ltd #	General cleaning and conservancy services	Singapore	100	100
Maint-Kleen Pte. Ltd #	General cleaning services	Singapore	100	100
CSG Industries Pte Ltd	Manufacturing and trading of chemical products	Singapore	80	80
Princeton International (S) Pte Ltd	Trading of cleaning products and hygiene management services	Singapore	100	100
Primech AI Holdings Limited	Investment holding	British Virgin Islands	100	-
<u>Held by Primech AI Holdings Limited</u>				
<u>Primech AI Investments Limited ###</u>	Investment holding	British Virgin Islands	100	-
<u>Held by Primech A&amp;P Pte Ltd</u>				
<u>My All Services Sdn Bhd #</u>	General cleaning services	Malaysia	100	100

The above subsidiaries are audited by Paul Wan & Co, a member firm of Morison Global, except for My All Services Sdn Bhd was audited by Morison LC PLT, a member firm of Morison Global.

## Notes to the Financial Statements

For the financial year ended 31 March 2024

### 12. Investment in subsidiaries (cont'd)

On 1 April 2021, the companies acquired 80% interest in CSG Industries Pte. Ltd from third party at consideration of S\$ 880,000 and acquired 100% interest in Princheston International (S) Pte. Ltd. from its related party at consideration of S\$ 1,100,000.

# These subsidiaries were acquired pursuant to the restructuring at consideration of S\$17,136,088 (Note 2)

## Incorporated on 28 March 2024 with paid-up share capital of US\$ 1.00

### Incorporated on 28 March 2024 with paid-up share capital of US\$ 100.00

### 13. Intangible assets

<u>Group</u>	<u>Goodwill</u> <u>2024</u> S\$	<u>Goodwill</u> <u>2023</u> S\$
<b>Cost</b>		
At the beginning and end of the year	390,209	390,209

#### Impairment testing of goodwill

Goodwill arose from the acquisition of the Company's subsidiaries being the purchase consideration paid in excess of the fair value of net assets acquired from the subsidiaries, which also represent a cash generating unit ("CGU") for impairment testing. The impairment reviews on the goodwill recognised is done by comparing the recoverable amounts, determined based on value-in-use calculation with the carrying value of the CGU.

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are of growth rates of 0.5% and pre-tax discount rates of 7.25%.

#### Key assumptions used in the value in use calculation

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

*Pre-tax discount rates* – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("WACC"). The WACC takes into account the cost of servicing both components of debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

*Growth rates* – The forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

## Notes to the Financial Statements

For the financial year ended 31 March 2024

### 13. Intangible assets (cont'd)

*Market share assumptions* – These assumptions are important because, as well as using industry data for growth rates (as noted above), management assesses how the CGU's position, relative to its competitors, might change over the budget period. Management expects the Group's share of the electronics markets to be stable over the budget period.

#### Sensitivity to changes in assumptions

With regards to the assessment of value in use for, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the individual unit to materially exceed its recoverable amount.

### 14. Inventories

	<u>Group</u> <u>2024</u> S\$	<u>Group</u> <u>2023</u> S\$
Finished goods, at cost	74,433	187,686
Cost of inventories recognised as an expense in profit or loss	292,381	173,456

### 15. Trade and other receivables

	<u>Group</u> <u>2024</u> S\$	<u>Group</u> <u>2023</u> S\$	<u>Company</u> <u>2024</u> S\$	<u>Company</u> <u>2023</u> S\$
Trade receivables – third party	19,986,962	16,133,051	-	-
Less: Allowance for expected credit losses	(603,456)	(602,659)	-	-
	19,383,506	15,530,392	-	-
Other receivables	2,018,809	2,343,846	-	-
Amount due from subsidiaries	-	-	1,900,000	-
Contract assets	5,482,460	4,748,304	-	-
Deposit	2,447,060	718,510	1,519,589	-
Less: Allowance for expected credit losses	-	-	(1,790,000)	-
	29,331,835	23,341,052	1,629,589	-
Prepayment	2,426,219	2,006	1,595,613	-
Prepayment for listing fees	-	1,408,837	-	776,915
Total trade and other receivables	31,758,054	24,751,895	3,225,202	776,915

