

MACGREGOR PTE. LTD.

(Incorporated in Singapore. Registration Number: 201311633G)

ANNUAL REPORT

For the financial year ended 31 December 2023

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MACGREGOR PTE. LTD.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2023

The directors present their statement to the member together with the audited financial statements of Macgregor Pte. Ltd. (the Company) for the financial year ended 31 December 2023.

Opinion of the directors

In the opinion of the directors,

- a. financial statements of the Company together with notes thereto are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2023 and the financial performance, changes in equity and cash flows of the Company for the financial year 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.

Directors

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

Lee Guo Hwei
Bystroem Leif Eric
Eric Joakim Andersson Rodin (Appointed on 17 May 2023)

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 in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act 1967, except as follows:

	Holdings registered in name of director	
	At beginning of financial year	At end of financial year
<i>Ordinary shares of the immediate and ultimate holding company (Cargotec Oyj)</i>		
Lee Guo Hwei	260	520

MACGREGOR PTE. LTD.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2023

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company.

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

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

Independent auditor

The independent auditor, Ernst & Young LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors



Eric Joakim Andersson Rodin
Director

28 June 2024



Lee Guo Hwei
Director

MACGREGOR PTE. LTD.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF MACGREGOR PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for opinion

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

Other information

Management is responsible for 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.

MACGREGOR PTE. LTD.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF MACGREGOR PTE. LTD. (CONTINUED)

Responsibilities of management and directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

MACGREGOR PTE. LTD.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2023

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF MACGREGOR PTE. LTD.
(CONTINUED)**

Auditor's responsibilities for the audit of the financial statements (continued)

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

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

Report on other legal and regulatory requirements

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



Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

28 June 2024

MACGREGOR PTE. LTD.**STATEMENT OF COMPREHENSIVE INCOME***For the financial year ended 31 December 2023*

	Note	2023 \$	2022 \$
Revenue	4	296,920,138	220,540,491
Cost of sales	5	(175,835,028)	(135,304,195)
Gross profit		121,085,110	85,236,296
Other income	7	52,387,873	37,736,688
Other losses - net	8	4,975,612	(116,709,349)
Expenses			
- Distribution and marketing	5	(4,838,064)	(2,804,399)
- Administrative	5	(103,999,478)	(96,346,108)
- Finance	9	(813,032)	(401,197)
Profit/(loss) before income tax		68,798,021	(93,288,069)
Income tax expense	10	(9,998,183)	(2,295,310)
Profit/(loss) after income tax		58,799,838	(95,583,379)
Other comprehensive loss			
Cash flow hedges			
- Fair value gains, net of tax	26	923,335	2,095,094
- Reclassification to profit or loss	26	(929,208)	(2,095,318)
Other comprehensive loss for the year, net of tax		(5,873)	(224)
Total comprehensive income/(loss) for the year		58,793,965	(95,583,603)

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

MACGREGOR PTE. LTD.**BALANCE SHEET***As at 31 December 2023*

	Note	2023 \$	2022 \$
ASSETS			
Current assets			
Cash and cash equivalents	11	8,915,768	5,141,215
Derivative financial instruments	12	905,503	1,329,112
Trade and other receivables	13	63,456,993	56,114,501
Inventories	14	58,901,353	47,602,354
Contract assets	4	2,788,946	423,297
Other current assets	16	985,812	1,798,896
		135,954,375	112,409,375
Non-current assets			
Investments in subsidiaries	17	404,823,484	397,175,242
Investments in associated companies and joint ventures	18	6,217,371	6,217,371
Property, plant and equipment	19	255,789	185,129
Intangible assets	20	48,938,960	55,056,547
Deferred income tax assets	15	1,795,000	471,702
		462,030,604	459,105,991
Total assets		597,984,979	571,515,366
LIABILITIES			
Current liabilities			
Provision for other liabilities	21	2,102,494	852,983
Trade and other payables	22	50,702,606	55,253,361
Borrowings	23	—	34,456,223
Derivative financial instruments	12	2,689,404	4,985,348
Current income tax liabilities	10	10,274,903	3,668,721
Contract liabilities	4	14,121,409	13,099,674
Lease liabilities	24	178,327	119,171
		80,069,143	112,435,481
Net current assets/(liabilities)		55,885,232	(26,106)
Non-current liabilities			
Lease liabilities	24	41,986	—
Total liabilities		80,111,129	112,435,481
NET ASSETS		517,873,850	459,079,885
EQUITY			
Share capital	25	1,504,729,765	1,504,729,765
Other reserves	26	(246,344,307)	(246,338,434)
Accumulated losses		(740,511,608)	(799,311,446)
Total equity		517,873,850	459,079,885

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

MACGREGOR PTE. LTD.**STATEMENT OF CHANGES IN EQUITY***For the financial year ended 31 December 2023*

	Share capital (Note 25) \$	Other reserves (Note 26) \$	Accumulated losses \$	Total equity \$
2023				
Beginning of the financial year	1,504,729,765	(246,338,434)	(799,311,446)	459,079,885
Total comprehensive (loss)/income for the year	—	(5,873)	58,799,838	58,793,965
End of the financial year	1,504,729,765	(246,344,307)	(740,511,608)	517,873,850
2022				
Beginning of the financial year	1,504,729,765	(246,338,210)	(703,728,067)	554,663,488
Total comprehensive loss for the year	—	(224)	(95,583,379)	(95,583,603)
End of the financial year	1,504,729,765	(246,338,434)	(799,311,446)	459,079,885

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

MACGREGOR PTE. LTD.**STATEMENT OF CASH FLOWS***For the financial year ended 31 December 2023*

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Profit/(loss) before income tax		68,798,021	(93,288,069)
Adjustments for:			
- Depreciation of property, plant and equipment	5	172,256	238,900
- Amortisation of intangible assets	5	6,117,587	6,118,089
- (Reversal of)/impairment loss on subsidiaries	8	(7,992,028)	113,746,487
- (Reversal of)/allowance for inventory obsolescence	5	(56,482)	2,087,006
- Allowance for credit loss allowance on receivables	5	365,490	353,979
- Allowance for/(reversal of) warranty provision	5	1,591,439	(1,258,512)
- Dividend income	7	(529,752)	(1,605,232)
- Interest income	7	(385,735)	(157,685)
- Interest expense	9	813,032	401,197
- Gain on disposal of a subsidiary	7	(1,194,158)	—
- Currency translation (gain)/loss		(1,938,276)	2,651,001
		65,761,394	29,287,161
Changes in working capital:			
- Trade and other receivables		(7,782,969)	(29,919,224)
- Inventories		(11,242,517)	(13,398,888)
- Other current assets		813,084	(1,584,546)
- Trade and other payables		(5,194,387)	(16,501,455)
- Provision for other liabilities		(341,928)	(117,958)
- Contract liabilities		1,021,735	11,083,594
- Contract assets		(2,365,649)	7,302,943
Cash generated from/(used in) operations		40,668,763	(13,848,373)
Interest received		385,735	157,685
Interest paid on bank overdrafts		(665,076)	(183,255)
Withholding tax paid		(327,070)	—
Income tax (paid)/refund		(3,668,685)	69,963
Net cash generated from/(used in) operating activities		36,393,667	(13,803,980)
Cash flows from investing activities			
Additions of investment in subsidiaries	17	—	(288,094)
Additions of investments in joint ventures	18	—	(1,387,416)
Dividends received		529,752	1,605,232
Proceeds from disposal of a subsidiary		1,537,944	—
Net cash generated from/(used in) investing activities		2,067,696	(70,278)

