

**AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

MOTHERSON TECHNOLOGY SERVICE SG PTE. LTD.

(Formerly known as Mothersonsumi Infotech and Designs SG Pte. Ltd.)

(Incorporated in Singapore)

Company Registration Number: 201325358G

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

MOTHERSON TECHNOLOGY SERVICE SG PTE. LTD.

(Formerly known as Mothersonsumi Infotech and Designs SG Pte. Ltd.)

(Incorporated in Singapore)

AUDITED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

DIRECTORS

MEHRA DHRUV
KOK YIN KEONG EDDY
BHARAT KUMAR GARG
RAJESH THAKUR
RAJESH SRIVASTAVA

REGISTERED OFFICE

178 PAYA LEBAR ROAD #04-08/09
PAYA LEBAR 178
SINGAPORE 409030

SECRETARY

KOK YIN KEONG EDDY

AUDITORS

REANDA ADEPT PAC

138 CECIL STREET
#06-01
CECIL COURT
SINGAPORE 069538

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MOTHERSON TECHNOLOGY SERVICE SG PTE. LTD.

(Formerly known as Mothersonsumi Infotech and Designs SG Pte. Ltd.)

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited financial statements of MOTHERSON TECHNOLOGY SERVICE SG PTE. LTD. (the "Company") for the financial year ended 31 March 2023.

OPINION OF THE DIRECTORS

In the opinion of the Board of Directors:

- (i) The accompanying financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2023 and the financial performance, changes in equity and cash flows of the Company for the financial year then ended; and
- (ii) 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 as a related party has undertaken not to recall amount due to them within the next 12 months and the immediate holding company has agreed to provide appropriate financial support to the Company as and when required.

DIRECTORS

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

MEHRA DHUV	RAJESH THAKUR
KOK YIN KEONG EDDY	RAJESH SRIVASTAVA
BHARAT KUMAR GARG	

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the register of the directors' shareholdings kept by the Company for the purpose of Section 164 of the Singapore Companies Act 1967, the directors holding office at the end of the financial year had no interests in the share capital and related corporations.

OPTIONS

No option to take up unissued shares of this Company was granted during the financial year.

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

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

MOTHERSON TECHNOLOGY SERVICE SG PTE. LTD.

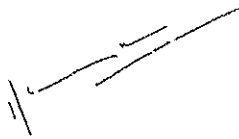
(Formerly known as Mothersonsumi Infotech and Designs SG Pte. Ltd.)

DIRECTORS' STATEMENT (CONT'D)

AUDITORS

REANDA ADEPT PAC have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors



MEHRA DHRUV
Director

Singapore

22 May 2023



KOK YIN KEONG EDDY
Director

MOTHERSON TECHNOLOGY SERVICE SG PTE. LTD.

(Formerly known as Mothersonsumi Infotech and Designs SG Pte. Ltd.)

INDEPENDENT AUDITORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

TO THE MEMBERS OF MOTHERSON TECHNOLOGY SERVICE SG PTE. LTD.

Report on the Audit of the Financial Statements

We have audited the financial statements of MOTHERSON TECHNOLOGY SERVICE SG PTE. LTD. (the "Company") which comprise the statement of financial position as at 31 March 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standard for Small Entities ("SFRS for SE") so as to give a true and fair view of the financial position of the Company as at 31 March 2023 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

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

Material uncertainty related to going concern

We draw attention to Note 2 (b) in the financial statements, which indicates that the Company incurred a net loss of S\$2,262,937 (2022: S\$1,182,831) for the year ended 31 March 2023 and, as of that date, the Company's total liabilities exceeded its total assets by S\$3,814,743 (2022: S\$1,551,805). The financial statements have been prepared on a going concern basis as the related company has undertake not to recall loan amounted to S\$3,461,710 (2022: \$2,996,053) owed to it in the next 12 months and the immediate holding Company has agreed to provide financial support to the Company as and when required. If the financial supports are not forthcoming, the Company may be unable to continue in operational existence for the foreseeable future, then adjustments may need to be made to reflect the situation that the assets may need to be realised other than in the normal course of business and at amount which could differ significantly from amounts stated in the statement of financial position.

These indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

MOTHERSON TECHNOLOGY SERVICE SG PTE. LTD.

(Formerly known as Mothersonsumi Infotech and Designs SG Pte. Ltd.)

INDEPENDENT AUDITORS' REPORT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

TO THE MEMBERS OF MOTHERSON TECHNOLOGY SERVICE SG PTE. LTD. (CONT'D)

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 2.

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high-level 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.

MOTHERSON TECHNOLOGY SERVICE SG PTE. LTD.

(Formerly known as Mothersonsumi Infotech and Designs SG Pte. Ltd.)

INDEPENDENT AUDITORS' REPORT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

TO THE MEMBERS OF MOTHERSON TECHNOLOGY SERVICE SG PTE. LTD. (CONT'D)

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

MOTHERSON TECHNOLOGY SERVICE SG PTE. LTD.

(Formerly known as Mothersonsumi Infotech and Designs SG Pte. Ltd.)

INDEPENDENT AUDITORS' REPORT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

TO THE MEMBERS OF MOTHERSON TECHNOLOGY SERVICE SG PTE. LTD. (CONT'D)

Report on other legal and regulatory requirements

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



REANDA ADEPT PAC

Public Accountants and
Chartered Accountants

Singapore

22 May 2023

MOTHERSON TECHNOLOGY SERVICE SG PTE. LTD.

(Formerly known as Mothersonsumi Infotech and Designs SG Pte. Ltd.)

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	NOTE	2023 S\$	2022 S\$
ASSETS			
Non-current assets			
Plant and equipment	4	7,207	39,933
Investment in subsidiary	5	-	-
		<u>7,207</u>	<u>39,933</u>
Current assets			
Trade and other receivables	6	375,271	89,921
Loan to subsidiary	7	-	1,353,185
Cash and cash equivalents	8	51,031	103,123
		<u>426,302</u>	<u>1,546,229</u>
Total assets		<u>433,509</u>	<u>1,586,162</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	9	1,795,000	1,795,000
Accumulated losses		<u>(5,609,743)</u>	<u>(3,346,806)</u>
		<u>(3,814,743)</u>	<u>(1,551,806)</u>
Non-current liability			
Amount due to a related company	10	<u>3,461,710</u>	<u>2,996,053</u>
		<u>3,461,710</u>	<u>2,996,053</u>
Current liabilities			
Trade and other payables	11	786,542	141,915
Provision for tax		-	-
		<u>786,542</u>	<u>141,915</u>
Net current assets		<u>(360,240)</u>	<u>1,404,314</u>
Total liabilities		<u>4,248,252</u>	<u>3,137,968</u>
Net liabilities		<u>(3,814,743)</u>	<u>(1,551,806)</u>
Total equity and liabilities		<u>433,509</u>	<u>1,586,162</u>

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

MOTHERSON TECHNOLOGY SERVICE SG PTE. LTD.

(Formerly known as Mothersonsumi Infotech and Designs SG Pte. Ltd.)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	NOTE	2023 S\$	2022 S\$
REVENUE			
Service income		836,025	225,310
Other income	12	460,672	147,662
		<u>1,296,697</u>	<u>372,972</u>
Purchases		(696,099)	(199,504)
Employee benefits expense		(1,061,216)	(1,062,276)
Other operating expenses		<u>(1,808,780)</u>	<u>(294,023)</u>
		<u>(3,566,095)</u>	<u>(1,555,803)</u>
LOSS BEFORE TAX	13	(2,269,398)	(1,182,831)
Income tax refund	14	6,461	-
LOSS, NET OF TAX		<u>(2,262,937)</u>	<u>(1,182,831)</u>

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

MOTHERSON TECHNOLOGY SERVICE SG PTE. LTD.

(Formerly known as Mothersonsumi Infotech and Designs SG Pte. Ltd.)