Trade receivables are generally on 30 to 90 (2023: 30 to 90) days' credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

**Notes to the Financial Statements**

For the financial year ended 31 March 2024

**15. Trade and other receivables (cont'd)**

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL was as follow:

	<u>Group</u> <u>2024</u>	<u>Group</u> <u>2023</u>	<u>Company</u> <u>2024</u>	<u>Company</u> <u>2023</u>
	S\$	S\$	S\$	S\$
At the beginning of year	602,659	638,362	-	-
Provision for expected credit losses	20,326	51,878	-	-
Written off against previous year allowance	(19,529)	(87,581)	-	-
At the end of year	603,456	602,659	-	-

The Group has factored trade receivables with carrying amount of S\$11,984,675 (2023: S\$7,334,360) to a bank in exchange for cash during the financial year ended 31 March 2024. The transaction has been accounted for as collateralized borrowing as the financial institution has full recourse to the Company in the event of default by the debtor.

The movement in allowance for expected credit losses of other receivables computed based on 12-month ECL was as follow:

	<u>Group</u> <u>2024</u>	<u>Group</u> <u>2023</u>	<u>Company</u> <u>2024</u>	<u>Company</u> <u>2023</u>
	S\$	S\$	S\$	S\$
At the beginning of year	-	-	-	-
Provision for expected credit losses	-	-	1,790,000	-
At the end of year	-	-	1,790,000	-

**16. Amount due from/(to) subsidiaries**

The amount due from/(to) subsidiaries is unsecured, interest free and repayable on demand.

**17. Cash and bank balances**

	<u>Group</u> <u>2024</u>	<u>Group</u> <u>2023</u>	<u>Company</u> <u>2024</u>	<u>Company</u> <u>2023</u>
	S\$	S\$	S\$	S\$
Cash at banks and in hand	7,932,340	9,608,577	245,622	177,143
Short term fixed deposit	2,374,325	2,430,263	-	-
	10,306,665	12,038,840	245,622	177,143
Less: fixed deposit pledged	(2,374,325)	(2,430,264)	-	-
Less: bank overdrafts (Note 20)	(7,849,419)	(10,153,431)	-	-
Cash and cash equivalents in the statement of cash flows	82,921	(544,855)	245,622	177,143

The fixed deposits which have tenors of 1 to 12 months bear interest ranging from 0.05% to 1.00% (2023: 0.05% to 1.00%) per annum.

The factoring loans as disclosed in Note 20 to the financial statements and other banking facilities are secured by fixed deposits, and joint and several personal guarantees from a director of the Company and a shareholder of the ultimate holding company.



## Notes to the Financial Statements

For the financial year ended 31 March 2024

### 18. Share capital

	<u>Company</u> <u>2024</u>	<u>Company</u> <u>2023</u>	<u>Company</u> <u>2024</u>	<u>Company</u> <u>2023</u>
	Number of ordinary shares	Number of ordinary shares	S\$	S\$
<u>Issued and fully paid ordinary shares</u>				
At the beginning of year	32,500,000	32,500,000	17,136,090	17,136,090
New issuance	3,050,000	-	13,532,334	-
At the end of year	35,550,000	32,500,000	30,668,424	17,136,090

Pursuant to the restructuring exercise in Note 2, the Company issued 32,499,998 ordinary shares for consideration of S\$17,136,088 for acquisition of subsidiaries.

The company was listed on NASDAQ in October 2023 and issued 3,050,000 new ordinary shares under placement shares for a consideration of US\$12,200,000 (equivalent to S\$16,650,560), less transaction costs of US\$2,284,749 (equivalent to S\$3,118,226).

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

### 19. Reserves

	<u>Group</u> <u>2024</u>	<u>Group</u> <u>2023</u>
	S\$	S\$
Translation reserve	18,307	17,203
Merger reserve	749,940	749,940
Other reserve	887,016	887,016
	<u>1,655,263</u>	<u>1,654,159</u>

The translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

As part of the restructuring exercise (Note 2), the Company acquired the subsidiaries under common control of the controlling shareholders for a consideration of S\$17,136,088. The consideration amount was converted into new ordinary shares of the company on 22 November 2021.