MACGREGOR PTE. LTD.**STATEMENT OF CASH FLOWS***For the financial year ended 31 December 2023*

	Note	2023 \$	2022 \$
Cash flows from financing activities			
Repayment of borrowings	23	(21,494,550)	—
Interest paid on borrowings	23	(142,950)	(147,806)
Repayment of principal portion on lease liabilities	24	(141,774)	(217,058)
Interest paid on lease liabilities	24	(5,006)	(37,862)
Net cash used in financing activities		<u>(21,784,280)</u>	<u>(402,726)</u>
Net increase/(decrease) in cash and cash equivalents		16,677,083	(14,276,984)
Effect of currency translation on cash held		71,443	(153,503)
Cash and cash equivalents at beginning of financial year		(7,832,758)	6,597,729
Cash and cash equivalents at end of financial year	11	<u>8,915,768</u>	<u>(7,832,758)</u>

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

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023*

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

1 General information

The Company is incorporated and domiciled in Singapore. The address of its registered office and principal place of the business is 31 International Business Park Road, #05-01 Singapore 609921.

The principal activities of the Company consist of the design, manufacture, sale, installation, maintenance and repair of cargo handling and shipboard equipment, marine deck machinery, cargo handling gears, crane fabrication and onshore/offshore structural fabrications. Other related business includes sales of spare parts and servicing operations.

2 Material accounting policy information**2.1 Basis of preparation**

These financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ("FRSs") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRSs requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2023

On 1 January 2023, the Company adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

FRS 12 International Tax Reform: Pillar 2 Model Rules

Amendments to FRS 12, International Tax Reform—Pillar Two Model Rules. Pillar 2 is the OECD's initiative to address tax challenges related to the digitalisation of the global economy by introducing Global Anti-Base Erosion (GloBE) rules and a related 15% global minimum tax. The European Union's Council Directive (EU) 2022/2023 entered into force in December 2022, according to which the EU Member States shall transpose the GloBE rules into their domestic law by 31 December 2023.

According to the published amendments to FRS 12, Company has applied the exception provided in FRS 12 paragraph 4A and has neither recognised nor disclosed information about deferred tax assets or liabilities related to Pillar 2 income taxes. Pillar 2 rules have been enacted, but are not yet in effect for the financial year 2023, including Singapore where the Company is incorporated.

MACGREGOR PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

2 Material accounting policy information (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2023 (continued)

FRS 12 International Tax Reform: Pillar 2 Model Rules (continued)

Based on the impact analysis performed, income taxes concerning Pillar 2 are not expected to have a material impact on the income taxes of the Company. However, there is uncertainty regarding how and when the jurisdictions where the Company operates will implement the Pillar 2 rules, and how different authorities will interpret the global rules. Therefore, the impact of Pillar 2 rules on the income taxes of the Company may differ from the current estimate. The amendments that became effective in the year 2023 had no material impact on the reported figures.

Interpretations and amendments to published standards not yet adopted

The Company has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 1 Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to FRS 116 Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to FRS 1 Non-current Liabilities with Covenants	1 January 2024
Amendments to FRS 7 and FRS 107 Supplier Finance Arrangements	1 January 2024
Amendments to FRS 21 Lack of Exchangeability	1 January 2025
Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The directors expect that the adoption of the other standards and interpretation above will not have material impact on the financial statements in the period of initial application.

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***2 Material accounting policy information (continued)****2.2 Basis of consolidation and business combinations (continued)***a. Business combinations involving entities under common control*

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.
- No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.
- No additional goodwill is recognised as a result of this combination.
- Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve.
- The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

b. Exemption from preparing consolidated financial statements

These financial statements are the separate financial statements of the Company. The Company is exempted from the preparation of consolidated financial statements as the Company is a wholly-owned subsidiary of Cargotec Corporation, incorporated in Finland, which produces consolidated financial statements available for public use. The registered office of Cargotec Corporation is Porkkalankatu 5, 00180 Helsinki, Finland.

2.3 Revenue from contracts with customers*a. Sale of cargo handling machines, equipment and component parts*

The Company sells a range of cargo handling machines, equipment and component parts used in the industrial machine industry. Revenue from the sale of these products are recognised at a point in time when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

Revenue from sales of machines and equipment, the manufacturing of which requires a significant amount of design work, is recognised over time by using the percentage of completion method if it is assessed that the product is not suitable as such or with minor modifications for another customer, and if the Company has enforceable rights to payment arising from the contractual terms. For these contracts, the percentage of completion is determined by completion of certain physical milestones. If it is not possible to reliably estimate the outcome of a contract, costs are recognised as incurred and revenues only to an extent that the corresponding costs are expected to be recovered.

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***2 Material accounting policy information (continued)****2.3 Revenue from contracts with customers (continued)***a. Sale of cargo handling machines, equipment and component parts (continued)*

The customer is invoiced on a milestone payment schedule. If the value of the goods transferred by the Company exceed the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.

b. Rendering of maintenance services

Revenue from rendering of maintenance services is recognised in the accounting period in which the maintenance services are rendered.

c. Interest income

Interest income is recognised using the effective interest method.

d. Dividend income

Dividend income is recognised when the right to receive payment is established.

e. Financing component

The period between the transfer of the promised goods and payment by the customer may exceed one year. For such contracts, there is no significant financing component present as the payment terms is an industry practice to protect the performing entity from the customers' failure to adequately complete some or all its obligations under the contract. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

2.4 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

a. Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

b. Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***2 Material accounting policy information (continued)****2.4 Employee compensation (continued)***c. Termination benefits*

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

2.5 LeasesWhen the Company is the lessee

At the inception of the contract, the Company assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

a. Right-of-use assets

The Company recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.12. Right-of-use assets are presented within 'Property, plant and equipment'.

b. Lease liabilities

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Company's assessment of whether it will exercise an extension option; or
- There is modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***2 Material accounting policy information (continued)****2.5 Leases (continued)***c. Short-term and low-value leases*

The Company has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.7 Income taxes*Current income tax*

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax is measured at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

Sales tax

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

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

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

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***2 Material accounting policy information (continued)****2.7 Income taxes (continued)***OECD Pillar Two reform*

The Company is part of a global consolidated group that is potentially subject to additional taxation under the OECD 'Pillar Two' reforms. These reforms apply to multinational entities which revenues exceeding EUR750 million and would apply a 'top up' tax to profits in low taxing jurisdictions. Notwithstanding the above policies, in accordance with the mandatory exception introduced into FRS 112 'Income Taxes', the Company has not recognised deferred taxes arising from the Pillar Two reforms.