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	SHARE CAPITAL S\$	ACCUMULATED LOSSES S\$	TOTAL S\$
Balance as at 1 April 2021	1,795,000	(2,163,975)	(368,975)
Loss for the year, representing total comprehensive loss for the year	-	(1,182,831)	(1,182,831)
Balance as at 31 March 2022	1,795,000	(3,346,806)	(1,551,806)
Balance as at 1 April 2022	1,795,000	(3,346,806)	(1,551,806)
Loss for the year, representing total comprehensive loss for the year	-	(2,262,937)	(2,262,937)
Balance as at 31 March 2023	1,795,000	(5,609,743)	(3,814,743)

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

MOTHERSON TECHNOLOGY SERVICE SG PTE. LTD.

(Formerly known as Mothersonsumi Infotech and Designs SG Pte. Ltd.)

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	NOTE	2023 S\$	2022 S\$
Cash flows from operating activities			
Loss before income tax from continuing operations		(2,269,398)	(1,182,831)
<u>Adjustments for:</u>			
Depreciation expense	4	32,726	30,143
Impairment loss on loan to subsidiary	7	1,426,254	-
Interest income	12	(73,069)	(56,303)
Operating cash flow before working capital changes		(883,487)	(1,208,991)
<u>Changes in working capital:</u>			
(Increased)/decrease in trade and other receivables		(285,350)	49,393
Amount due to holding company		193,242	69,125
Amount due to a related company		465,657	2,514,220
Increase/(decrease) in trade and other payables		451,385	(83,971)
Cash (used in) / generated from operating activities		(58,553)	1,339,776
Tax refund		6,461	-
Net cash (used in)/ generated from operating activities		(52,092)	1,339,776
Cash flow from investing activities			
Loan to subsidiary		-	(1,261,516)
Purchase of plant and equipment	4	-	(65,462)
Net cash used in investing activities		-	(1,326,978)
Net (decrease) / increase in cash and cash equivalents		(52,092)	12,798
Cash and cash equivalents at the beginning of financial year		103,123	90,325
Cash and cash equivalents at the end of financial year	8	51,031	103,123

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

MOTHERSON TECHNOLOGY SERVICE SG PTE. LTD.

(Formerly known as Mothersonsumi Infotech and Designs SG Pte. Ltd.)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

1. CORPORATE INFORMATION

The financial statements of Motherson Technology Service SG Pte. Ltd. (the "Company") for the financial year ended 31 March 2023 were authorised for issue in accordance with a resolution of the directors on the date of Directors' Statement.

With effect from 13 July 2022, the name of the Company was changed from MothersonSumi Infotech and Design SG Pte. Ltd. to Motherson Technology Service SG Pte. Ltd.

The Company is a private limited company, incorporated and domiciled in the Republic of Singapore.

The address of the Company's registered office and principal place of business is at 178 Paya Lebar Road, #04-08/09 Paya Lebar 178, Singapore 409030.

The principal activities of the Company are to carry on the business of software consultancy, development of other software and programming activities.

The principal activities of the subsidiary is shown in Note 5 to the financial statements.

The ultimate holding company is Samvardhana Motherson International Limited f.k.a Motherson Sumi Systems Limited and immediate holding company is Motherson Technology Services Limited f.k.a MothersonSumi Infotech and Designs Limited, a company incorporated in India. It owns 99.99% of the issued share capital of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standard for Small Entities ("SFRS for SE") issued by the Accounting Standards Council.

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars (SGD or S\$) which is also the functional currency of the Company.

(b) Going concern assumption

At the end of the financial year, the Company's total liabilities exceeded its total assets by S\$3,814,743 (2022: \$1,551,806). The financial statements have been prepared on a going concern basis as the related company has undertake not to recall loan amounted to S\$3,461,710 (2022: \$2,996,053) owed to it in the next 12 months and the immediate holding Company has agreed to provide financial support to the Company as and when required. If the financial supports are not forthcoming, the Company may be unable to continue in operational existence for the foreseeable future, then adjustments may need to be made to reflect the situation that the assets may need to be realised other than in the normal course of business and at amount which could differ significantly from amounts stated in the statement of financial position.