Merger reserve represents the difference between the consideration and the net assets of a subsidiary acquired under common control that was accounted for by applying the "pooling-of-interest" method.

Other reserves represent the difference between the consideration and the aggregate book value of identifiable assets and liabilities acquired at date of acquisition on entities control by a controlling shareholder.

## Notes to the Financial Statements

For the financial year ended 31 March 2024

### 20. Borrowings

	<u>Group</u> <u>2024</u> S\$	<u>Group</u> <u>2023</u> S\$	<u>Company</u> <u>2024</u> S\$	<u>Company</u> <u>2023</u> S\$
<u>Non-current</u>				
Bank borrowings	7,687,577	9,440,638	-	-
<u>Current</u>				
Bank borrowings	1,979,722	1,847,199	-	-
Bank overdraft	7,849,419	10,153,431	-	-
Factoring loans	5,367,388	3,797,770	-	-
	15,196,529	15,798,400	-	-
Total borrowings	22,884,106	25,239,038	-	-

#### Factoring loans and bank overdraft

The factoring loans with recourse granted by a financial institution to the Group and the Company. The bank overdraft balance bears interest at 0% to 1.5% per annum below the bank's prime lending rate as published from time to time. The factoring loans are secured by:

- corporate guarantee by ultimate holding company, Sapphire Universe Holdings Limited;
- joint and several personal guarantee from a director for the Company and a shareholder of ultimate holding company;
- All-monies debenture over all present and future assets;
- fixed deposit of S\$2,374,325; and
- fresh security over receivables from the Subsidiaries.

The factoring loans have a maturity ranging from 67 days to 120 days from the invoice date and bear interest at 2% to 3% per annum over the Bank's Cost of Funds (2023: 3% per annum over the bank's Cost of Funds) as conclusively determined by the bank from time to time.

#### Term loans

The term loans are secured by:

- corporate guarantee by ultimate holding company, Sapphire Universe Holdings Limited;
- joint and several personal guarantee from subsidiary's directors and a shareholder of ultimate holding company;
- All-monies debenture over all present and future assets;
- secured over assignment deed and mortgage over the properties' disclosure in Note 11; and
- fixed deposit of S\$2,374,325.

The term loans amount of S\$2.50 million bears interest at 2% of fixed interest rate per annum, amount of S\$6.04 million bears interest at 1.8% per annum above the Singapore Overnight Rate Average (SORA) reference rate, amount of S\$1.05 million bears interest rate at 3% per annum above the Singapore Overnight Rate Average (SORA) reference rate and amount of S\$0.08 million bears interest at 0.75% over the bank's commercial financing rate. The bank's three months Singapore Inter-Bank Offered Rate and bank's commercial financing rate are conclusively determined by the bank from time to time.

## Notes to the Financial Statements

For the financial year ended 31 March 2024

### 21. Leases

#### Group as a lessee

The Group has lease contracts for land, buildings and motor vehicles. The Group's obligations under these leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets. There is lease contract that include extension option which are further discussed below.

The Group also has certain leases with lease terms of 12 months. The Group applies the 'short-term lease' recognition exemptions for these leases.

#### Group as a lessee(cont'd)

#### Carrying amount of right-of-use assets classified within property, plant and equipment

<u>Group</u>	<u>Leasehold buildings</u> S\$	<u>Office equipment</u> S\$	<u>Motor vehicles</u> S\$	<u>Total</u> S\$
At 1 April 2022	1,739,602	121,903	1,393,776	3,255,281
Additions	2,949,330	-	971,868	3,921,198
Disposal	(37,895)	-	-	(37,895)
Depreciation	(2,120,887)	(57,750)	(302,468)	(2,481,105)
At 31 March 2023	2,530,150	64,153	2,063,176	4,657,479
Additions	3,122,039	80,935	1,030,240	4,233,214
Modification	(29,462)	-	(37,400)	(66,862)
Transfer to property, plant and equipment	-	-	(56,702)	(56,702)
Disposal/Derecognition	(256,674)	(22,256)	(114,347)	(393,277)
Depreciation	(2,484,750)	(59,704)	(532,807)	(3,077,261)
At 31 March 2024	2,881,303	63,128	2,352,160	5,296,591

#### Lease liabilities

<u>Group</u>	<u>2024</u> S\$	<u>2023</u> S\$
Current liabilities	2,774,461	2,195,081
Non-current liabilities	2,369,302	2,253,148
	<u>5,143,763</u>	<u>4,448,229</u>

The carrying amounts of lease liability (included under borrowings) and the movements during the year are disclosed elsewhere in the financial statements and the maturity analysis of lease liability is disclosed in Note 29.