2.8 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

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.

2.9 Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any other costs that are 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.

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

	<u>Useful lives</u>
Computers	3 years
Furniture and office equipment	5 years
Machinery and equipment	10 years
Motor vehicles	5 years
Leasehold properties	2 - 5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit and loss when incurred.

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***2 Material accounting policy information (continued)****2.9 Property, plant and equipment (continued)**

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

2.10 Intangible assets*a. Computer software licenses*

Computer software licenses are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software licenses are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 5 years.

b. Brands and trademarks & Technologies software

Brands and trademarks and other intangible assets are initially recognised at their fair values and are subsequently carried at cost less accumulated amortisation and impairment losses. These costs are amortised to profit or loss using a straight-line method over 10 to 15 years.

	<u>Useful lives</u>
Brands and trademarks	15 years
Computer software licenses	10 years
Other intangible assets	10 years

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

On disposal of an item of other intangible assets, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

2.11 Investments in subsidiaries, associated companies and joint ventures

Subsidiaries are all 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.

Associated companies are entities over which the Company has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***2 Material accounting policy information (continued)****2.11 Investments in subsidiaries, associated companies and joint ventures (continued)**

Joint ventures are entities over which the Company has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in subsidiaries, associated companies and joint ventures are stated at cost less accumulated impairment losses in the balance sheet. On disposal of investments in subsidiaries, associated companies and joint ventures, the difference between net disposal proceeds and the carrying amount of the investment are recognised in profit or loss.

2.12 Impairment of non-financial assets

Property, plant and equipment and intangible assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

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

If the recoverable amount of the asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset 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. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

2.13 Financial instruments*a. Financial assets*

The Company classifies its financial assets into the following measurement categories:

- Amortised cost
- Fair value through other comprehensive income (FVOCI)

The classification of debt instruments depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***2 Material accounting policies information (continued)****2.13 Financial instruments (continued)***a. Financial assets (continued)*

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

i. At initial recognition

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

*ii. At subsequent measurement***Debt instrument**

Debt instruments of the Company mainly comprise of cash and cash equivalents, trade and other receivables and deposits.

There are two prescribed subsequent measurement categories, depending on the Company's business model in managing the assets and the cash flow characteristic of the assets. The Company managed these group of financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal and interest. Accordingly, these group of financial assets are measured at amortised cost subsequent to initial recognition.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

The Company assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

For trade receivable, the Company applied the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For cash and cash equivalents, other receivables and other current assets (excluding prepayments and advances to suppliers), the general 3-stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***2 Material accounting policies information (continued)****2.13 Financial instruments (continued)***b. Financial liabilities**i. At initial recognition*

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

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

ii. At subsequent measurement

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

iii. Derecognition

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

2.14 Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the change arise.

The Company documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risks management objective and strategies for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***2 Material accounting policies information (continued)****2.14 Derivative financial instruments and hedging activities (continued)***Cash flow hedge*

The Company has entered into currency forwards that qualify as cash flow hedges against highly probable forecasted transactions in foreign currencies. The fair value changes on the effective portion of the currency forwards designated as cash flow hedges are recognised in other comprehensive income, accumulated in the hedging reserve and transferred to either the cost of a hedged non-monetary asset upon acquisition or profit or loss when the hedged forecast transactions are recognised.

The fair value changes on the ineffective portion of currency forwards are recognised immediately in profit or loss. When a forecasted transaction is no longer expected to occur, the gains and losses that were previously recognised in other comprehensive income are reclassified to profit or loss immediately.

2.15 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.16 Borrowings

Borrowings are initially recognised at their fair values (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.17 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

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.

Warranty provision

The Company recognises the estimated liability to repair or replace products still under warranty at the balance sheet date. This provision is calculated based on historical experience of the level of repairs and replacements.

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***2 Material accounting policies information (continued)****2.18 Offsetting of financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.19 Fair value estimation of financial assets and liabilities

The fair values of currency forwards are determined using actively quoted forward exchange rates.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.20 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash at banks which are subject to an insignificant risk of change in value.

2.21 Currency translation

The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

All foreign exchange gains and losses impacting profit or loss are presented in the income statement. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2.22 Share capital

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

2.23 Government grants

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

Government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to specific expenses are recognised within 'Other income' in the statement of comprehensive income.

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***3 Critical account estimates, assumptions and judgements**

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment of investments in subsidiaries, associated companies and joint ventures

Investments in subsidiaries, associated companies and joint ventures are reviewed for impairment whenever there is any objective evidence or indication that these assets may be impaired.

Where there is objective evidence of impairment, the recoverable amount is estimated based on the higher of the value-in-use and the fair value less costs to sell. Estimating the value-in-use requires the Company to make an estimate of the expected future cash flows to be generated by the subsidiaries, associated companies and joint ventures and also to choose a suitable discount rate in order to calculate the present value of those cash flows which reflects the risk profile of the investee and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates. Changes in assumptions about these factors could affect the recoverable amount of the investee. The carrying amounts of the investments in subsidiaries, associated companies and joint ventures at the balance sheet date have been disclosed in Notes 17 and 18, respectively.

Revenue recognition

Revenue recognition requires the use of judgment and estimates in many ways. Judgment is often used in the identification of separate units of revenue, i.e. identifying performance conditions when treating the deliverable products and services together or separately if ambiguous. It is also normal that certain contracts with customers include variable price elements that require use of judgment in revenue recognition, especially in situations when there is no prior experience about the deliverable products or services.

However, judgment is needed the most in determining the timing of revenue recognition. Revenue related to long-term service contracts and separately identified construction contracts is recognised on an over time basis in accordance with the percentage of completion. Application of the percentage of completion method is allowed if the delivered product is considered to have no alternative use for the Company, and at all times during the project, the Company has a right to payment regarding the work already performed. Revenue recognised at the reporting date in accordance with the over time model is either based on the cumulative costs in relation to the contract's estimated total costs, or an estimate of the construction contract's physical stage of completion. If the estimate of the final outcome of the contract changes, the recognition of revenue and profit is adjusted in the period the change has come to attention and can be estimated. The expected loss from the construction contract is expensed immediately.

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***4 Revenue from contracts with customers***a. Disaggregation of revenue from contracts with customers*

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following revenue streams.