MOTHERSON TECHNOLOGY SERVICE SG PTE. LTD.

(Formerly known as Mothersonsumi Infotech and Designs SG Pte. Ltd.)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Plant and equipment

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

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

	<u>Number of years</u>
Computer hardware	3 years
Renovation	2 years

The residual value, useful lives and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate. An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

(d) Impairment of non-financial assets

At each reporting date, plant and equipment and other investments are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in statement of comprehensive income.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in statement of comprehensive income.

MOTHERSON TECHNOLOGY SERVICE SG PTE. LTD.

(Formerly known as Mothersonsumi Infotech and Designs SG Pte. Ltd.)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Basic financial instruments

Initial recognition and measurement

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

When financial assets and financial liabilities are recognised initially, they are measured at the transaction price.

Subsequent measurement

At the end of each reporting period, an entity shall measure financial instruments as follows, without any deduction for transaction costs the entity may incur on sale or other disposal:

Receivables shall be measured at amortised cost using the effective interest method, less impairment.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired.

Any difference between the consideration received and the amounts recognized and derecognised in accordance with this paragraph shall be recognised in statement of comprehensive income.

An entity shall derecognise a financial liability when the obligation specified in the contract is discharged, is cancelled or expires.

The entity shall recognise in statement of comprehensive income any difference between the carrying amount of the financial liability and the consideration paid, including any non-cash assets transferred or liabilities assumed.

(f) Consolidation

These financial statements are the separate financial statements of Motherson Technology Service SG Pte. Ltd. The Company is exempted from the preparation of consolidated financial statements as the Company is a 99.99% owned subsidiary of Motherson Technology Services Limited, a company incorporated in India which produces consolidated financial statements available for public use. The registered office of Motherson Technology Services Limited is at 2nd Floor, F-7 Block B-1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi-110044, India.

MOTHERSON TECHNOLOGY SERVICE SG PTE. LTD.

(Formerly known as Mothersonsumi Infotech and Designs SG Pte. Ltd.)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Investments in subsidiary

Investments in subsidiary are stated in the Company's statement of financial position at cost less accumulated impairment losses.

(h) 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.

(i) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current income tax for the current period and any adjustments to tax payable in respect of prior periods is recognised to be paid or recovered from the tax authorities, using tax rates and tax laws that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

MOTHERSON TECHNOLOGY SERVICE SG PTE. LTD.

(Formerly known as Motheresonsumi Infotech and Designs SG Pte. Ltd.)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax except: -

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

(ii) Receivables and payables are stated with the amount of goods and services tax included.

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

(k) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, and sales taxes or duty. The Company assesses its revenue arrangements to determine if it is acting as principal or agent. The Company concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) Service income

Service fees are recognised on apportionment of time basis and represent support and recovery service.

(b) Interest income

Interest income is recognised using the effective interest method.

(l) 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.

MOTHERSON TECHNOLOGY SERVICE SG PTE. LTD.

(Formerly known as Mothersonsumi Infotech and Designs SG Pte. Ltd.)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date; whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

As lessee

Operating lease payments are recognised as an expense in statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expenses over the lease term on a straight-line basis.

(n) Provisions

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

MOTHERSON TECHNOLOGY SERVICE SG PTE. LTD.

(Formerly known as Mothersonsumi Infotech and Designs SG Pte. Ltd.)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of 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.

3.1 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

(a) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least on a yearly basis. Significant financial difficulties of the receivable, the probability that the receivable will enter into bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgment as to whether there is observable data indicating that there has been a significant change in the payment ability of the receivable, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the receivable operates in.

Where there is objective evidence of impairment, management makes judgment as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions are reviewed regularly to reduce any differences between the estimated loss and the actual loss experience.

The carrying amount of loans and receivables at the end of the reporting period is disclosed in Note 6 and 7 to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.1 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONT'D)

(b) Investment in subsidiary

At the date of the statement of financial position, the carrying amount of the Company's investment in subsidiary was S\$nil (2022: nil) after taking into account accumulated impairment losses of S\$ 282,213 (2022: S\$ 282,213) as it was determined by the management that the cost of the investment is impaired (see Note 5).