#### Amount recognised in profit or loss

	<u>Group</u> <u>2024</u> S\$	<u>Group</u> <u>2023</u> S\$
Depreciation of right-of-use asset	3,077,261	2,481,106
Interest expense on lease liability	250,532	175,260
Lease expense not capitalised in lease liabilities:		
- Expense relating to short-term lease	678,476	714,301
Total amount recognised in profit or loss	<u>4,006,269</u>	<u>3,370,667</u>

## Notes to the Financial Statements

For the financial year ended 31 March 2024

### 21. Leases (cont'd)

#### Total cash outflow

The Group had total cash outflow for leases in 2024 was S\$3,299,905 (2023: S\$3,325,372).

#### Extension options

The Company has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised.

### 22. Deferred tax liabilities

	<u>Group</u> <u>2024</u> S\$	<u>Group</u> <u>2023</u> S\$
At the beginning of year	302,303	305,808
Tax charged to profit or loss (Note 10)	(3,114)	(3,505)
At the end of year	<u>299,189</u>	<u>302,303</u>

Deferred tax liabilities arise mainly as a result of difference between carrying amount and tax written down value of plant and equipment and unabsorbed capital allowances carried forward.

### 23. Trade and other payables

	<u>Group</u> <u>2024</u> S\$	<u>Group</u> <u>2023</u> S\$	<u>Company</u> <u>2024</u> S\$	<u>Company</u> <u>2023</u> S\$
Trade payables	2,284,341	3,522,471	-	-
Other payables	68,140	404,509	31,601	323,212
Amount due to subsidiary	-	-	3,789,221	5,171,087
Accrued operating expenses	7,872,733	7,301,241	277,203	254,867
	<u>10,225,214</u>	<u>11,228,221</u>	<u>4,098,025</u>	<u>5,749,166</u>
GST payables	2,208,965	1,909,662	164,993	-
Deferred grants	228,833	343,859	-	-
Total trade and other payables	<u>12,663,012</u>	<u>13,481,742</u>	<u>4,263,018</u>	<u>5,749,166</u>

Trade payables are non-interest bearing and are normally settled within 30 to 90 (2023: 30 to 90) days.

Non-trade amounts due to a subsidiary and a related party are unsecured, interest-free and are repayable on demand.

## Notes to the Financial Statements

For the financial year ended 31 March 2024

### 24. Significant related party transactions

#### Compensation of key management personnel

	<u>Group</u> <u>2024</u>	<u>Group</u> <u>2023</u>
	S\$	S\$
Salaries and bonuses	2,422,179	3,019,387
Employer's contributions to Central Provident Fund	94,924	142,453
Other short-term benefits	642,033	299,579
	<u>3,159,136</u>	<u>3,461,419</u>

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

### 25. Commitment and contingencies

#### Contingencies

The Group has guaranteed to their clients the performance of cleaning service contracts. No liability is expected to arise.

	<u>Group</u> <u>2024</u>	<u>Group</u> <u>2023</u>
	S\$	S\$
Corporate guarantees provided by bank and financial institution	<u>10,970,856</u>	<u>8,979,261</u>

### 28. Fair value of assets and liabilities

#### Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

## Notes to the Financial Statements

For the financial year ended 31 March 2024

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**28. Fair value of assets and liabilities (cont'd)**

Assets and liabilities not measured at fair value

Cash at bank and other payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

Trade receivables and trade payables

The carrying amount of these receivables and trade payables approximate their fair values as they are subject to normal trade credit terms.

Borrowings

The carrying amounts of borrowings approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

**29. Financial risk management**

The Group's and the Company's activities expose it to a variety of financial risks from its operations. The key financial risks include credit risk, liquidity risk and market risk (including interest rate risk).