	<u>At a point in time</u>	<u>Over time</u>	<u>Total</u>
	\$	\$	\$
2023			
Sales of cargo handling machines, equipment and component parts	264,891,040	23,011,926	287,902,966
Rendering of maintenance services	—	9,017,172	9,017,172
Total	<u>264,891,040</u>	<u>32,029,098</u>	<u>296,920,138</u>
2022			
Sales of cargo handling machines, equipment and component parts	198,258,332	12,568,660	210,826,992
Rendering of maintenance services	—	9,713,499	9,713,499
Total	<u>198,258,332</u>	<u>22,282,159</u>	<u>220,540,491</u>

b. Contract balances

	31 December		1 January
	2023	2022	2022
	\$	\$	\$
Trade receivables (Note 13)	59,967,997	50,988,016	24,075,118
<i>Contract assets</i>			
- Standard machinery and equipment contracts	1,086,319	342,360	284,051
- Specialised machinery and equipment contract	1,702,627	80,937	7,442,189
Total contract assets	<u>2,788,946</u>	<u>423,297</u>	<u>7,726,240</u>
<i>Contract liabilities</i>			
- Standard machinery and equipment contracts	14,121,409	13,099,674	2,016,080
Total contract liabilities	<u>14,121,409</u>	<u>13,099,674</u>	<u>2,016,080</u>

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***4 Revenue from contracts with customers (continued)***b. Contract balances (continued)*

Revenue recognised in relation to contract liabilities

	2023	2022
	\$	\$
<i>Revenue recognised in current period that was included in the contract liabilities balance at the beginning of the period</i>	13,099,674	2,016,080

The contract liabilities relate to consideration received from customers in advance for the unsatisfied performance obligation in delivering the promised machines, equipment and components parts. Revenue will be recognised when the promised machines, equipment and components part are delivered.

Management expects that the transaction price allocated to partial and unsatisfied performance obligations as at 31 December 2023 and 2022 may be recognised as revenue in the next reporting periods as follows:

	2023	2022
	\$	\$
<i>Partial and unsatisfied performance obligations as at:</i>		
- Less than 1 year	14,057,855	10,968,295
- More than 1 year	63,554	2,131,379
	14,121,409	13,099,674

As permitted under the FRS 115, the aggregated transaction price allocated to unsatisfied contracts of periods one year or less, or are billed based on time incurred, is not disclosed.

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***5 Expenses by nature**

	2023	2022
	\$	\$
Purchases of inventories	174,879,681	130,150,178
Changes in inventories (Reversal of)/allowance for inventory obsolescence	(16,899,772) (56,482)	1,093,338 2,087,006
Allowance for credit loss allowance on receivables	365,490	353,979
Bad debts written off	49,359	2,558
Employee compensation (Note 6)	18,939,408	18,987,718
Service and management fees	15,965,805	17,716,174
Short term lease expense (Note 24)	39,310	1,008,228
Recharges paid to related corporations	62,608,430	52,502,075
Travelling and transportation expenses	948,578	571,151
Sub-contractor expenses	14,018,576	2,706,774
Professional fees	527,813	831,448
Telephone and telefax	11,625	11,238
Repairs and maintenance	57,158	81,253
Depreciation of property, plant and equipment (Note 19)	172,256	238,900
Amortisation of intangible assets (Note 20)	6,117,587	6,118,089
Allowance for/(reversal of) warranty provision (Note 21)	1,591,439	(1,258,512)
Others	5,336,309	1,253,107
Total cost of sales, distribution and marketing expenses and administrative expenses	284,672,570	234,454,702

6 Employee compensation

	2023	2022
	\$	\$
Wages and salaries	16,271,317	16,840,003
Employer's contribution to defined contribution plans	1,703,615	1,564,491
Other benefits	964,476	583,224
	18,939,408	18,987,718

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***7 Other income**

	2023	2022
	\$	\$
Interest income		
- Receivables from ultimate holding corporation	385,155	81,386
- Receivables from an associated company	580	76,299
	385,735	157,685
Brand license income from a joint venture	1,691,327	—
Brand license income from related corporations	—	3,468,187
Dividend income	529,752	1,605,232
Gain on disposal of a subsidiary	1,194,158	—
Recharges of costs to related corporations	34,919,401	20,782,956
Royalty income from related corporations	13,491,000	10,437,000
Government grant income	119,996	541,446
Others	56,504	744,182
	52,387,873	37,736,688

8 Other losses - net

	2023	2022
	\$	\$
Reversal of/(impairment loss) on subsidiaries ^(a)	7,992,028	(113,746,487)
Net fair value (loss)/gain on currency forwards	(586,642)	1,061,500
Net currency exchange losses	(2,429,774)	(4,024,362)
	4,975,612	(116,709,349)
(a) Impairment loss recognised:		
- Macgregor Netherlands Holdings B.V.	—	130,740,610
- other subsidiaries	—	283,137
Reversal of impairment loss recognised:		
- other subsidiaries	(7,992,028)	(17,277,260)
	(7,992,028)	113,746,487

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***9 Finance expenses**

	2023	2022
	\$	\$
Interest expense		
- Loan from a related corporation (Note 23)	142,950	180,080
- Bank overdrafts	665,076	183,255
- Lease liabilities (Note 24)	5,006	37,862
	813,032	401,197

10 Income taxes*a. Income tax expense*

	2023	2022
	\$	\$
Tax expense attributable to loss is made up of:		
- Current income tax	10,100,000	3,668,721
- Deferred income tax (Note 15)	—	(245,007)
	10,100,000	3,423,714
Under/(over)-provision in prior financial years		
- Current income tax	249,852	(2,954,188)
- Deferred income tax (Note 15)	(1,322,373)	1,172,000
	(1,072,521)	(1,782,188)
Withholding tax expenses	970,704	653,784
	9,998,183	2,295,310

A reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the financial years ended 31 December 2023 and 2022 were as follows:

	2023	2022
	\$	\$
Profit/(loss) before income tax	68,798,021	(93,288,069)
Tax calculated at a tax rate of 17% (2022: 17%)	11,695,664	(15,858,972)
Effects of:		
- income tax rebate	(17,425)	(17,425)
- income not subject to tax	(1,652,698)	(272,888)
- expenses not deductible for tax purposes	141,647	19,572,999
- withholding taxes	970,704	653,784
- over provision of tax in the prior financial years	(1,072,521)	(1,782,188)
- others	(67,188)	—
Tax expense	9,998,183	2,295,310

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***10 Income taxes (continued)***b. Movement in current income tax liabilities*

	2023	2022
	\$	\$
Beginning of financial year	3,668,721	2,884,225
Income tax (paid)/refund	(3,668,685)	69,963
Tax charge for the year	10,100,000	3,668,721
Withholding tax expense	(74,985)	—
Under/(over)-provision in prior financial years	249,852	(2,954,188)
End of financial year	10,274,903	3,668,721

11 Cash and cash equivalents

	2023	2022
	\$	\$
Cash at banks	8,915,768	5,141,215

For the purpose of presenting the statement of cash flows, cash and cash equivalents comprise the following at the end of the financial year:

	2023	2022
	\$	\$
Cash at banks	8,915,768	5,141,215
Bank overdrafts (Note 23)	—	(12,973,973)
Cash and cash equivalents	8,915,768	(7,832,758)

12 Derivative financial instruments

Derivative financial instruments comprise fair value of the Singapore Dollar/United States Dollar and Singapore Dollar/Euro currency forwards entered to hedge identified foreign currency exposures committed to occur at various dates within 12 months from the balance sheet date.

The contracted notional principal amount of the derivatives outstanding is \$37,454,990 (2022: \$35,836,851). The currency forwards have maturity dates that coincide within the expected occurrence of these transactions.