Management has made a judgement that the decline in the carrying value of this investment is significant and prolonged and has considered the long-term duration of the decline and the significant magnitude by which the recoverable amount is below cost. Other factors taken into consideration in determining the impairment loss include the future profitability of the subsidiary, financial health of and near-term business outlook of the subsidiary.

Management is of the opinion that the adjusted carrying amount reflects the recoverable value of the Company's investment in the subsidiary.

4. PLANT AND EQUIPMENT

	Renovation S\$	Computer Hardware S\$	Total S\$
Cost			
As at 1 April 2021	-	62,132	62,132
Additions	57,566	7,896	65,462
As at 31 March 2022 and 1 April 2022	57,566	70,028	127,594
Additions	-	-	-
As at 31 March 2023	57,566	70,028	127,594
Accumulated Depreciation			
As at 1 April 2021	-	57,518	57,518
Depreciation	26,385	3,758	30,143
As at 31 March 2022 and 1 April 2022	26,385	61,276	87,661
Depreciation	28,813	3,913	32,726
As at 31 March 2023	55,199	65,189	120,387
Carrying amounts			
As at 31 March 2022	31,181	8,752	39,933
As at 31 March 2023	2,367	4,839	7,207

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

5. INVESTMENT IN SUBSIDIARY

	2023 S\$	2022 S\$
Ordinary shares, at cost	282,213	282,213
Less: Allowance for impairment	(282,213)	(282,213)
	-	-

Details of the subsidiary are as follows: -

Name and country of incorporation	Principal activities	Proportion (%) equity interests	
		2023	2022
Mothereson Technology Services Kabushiki Gaisha, Japan	Providing services of application development and maintenance, testing services and infrastructure management	85.7	85.7

6. TRADE AND OTHER RECEIVABLES

	2023 S\$	2022 S\$
Trade receivables		
- Non-related parties	256,583	36,637
- Related companies	-	58
Other receivables		
- Related companies	-	13,780
Deposit	29,582	30,702
GST receivable	8,780	2,108
Prepayments	6,184	6,140
Unbilled revenue	74,142	496
	375,271	89,921

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

Trade receivables past due but not impaired

No impairment allowance has been made in respect of trade receivables past due as management is of the opinion that the balances are still recoverable. These receivables are unsecured and the analysis of their aging at the end of the reporting year is as follows:

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

6. TRADE AND OTHER RECEIVABLES (CONT'D)

	2023 S\$	2022 S\$
Less than 30 days	193,869	20,710
31 to 60 days	52,468	-
61 to 90 days	9,441	-
More than 90 days	805	-
	<u>256,583</u>	<u>20,710</u>

Trade and other receivables are denominated in the following currencies:

	2023 S\$	2022 S\$
Singapore Dollar	369,730	89,303
United States Dollar	5,541	560
Australian Dollar	19,833	-
Euro	-	58
	<u>375,271</u>	<u>89,921</u>

7. LOAN TO SUBSIDIARY

	2023 S\$	2022 S\$
Loan (denominated in Japanese Yen)	3,343,790	3,343,790
<u>Less: Allowance for impairment</u>		
At beginning of financial year	(2,082,274)	(2,082,274)
Addition during the year	(1,261,516)	-
At end of financial year	<u>(3,343,790)</u>	<u>(2,082,274)</u>
	-	1,261,516
Interest receivable (denominated in Japanese Yen)	164,738	91,669
<u>Less: Allowance for impairment</u>		
At beginning of financial year	-	-
Addition during the year	(164,738)	-
At end of financial year	<u>(164,738)</u>	<u>-</u>
	-	91,669
	<u>-</u>	<u>1,353,185</u>

The loan is non-trade in nature, unsecured and the principal balance is to be repaid by 31 March 2024. Interest is charged at a fixed rate of 2.19% per annum.