The directors review and agree policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Group's and the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

## Notes to the Financial Statements

For the financial year ended 31 March 2024

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### 29. Financial risk management (cont'd)

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

#### Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. The Group and the Company perform ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

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

The Group and the Company have 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 60 days or there is significant difficulty of the counterparty.

To minimise credit risk, the Group and the Company have developed and maintained the Group's and the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Group's and the Company's own trading records to rate its major customers and other debtors. The Group and the Company consider available reasonable and supportive forward-looking information which includes the following indicators:

The Group and 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

The Group and the Company categorise a receivable for potential write-off when a debtor fails to make contractual payments more than 90 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

## Notes to the Financial Statements

For the financial year ended 31 March 2024

### 29. Financial risk management (cont'd)

#### Credit risk (cont'd)

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

Category	Definition of category	Basis for recognition of expected credit losses (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
III	Amount is >60 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

The table below details the credit quality of the Group's and the Company's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

<u>Group</u>	<u>Category</u>	<u>12-month or lifetime ECL</u>	<u>Gross carrying amount</u> S\$	<u>Loss allowance</u> S\$	<u>Net carrying amount</u> S\$
<u>2024</u>					
Trade receivables	Note 1	Lifetime ECL (simplified)	19,986,962	(603,456)	19,383,506
Other receivables	I	12-month ECL	4,465,696	-	4,465,696
				<u>(603,456)</u>	
<u>2023</u>					
Trade receivables	Note 1	Lifetime ECL (simplified)	16,133,051	(602,659)	15,530,392
Other receivables	I	12-month ECL	3,062,356	-	3,062,356
				<u>(602,659)</u>	
<u>Company</u>	<u>Category</u>	<u>12-month or lifetime ECL</u>	<u>Gross carrying amount</u> S\$	<u>Loss allowance</u> S\$	<u>Net carrying amount</u> S\$
<u>2024</u>					
Other receivables	I	12-month ECL	3,550,400	(1,790,000)	1,760,400
<u>2023</u>					
Other receivables	I	12-month ECL	-	-	-



**Notes to the Financial Statements**

For the financial year ended 31 March 2024

**29. Financial risk management (cont'd)**Credit risk (cont'd)Trade receivables (Note 1)

For trade receivables, the Group and the Company have applied the simplified approach in FRS109 to measure the loss allowance at lifetime ECL. The Group and the Company determine the ECL 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 trade receivables is presented based on their past due status in terms of the provision matrix.

Group

	Trade receivables					Total
	Not past due	1 to 30	31 to 60	61 to 90	91 and above	
	S\$	S\$	S\$	S\$	S\$	S\$
<u>2024</u>						
Trade receivables	12,360,133	5,966,958	624,121	398,844	636,906	19,986,962
ECL					(603,456)	(603,456)
						<u>19,383,506</u>
<u>2023</u>						
Trade receivables	8,391,618	5,453,707	911,075	172,130	1,204,521	16,133,051
ECL	-	-	-	-	(602,659)	(602,659)
						<u>15,530,392</u>

Information regarding the loss allowance movement of the Group's trade receivables is disclosed in Note 15.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

Exposure to credit risk

The Group and the Company have no significant concentration of credit risk. The Group and the Company have credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Other receivables

The Group and the Company assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group and the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant except for amount due from subsidiary amount to S\$1,790,000

**Notes to the Financial Statements**

For the financial year ended 31 March 2024

**29. Financial risk management (cont'd)**Liquidity risk

Liquidity risk refers to the risk that the Group and the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of balances with related companies. The Group and the Company finance its working capital requirements through a combination of funds

generated from operations and funding from related companies. The directors are satisfied that funds are available to finance the operations of the Group and the Company.

Analysis of financial instruments by remaining contractual maturities

The table below summaries the maturity profile of the Group's and the Company's financial liabilities at the end of reporting period based on contractual undiscounted repayments obligations.