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***12 Derivative financial instruments (continued)**

	Contracted notional amount	Assets	Liabilities
	\$	\$	\$
2023			
Cash-flow hedges currency forwards			
- Current portion	37,454,990	905,503	2,689,404
2022			
Cash-flow hedges currency forwards			
- Current portion	35,836,851	1,329,112	4,985,348

Currency forwards are entered to hedge highly probable forecast transactions denominated in foreign currency expected to occur at various dates within and after one year from the balance sheet date. The currency forwards have maturity dates that coincide within the expected occurrence of these transactions. Gains and losses recognised in the hedging reserve prior to the occurrence of these transactions are transferred to profit or loss within and after one year from the balance sheet date.

13 Trade and other receivables

	2023 \$	2022 \$
<i>Current</i>		
Trade receivables		
- Related corporations	10,307,677	9,832,093
- Non-related parties	50,479,980	41,610,093
Less: Credit loss allowance - non-related parties (Note 28(b)(ii))	(819,660)	(454,170)
Trade receivables - net	59,967,997	50,988,016
Other receivables		
- Non-related parties	3,488,996	5,126,485
Total trade and other receivables	63,456,993	56,114,501
Add: Cash at banks (Note 11)	8,915,768	5,141,215
Add: Deposits (Note 16)	51,880	37,396
Add: Contract assets (Note 4)	2,788,946	423,297
Total financial assets carried at amortised cost	75,213,587	61,716,409

Trade receivables due from related corporations and non-related parties are non-interest bearing and are generally on 30 days' term. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

The other receivables due from non-related parties are unsecured, interest-free and repayable on demand.

Movement in credit loss allowance for financial assets are set out in Note 28(b)(ii).

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***14 Inventories**

	2023	2022
	\$	\$
Spare parts	42,221,612	30,229,031
Goods in transit	5,557,214	4,221,312
Work-in-progress	11,122,527	13,152,011
	58,901,353	47,602,354

The cost of inventories recognised as an expense and included in “cost of sales” amounts to \$157,979,909 (2022: \$131,243,516).

Reversal of inventory obsolescence recognized in cost of sales in the current financial year amounted to \$56,482 (Allowance for inventory obsolescence in 2022: \$2,087,006).

15 Deferred income tax assets

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	2023	2022
	\$	\$
Beginning of financial year	471,702	1,398,650
Tax credited/(charged) to:		
- Profit or loss	1,322,373	(926,993)
- Equity	925	45
End of financial year	1,795,000	471,702

The movement in deferred income tax assets and liabilities (prior to offsetting of balances) during the financial year is as follows:

Deferred income tax assets/(liabilities)

	<u>Provisions</u>	<u>Fair value</u>	<u>Accelerated</u>	<u>Total</u>
	<u>\$</u>	<u>losses</u>	<u>tax</u>	<u>\$</u>
	<u>\$</u>	<u>\$</u>	<u>depreciation</u>	<u>\$</u>
2023				
Beginning of financial year	797,478	(5,002)	(320,774)	471,702
Credited/(charged) to:				
- profit or loss	1,335,062	—	(12,689)	1,322,373
- other comprehensive loss	—	925	—	925
End of financial year	2,132,540	(4,077)	(333,463)	1,795,000

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***15 Deferred income tax assets (continued)**

Deferred income tax assets/(liabilities) (continued)

	<u>Provisions</u>	<u>Fair value losses</u>	<u>Accelerated tax depreciation</u>	<u>Total</u>
	\$	\$	\$	\$
2022				
Beginning of financial year	1,460,002	(5,047)	(56,305)	1,398,650
(Charged)/credited to:				
- profit or loss	(662,524)	—	(264,469)	(926,993)
- other comprehensive loss	—	45	—	45
End of financial year	<u>797,478</u>	<u>(5,002)</u>	<u>(320,774)</u>	<u>471,702</u>

16 Other current assets

	2023	2022
	\$	\$
Deposits	51,880	37,396
Prepayments	933,932	1,761,500
	<u>985,812</u>	<u>1,798,896</u>

17 Investments in subsidiaries

	2023	2022
	\$	\$
<i>Equity investments at cost</i>		
Beginning of financial year	1,226,422,308	1,225,763,687
Additions	—	288,094
Disposals	(343,786)	—
Reclassification	—	370,527
End of financial year	<u>1,226,078,522</u>	<u>1,226,422,308</u>
<i>Allowance for impairment loss</i>		
Beginning of financial year	829,247,066	715,500,579
(Reversal of)/impairment loss (Note 8)	(7,992,028)	113,746,487
End of financial year	<u>821,255,038</u>	<u>829,247,066</u>
Investments in subsidiaries, net	<u>404,823,484</u>	<u>397,175,242</u>

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***17 Investments in subsidiaries (continued)**

At the balance sheet date, the details of the subsidiaries are as follows:

<u>Name of companies</u>	<u>Country of business/ incorporation</u>	<u>Equity holding</u>	
		2023	2022
		%	%
MacGregor (Shanghai) Trading Co., Ltd	China	100	100
MacGregor Tianjin Co. Ltd	China	100	100
MacGregor Cyprus Ltd	Cyprus	100	100
MacGregor BLRT Baltic OU	Estonia	51	51
MacGregor Korea Ltd	South Korea	100	100
MacGregor Netherlands Holding B.V.	Netherlands	100	100
PT MacGregor Indonesia ^(a)	Indonesia	—	97
MacGregor Malaysia Sdn Bhd	Malaysia	100	100
MacGregor Belgium NV	Belgium	99.9	99.9
MacGregor (GBR) Limited	United Kingdom	100	100
MacGregor Poland Sp. z.o.o.	Poland	100	100
MacGregor Marine India Private Limited	India	100	100
MLS Servicos Offshore E Navais Ltda	Brazil	99.9	99.9
MacGregor Denmark A/S ^(b)	Denmark	100	100
MacGregor Vietnam Co., Ltd	Vietnam	100	100
MacGregor (ARE) LLC	United Arab Emirates	49*	49*
MacGregor (ARE) Gulf LLC	United Arab Emirates	49*	49*
MacGregor Doha WLL	Qatar	49*	49*
Player and Cornish Marine Limited	United Kingdom	100	100
TTS Marine Shanghai Co. Ltd ^(a)	China	100	100

* These entities are accounted for as subsidiaries due to control arising from existing shareholders' agreement/Article of Association.

a. During the current financial year, the Company disposed off its investment in Pt. MacGregor Indonesia by \$343,786.

b. In the previous financial year, the Company increased its investment in MacGregor Denmark A/S by \$288,094.

The principal activities of these subsidiaries are relating to the supply and servicing of cargo parts and shipboard equipment.