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

8. CASH AND CASH EQUIVALENTS

	2023 S\$	2022 S\$
Cash and bank balances	51,031	103,123

9. SHARE CAPITAL

	No. of ordinary shares issued	Amount S\$
2023 and 2022		
At beginning and end of the financial year	1,795,000	1,795,000

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

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 restriction. The ordinary shares have no par value.

10. AMOUNT DUE TO A RELATED COMPANY

The amount due to a related company is non-trade in nature, unsecured and is repayable on demand. Interest is charged at a rate of 1-year EURIBOR + 0.84% per annum. The amount is denominated in EURO. The related company has undertaken that the amount due to them will not be recalled until the Company's cashflow permit.

11. TRADE AND OTHER PAYABLES

	2023 S\$	2022 S\$
Trade payables		
- Holding company	276,955	111,021
- Related party	27,308	-
- Non-related parties	226,792	1,651
Other payables	9,107	20,262
Accruals	244,209	8,981
Deferred income	2,171	-
	786,542	141,915

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11. TRADE AND OTHER PAYABLES (CONT'D)

Trade and other payables are denominated in following currencies:

	2023 S\$	2022 S\$
Singapore Dollar	527,186	120,002
United States Dollar	222,532	1,651
Euro	36,824	20,262
	<u>786,542</u>	<u>141,915</u>

12. OTHER INCOME

	2023 S\$	2022 S\$
Interest income on loan charged to subsidiary	73,069	56,303
Miscellaneous income	4,212	-
Government grants	103,000	91,359
Gain in unrealised foreign exchanged	280,391	-
	<u>460,672</u>	<u>147,662</u>

13. LOSS BEFORE TAX

	2023 S\$	2022 S\$
Loss before tax is arrived at after charging/ (crediting):		
Depreciation	32,727	30,143
Impairment loss on loan to subsidiary	1,426,254	-
Legal & professional fees	57,961	11,758
Other operating expenses	21,646	54,185
Rental of office equipment	117,338	106,859
Shifting expenses	-	-
Staff costs:		
- salary and incentive	968,543	1,000,911
- CPF contributions	56,364	61,365
- other staff benefits	25,490	-
Travelling expenses	69,050	4,076
Withholding tax expense	49,384	15,199
Gain in unrealised foreign exchange	(280,391)	-
Interest income on loan to subsidiary	<u>(73,069)</u>	<u>(56,303)</u>

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14. INCOME TAX EXPENSE

a) Major components of income tax expense

	2023 S\$	2022 S\$
Current year's tax	-	-
Over provision of prior years' tax	(6,461)	-
	<u>(6,461)</u>	<u>-</u>

b) Reconciliation between tax expense and accounting profit

	2023 S\$	2022 S\$
Loss before taxation	<u>(2,269,398)</u>	<u>(1,182,831)</u>
Tax at the applicable tax rate of 17% (2022: 17%)	(385,798)	(201,081)
Tax effect of expense that are deductible in determining taxable profit	259,299	3,223
Non-taxable income	(59,586)	(15,532)
Unrecognised tax loss	186,084	213,390
Overprovision in prior years	(6,461)	-
Tax expense	<u>(6,461)</u>	<u>-</u>

The Company has unrecognised tax losses of approximately S\$2,430,000(2022: S\$1,255,000) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. The tax losses have no expiry date.

14. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to related party transaction disclosed elsewhere in the financial statements, significant transactions with related parties at terms agreed between the parties, are as follows: -

	2023 S\$	2022 S\$
Consultancy fees charged by holding company	301,105	161,519
Interest on loan charged to subsidiary	<u>73,069</u>	<u>56,303</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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15. COMMITMENTS

Operating lease commitment – as lessee

The Company leases office and copier machine under non-cancellable operating lease agreements. These leases have an average tenure of between two to five years.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	2023 S\$	2022 S\$
Not later than one year	9,684	116,208
Between one and five years	-	9,684
	<u>9,684</u>	<u>125,892</u>

Minimum lease payments recognised as an expense in profit or loss, are as follows:

	2023 S\$	2022 S\$
Rental expense	<u>117,338</u>	<u>106,859</u>