<u>Group</u>	<u>Within 1 year S\$</u>	<u>Within 2 to 5 years S\$</u>	<u>More than 5 years S\$</u>	<u>Total S\$</u>
<u>2024</u>				
Trade and other payables	10,225,214	-	-	10,225,214
Lease liabilities	2,952,979	2,418,599	68,273	5,439,851
Borrowings	15,255,240	4,099,818	6,566,473	25,921,531
	<u>28,433,433</u>	<u>6,518,417</u>	<u>6,634,746</u>	<u>41,586,596</u>

<u>2023</u>				
Trade and other payables	11,228,221	-	-	11,228,221
Lease liabilities	2,445,371	2,210,101	9,878	4,665,350
Borrowings	16,359,794	6,347,943	7,120,002	29,827,739
	<u>30,033,386</u>	<u>8,558,044</u>	<u>7,129,880</u>	<u>45,721,310</u>

<u>Company</u>	<u>Within 1 year S\$</u>	<u>Total S\$</u>
<u>2024</u>		
Trade and other payables	4,098,025	4,098,025
<u>2023</u>		
Trade and other payables	5,749,166	5,749,166

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

## Notes to the Financial Statements

For the financial year ended 31 March 2024

### 29. Financial risk management (cont'd)

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their cash and cash equivalents and borrowings.

The Group does not expect any significant effect on the Group's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

At the reporting date, if the interest rates had been 50 basis points higher/lower with all other variables held constant, the Group's loss before tax would have been S\$429,781(2023: S\$168,432) higher/lower, arising mainly as a result of higher/lower interest income/expenses on floating rate cash at bank and floating rate bank borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	<u>Group</u> <u>2024</u> S\$	<u>Group</u> <u>2023</u> S\$
<u>Variable rate instruments</u>		
Borrowings	20,384,106	21,489,038

The sensitivity analysis is based on changes in the interest rates of variable rate financial instruments.

### 30. Financial instruments by category

At the reporting date, the aggregate carrying amounts of financial assets at amortised cost and financial liabilities at amortised cost were as follows:

	<u>Group</u> <u>2024</u> S\$	<u>Group</u> <u>2023</u> S\$
Financial assets measured at amortised cost		
Trade and other receivables	23,849,375	18,592,748
Cash and bank balances	10,306,665	12,038,840
Total financial assets measured at amortised cost	34,156,040	30,631,588
Financial liabilities measured at amortised cost		
Trade and other payables	10,225,214	11,228,221
Lease liabilities	5,143,763	4,448,229
Borrowings	22,884,106	25,239,038
Total financial liabilities measured at amortised cost	38,253,083	40,915,488

## Notes to the Financial Statements

For the financial year ended 31 March 2024

### 30. Financial instruments by category (cont'd)

	<u>Company</u> <u>2024</u> S\$	<u>Company</u> <u>2023</u> S\$
Financial assets measured at amortised cost		
Trade and other receivables	1,629,589	-
Cash and bank balances	245,622	177,143
Total financial assets measured at amortised cost	<u>2,006,022</u>	<u>177,143</u>
Financial liabilities measured at amortised cost		
Trade and other payables	4,098,025	5,749,166
Total financial liabilities measured at amortised cost	<u>4,098,025</u>	<u>5,749,166</u>

### 31. Capital management

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Group and the Company comprises issued share capital and retained earnings.

The Group and 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 Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group and the Company is not subject to any externally imposed capital requirements. No changes were made to the objectives, policies or processes during the financial years ended 31 March 2024 and 31 March 2023.

### 32. Events occurring after the reporting period

On 7 May 2024, the company have set up a wholly owned subsidiary, Primech Hong Kong Limited in Hong Kong.

On 29 May 2024, the company have set up a wholly owned subsidiary, Primech AI Pte Ltd in Singapore.

On June 15, 2024, Primech Holdings Ltd. entered into consulting agreements with Jolly Good River Group Limited and Emmet International Ltd. The agreement with Jolly Good River Group Limited, valid from June 15, 2024, to December 14, 2024, involves providing strategic consulting services in exchange for 1,500,000 ordinary shares. Similarly, the agreement with Emmet International Ltd., also valid from June 15, 2024, to December 14, 2024, involves providing market consulting services in exchange for 1,000,000 ordinary shares. These agreements result in the issuance of 2,500,000 ordinary shares, which will be expensed over the term of the agreements.

On 21 June 2024, the company capitalised the loan of S\$24,999 from one of its subsidiaries as fully paid shares at an issue price of S\$1.00 each.