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***17 Investments in subsidiaries (continued)**Impairment testing of investments in subsidiaries

The recoverable amounts of the subsidiaries have been determined based on value in use calculations using cash flow projections from financial budgets approved by group management covering a five-year period. The discount rates applied to the cash flow projections and the terminal growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:

	2023	2022
Terminal growth rates	2.0%	2.0%
Post-tax discount rates	7.7% to 11.5%	8.4% to 12.7%

Key assumptions used in the value in use calculations

The calculations of value in use for the subsidiaries are most sensitive to the following assumption:

Post-tax discount rates – Post-tax discount rates represent the current market assessment of the risk specific to each subsidiary, in relation to 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 subsidiaries and derived from their weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company's investors. The cost of debt is based on the interest-bearing borrowings the Company is obliged to service. Subsidiary-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

18 Investments in associated companies and joint ventures

	<u>Joint ventures</u>	<u>Associated companies</u>	<u>Total</u>
	\$	\$	\$
2023			
<u>Equity investments at cost</u>			
Beginning and end of financial year	4,636,619	2,929,972	7,566,591
<u>Allowance for impairment loss</u>			
Beginning and end of financial year	—	(1,349,220)	(1,349,220)
<i>End of financial year</i>	4,636,619	1,580,752	6,217,371

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***18 Investments in associated companies and joint ventures (continued)**

	<u>Joint ventures</u>	<u>Associated companies</u>	<u>Total</u>
	\$	\$	\$
2022			
<i><u>Equity investments at cost</u></i>			
Beginning of financial year	3,249,203	3,300,499	6,549,702
Additions	1,387,416	—	1,387,416
Reclassification	—	(370,527)	(370,527)
End of financial year	4,636,619	2,929,972	7,566,591
<i><u>Allowance for impairment loss</u></i>			
Beginning and end of financial year	—	(1,349,220)	(1,349,220)
<i>End of financial year</i>	4,636,619	1,580,752	6,217,371

At the balance sheet date, the details of the associated companies and joint ventures are as follows:

<u>Name of companies</u>	<u>Classification</u>	<u>Country of business/ incorporation</u>	<u>Equity holding</u>	
			2023	2022
			%	%
Woodfield Industries Limited	Associated company	United Kingdom	10*	10*
Haida-MacGregor Jiangyin Sealing Co., Ltd	Associated company	China	25	25
CSSC Nanjing Luzhou MacGregor Machinery Co., Ltd	Joint venture	China	49	49
CSSC MacGregor Maritime Equipment Co., Ltd ^(a)	Joint venture	China	50	50

* The entity is accounted for as an associated company due to significant influence in the entity.

The principal activities of these associated companies and joint ventures are relating to the supply and servicing of cargo parts and shipment equipment.

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***19 Property, plant and equipment**

	<u>Leasehold properties</u>	<u>Machinery and equipment</u>	<u>Furniture and office equipment</u>	<u>Computers</u>	<u>Motor vehicles</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$
2023						
<u>Cost</u>						
Beginning of financial year	725,552	85,325	135,267	4,027	109,712	1,059,883
Additions	242,916	—	—	—	—	242,916
End of financial year	968,468	85,325	135,267	4,027	109,712	1,302,799
<u>Accumulated depreciation</u>						
Beginning of financial year	609,633	85,325	66,057	4,027	109,712	874,754
Depreciation charge (Note 5)	145,464	—	26,792	—	—	172,256
End of financial year	755,097	85,325	92,849	4,027	109,712	1,047,010
<u>Net book value</u>						
End of financial year	213,371	—	42,418	—	—	255,789

The Company's additions consist of right-of-use asset additions of \$242,916 (Note 24).

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***19 Property, plant and equipment (continued)**

	<u>Leasehold properties</u>	<u>Machinery and equipment</u>	<u>Furniture and office equipment</u>	<u>Computers</u>	<u>Motor vehicles</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$
2022						
<u>Cost</u>						
Beginning of financial year	493,801	85,325	135,267	4,027	109,712	828,132
Additions	228,273	—	—	—	—	228,273
Adjustment	3,478	—	—	—	—	3,478
End of financial year	725,552	85,325	135,267	4,027	109,712	1,059,883
<u>Accumulated depreciation</u>						
Beginning of financial year	396,906	85,325	39,265	4,027	109,712	635,235
Depreciation charge (Note 5)	212,108	—	26,792	—	—	238,900
Adjustment	619	—	—	—	—	619
End of financial year	609,633	85,325	66,057	4,027	109,712	874,754
Net book value						
End of financial year	115,919	—	69,210	—	—	185,129

The Company's additions consist of right-of-use asset additions of \$228,273 (Note 24).

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***20 Intangible assets**

	<u>Brands and trademarks</u>	<u>Computer software licenses</u>	<u>Other intangible assets</u>	<u>Total</u>
	\$	\$	\$	\$
2023				
<u>Cost</u>				
Beginning end of financial year	78,353,804	54,799	8,940,000	87,348,603
<u>Accumulated amortisation</u>				
Beginning of financial year	30,374,757	54,799	1,862,500	32,292,056
Amortisation charges (Note 5)	5,223,587	—	894,000	6,117,587
End of financial year	35,598,344	54,799	2,756,500	38,409,643
Net book value				
End of financial year	42,755,460	—	6,183,500	48,938,960
2022				
<u>Cost</u>				
Beginning and end of financial year	78,353,804	54,799	8,940,000	87,348,603
<u>Accumulated amortisation</u>				
Beginning of financial year	25,151,170	54,297	968,500	26,173,967
Amortisation charge (Note 5)	5,223,587	502	894,000	6,118,089
End of financial year	30,374,757	54,799	1,862,500	32,292,056
Net book value				
End of financial year	47,979,047	—	7,077,500	55,056,547

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***21 Provision for other liabilities**

	2023	2022
	\$	\$
Warranty	2,102,494	852,983

A provision recognised for expected warranty claims on projects and machinery sold based on past experience of the level of returns. Assumptions used to calculate the provision were based on current information available and to the best knowledge and experience of the management.

Movement in provision is as follows:

	2023	2022
	\$	\$
<u>Warranty</u>		
Beginning of financial year	852,983	2,229,453
Allowance for/(reversal of) warranty provision (Note 5)	1,591,439	(1,258,512)
Provision utilised	(341,928)	(117,958)
End of financial year	2,102,494	852,983

22 Trade and other payables

	2023	2022
	\$	\$
Trade payables		
- Related corporations	8,465,372	12,366,256
- Non-related parties	33,200,439	27,222,278
Trade payables - net	41,665,811	39,588,534
Accruals for operating expenses	9,036,795	15,664,827
Total trade and other payables	50,702,606	55,253,361
Add: Borrowings (Note 23)	—	34,456,223
Total financial liabilities carried at amortised cost	50,702,606	89,709,584

Trade payables to related corporations and non-related parties are non-interest bearing. Trade payables are normally settled on 30 to 60 days' term.

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***23 Borrowings**

	2023	2022
	\$	\$
<i>Current</i>		
Bank overdrafts	—	12,973,973
Loan from a related corporation	—	21,482,250
	<u>—</u>	<u>34,456,223</u>

The bank overdrafts were primarily utilised to support working capital requirements. It was denominated in Singapore Dollar, unsecured, and bore interest at floating rates based on daily deposit rates. In the previous financial year, the weighted-average daily deposit interest rate was at 4.41%.

The bank overdraft was fully repaid during the financial year and no overdraft drawn as of 31 December 2023. The daily floating rate ranges from 4.41% to 9.46% during the financial year ended 31 December 2023 (2022: 0.85% to 4.41%).

In the previous financial year, the loan from a related corporation was denominated in Euro, unsecured, bore interest rate at EURIBOR plus 0.5% per annum and was repayable on demand. The loan was settled during the year.

A reconciliation of liabilities arising from Company's financing activities excluding bank overdrafts are as follows:

	1 January 2023	Repayment	Interest	Foreign exchange movement	31 December 2023
	\$	\$	\$	\$	\$
Borrowings					
- Current	21,482,250	(21,637,500)	142,950	12,300	—
	<u>21,482,250</u>	<u>(21,637,500)</u>	<u>142,950</u>	<u>12,300</u>	<u>—</u>
	1 January 2022	Repayment	Interest	Foreign exchange movement	31 December 2022
	\$	\$	\$	\$	\$
Borrowings					
- Current	22,919,139	(147,806)	180,080	(1,469,163)	21,482,250
	<u>22,919,139</u>	<u>(147,806)</u>	<u>180,080</u>	<u>(1,469,163)</u>	<u>21,482,250</u>

24 Leases - The Company as a lessee

Nature of the Company's leasing activities

Carrying amounts of right-of-use assets presented within property, plant and equipment (Note 19)

The Company leases properties for the purpose of back office operations and for senior management.

There are no externally imposed covenants on these lease arrangements.

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***24 Leases - The Company as a lessee (continued)**

	<u>Leasehold properties</u> \$
At 1 January 2022	96,895
Additions	228,273
Adjustment	2,859
Depreciation	(212,108)
At 31 December 2022	<u>115,919</u>
Additions	242,916
Depreciation	(145,464)
At 31 December 2023	<u>213,371</u>

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2023 \$	2022 \$
As at 1 January	119,171	105,097
Additions	242,916	228,273
Adjustment	—	2,859
Accretion of interest	5,006	37,862
Payments	(146,780)	(254,920)
As at 31 December	<u>220,313</u>	<u>119,171</u>
Current	178,327	119,171
Non-current	41,986	—

The following are the amounts recognised in the statement of comprehensive income:

	2023 \$	2022 \$
Depreciation of right-of-use asset	145,464	212,108
Interest paid on lease liabilities	5,006	37,862
Short term lease expense	39,310	1,008,228
	<u>189,780</u>	<u>1,258,198</u>

The Company had total cash outflows for leases of \$186,090 in 2023 (2022: \$1,263,148).

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***25 Share capital**

	Number of ordinary shares	Amount \$
2023		
Beginning and end of financial year	1,504,729,765	1,504,729,765
2022		
Beginning and end of financial year	1,504,729,765	1,504,729,765

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

26 Other reserves

	2023 \$	2022 \$
a. <i>Composition:</i>		
Hedging reserve	13,217	19,090
Merger reserve	(246,357,524)	(246,357,524)
	(246,344,307)	(246,338,434)
b. <i>Movements:</i>		
i. <i>Hedging reserve</i>		
Beginning of financial year	19,090	19,314
Fair value gains	1,112,452	2,524,210
Tax on fair value change	(189,117)	(429,116)
Fair value gains, net of tax	923,335	2,095,094
Reclassification to profit or loss		
- Revenue	(1,119,250)	(2,494,748)
- Cost of sales	—	(29,731)
Tax on reclassification adjustment	190,042	429,161
	(929,208)	(2,095,318)
End of financial year	13,217	19,090
ii. <i>Merger reserve</i>		
Beginning and end of financial year	(246,357,524)	(246,357,524)

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***26 Other reserves (continued)***Merger reserve arising from transfer of Marine businesses*

In 2014, merger reserve of \$86,791,358 arose from the transfer of Marine business from its related corporation, Cargotec CHS Pte Ltd (formerly known as Cargotec CHS Asia Pacific Pte Ltd) to the Company.

In 2015, merger reserve of \$1,397,026 arose from the transfer of Marine business from its related corporation, Hatlapa Asia Pacific Pte Ltd to the Company.

In 2021, \$158,169,140 arose from the transfer of the GSD and certain OSD businesses from various related corporations based in Finland, Sweden, Norway and Germany to the Company.

As the companies are under the common control of the ultimate holding corporation, Cargotec Corporation, merger accounting method has been applied in accordance with Recommended Accounting Practice 12 to account for the transfer of the business.

27 Fair value of assets and liabilities*a. Fair value hierarchy*

The following table presents assets and liabilities measured and carried at fair value and classified by level of the following fair value hierarchy:

- i. Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- ii. Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- iii. Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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.

b. Financial instruments by category

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	\$	\$	\$	\$
2023				
Assets				
Derivative financial instruments	—	905,503	—	905,503
Liabilities				
Derivative financial instruments	—	2,689,404	—	2,689,404

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***27 Fair value of assets and liabilities (continued)***b. Financial instruments by category (continued)*

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	\$	\$	\$	\$
2022				
Assets				
Derivative financial instruments	—	1,329,112	—	1,329,112
Liabilities				
Derivative financial instruments	—	4,985,348	—	4,985,348

The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at balance sheet date. These investments are included in Level 2 and comprise derivative financial instruments.

*c. Fair value measurements**Cash and cash equivalents, other receivables and other payables*

The carrying amounts of cash and cash equivalents, other receivables and payables approximate their fair values due to their short-term nature.

Trade receivables and trade payables

The carrying amounts of trade receivables and payables (including trade balances due from/to holding and related corporations) approximate their fair values as they are subject to normal trade credit terms.

Borrowings and lease liabilities

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

28 Financial risk management*Financial risk factors*

The Company's activities expose it to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Company's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Company's financial performance. The Company uses financial instruments such as currency forwards to hedge certain financial risk exposures.

Management is responsible for setting the objectives and underlying principles of financial risk management and establishing detailed policies such as risk identification and measurement for the Company. Financial risk management is carried out by finance personnel. The finance personnel measure actual exposures against the limits set and prepare regular reports for the review by management. The information presented below is based on information received by management.

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***28 Financial risk management (continued)***Financial risk factors (continued)**a. Market risk**i. Currency risk*

The Company's business is exposed to currency risk arising from various currency exposure, primarily the United States Dollar ("USD") and Euro ("EUR"). Currency risk arises from sales and purchases that are denominated in currencies which are not the Company's functional currency.

The Company reports its exposure to currency risk to Cargotec Treasury, which is responsible for funding at the Corporate level, managing liquidity and financial risks, providing efficient set up of financing operations and monitoring of business units financial positions. Hedging of the foreign currency positions are executed via intercompany forward contracts according to instructions from Cargotec Treasury.

The Company's currency exposure to USD and EUR are as follows:

	<u>USD</u>	<u>EUR</u>
	\$	\$
2023		
Financial assets		
Cash and cash equivalents	1,627,289	2,181,919
Trade and other receivables	17,683,649	33,196,530
	<u>19,310,938</u>	<u>35,378,449</u>
Financial liabilities		
Trade and other payables	10,393,507	11,878,452
	<u>10,393,507</u>	<u>11,878,452</u>
Net financial assets	8,917,431	23,499,997
Add/(less): Currency forwards	466,109	(45,606)
Currency exposure	<u>9,383,540</u>	<u>23,454,391</u>

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***28 Financial risk management (continued)***Financial risk factors (continued)**a. Market risk (continued)**i. Currency risk (continued)*

	<u>USD</u>	<u>EUR</u>
	\$	\$
2022		
Financial assets		
Cash and cash equivalents	605,535	3,321,128
Trade and other receivables	7,279,118	29,611,559
	<u>7,884,653</u>	<u>32,932,687</u>
Financial liabilities		
Borrowings	—	21,482,250
Trade and other payables	5,533,161	18,281,850
	<u>5,533,161</u>	<u>39,764,100</u>
Net financial assets/(liabilities)	2,351,492	(6,831,413)
Less: Currency forwards	552,831	(2,333,822)
Currency exposure	<u>2,904,323</u>	<u>(9,165,235)</u>

At 31 December 2023, if the USD and EUR had strengthened/weakened by 5% (2022: 5%) and 5% (2022: 5%) respectively against the SGD with all other variables including tax rate being held constant, the gain/(loss) arising from the net financial assets/liabilities position will be as follows:

	2023	2022
	\$	\$
USD against SGD		
- Strengthened	389,417	120,529
- Weakened	(389,417)	(120,529)
EUR against SGD		
- Strengthened	973,357	(380,357)
- Weakened	(973,357)	380,357

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***28 Financial risk management (continued)***Financial risk factors (continued)**a. Market risk (continued)**ii. Interest rate risk*

The Company is exposed to interest rate risk on its bank overdrafts and loan from related corporation.

The Company does not expect any significant effect on the Company'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 as there were no borrowings resulting to interest rate risk as at 31 December 2023.

b. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are cash and cash equivalents, trade and other receivables, contract assets and other current assets (excluding prepayments).

a. Risk management

The Company adopts the following policy to mitigate the credit risk.

For banks and financial institutions, the Company mitigates its credit risks by transacting only with counterparties with high credit ratings as rated by independent rating agencies.

For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit standing and history, and obtaining sufficient collateral or buying credit insurance where appropriate to mitigate credit risk. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by the credit limit approved by the management based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the management.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the balance sheet.

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***28 Financial risk management (continued)***Financial risk factors (continued)**b. Credit risk (continued)**i. Impairment of financial assets*

The Company has applied the simplified approach by using the provision matrix to measure the lifetime expected credit losses for trade receivables from customers.

To measure the expected credit losses, these receivables have been grouped based on days past due. In calculating the expected credit loss rates, the Company considers historical loss rates for each category of customers. On top of this generic credit loss provision based on historical loss data, additional credit loss is recognised, if needed, based on a forward-looking case by case risk assessment.

The credit risk classification of customer receivables is based on how long they are overdue. Credit risk related to less than 90 days overdue receivables is considered to be low, and increased if receivables are 90-360 days overdue. Over 360 days overdue customer receivables are classified as high risk. Regarding the other financial assets, the classification to increased or high credit risk is based on an asset-specific credit risk assessment.

Receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The Company's credit risk exposure in relation to trade receivables from customers as at 31 December 2023 and 31 December 2022 are set out in the provision matrix as follows:

31 December 2023	Trade receivables	Loss allowance
<i>Past due</i>	\$'000	\$'000
Current	28,950	13
Within 30 days	8,849	28
31 to 60 days	4,569	23
61 to 90 days	2,182	29
91 to 120 days	1,417	42
121 to 180 days	2,030	98
181 to 240 days	792	55
241 to 360 days	1,305	172
361 to 720 days	1,635	341
More than 720 days	48	19

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***28 Financial risk management (continued)***Financial risk factors (continued)**b. Credit risk (continued)**ii. Impairment of financial assets (continued)*

31 December 2022	Trade receivables	Loss allowance
<i>Past due</i>	\$'000	\$'000
Current	23,202	11
Within 30 days	8,299	24
31 to 60 days	4,631	24
61 to 90 days	2,208	32
91 to 120 days	1,623	33
121 to 180 days	1,162	58
181 to 240 days	685	49
241 to 360 days	1,240	128
361 to 720 days	393	74
More than 720 days	62	21

Movement in credit loss allowance for financial assets are set out as follows:

	Trade receivables \$
2023	
Balances at 1 January 2023	454,170
Allowance for credit loss allowance recognised in profit or loss during the year	365,490
Balances at 31 December 2023	819,660
2022	
Balances at 1 January 2022	100,191
Allowance for credit loss allowance recognised in profit or loss during the year	353,979
Balances at 31 December 2022	454,170

Financial assets which are subject to expected credit losses under the 3-stage approach are mainly cash and cash equivalents, other receivables and other current assets (excluding prepayments).

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***28 Financial risk management (continued)***Financial risk factors (continued)**b. Credit risk (continued)**ii. Impairment of financial assets (continued)*

For these receivables, management has considered, among other factors (including forward-looking information), the Company's ability to fulfil its contractual cash flows and financial support (if any) to assess the expected credit loss. The company considers both quantitative and qualitative information that is reasonable and supportable, including historical payment experience.

These financial assets are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about events, including but not limited to significant financial difficulty of the borrower or a breach of contract, such as a default or past due event.

iii. Cash and cash equivalents

The Company held cash at banks of \$8,915,768 (2022: \$5,141,215) with banks which are rated A- (2022: A-) based on Standard & Poor are consider to have low credit risk. The cash balances are measured on 12-months expected credit losses and subject to immaterial credit loss

c. Liquidity risk

The Company funds its operation through internal generated funds, committed credit facilities and loan from a related corporation to enable it to meet its operational requirements.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than <u>1 year</u> \$	More than 1 <u>year</u> \$	<u>Total</u> \$
At 31 December 2023			
<i>Financial liabilities</i>			
Trade and other payables	50,702,606	—	50,702,606
Lease liabilities	185,769	42,693	228,462
Total undiscounted financial liabilities	50,888,375	42,693	50,931,068

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***28 Financial risk management (continued)***Financial risk factors (continued)**c. Liquidity risk (continued)*

	Less than <u>1 year</u> \$	More than 1 <u>year</u> \$	<u>Total</u> \$
At 31 December 2022			
<i>Financial liabilities</i>			
Trade and other payables	55,253,361	—	55,253,361
Borrowings	34,819,558	—	34,819,558
Lease liabilities	122,118	—	122,118
Total undiscounted financial liabilities	90,195,037	—	90,195,037

d. Capital risk

The Company's objectives when managing capital are to ensure that the Company is adequately capitalised and to maintain an optimal capital structure by issuing equity, redeeming additional equity, obtaining new borrowings or selling assets to reduce borrowings when necessary.

Management monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash at banks. Total capital is calculated as equity plus net debt.

	2023 \$	2022 \$
Net debt	41,786,839	84,568,369
Total equity	517,873,850	459,079,885
Total capital	559,660,689	543,648,254
Gearing ratio	7%	16%

The Company is not subject to any externally imposed capital requirements.

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***28 Financial risk management (continued)***e. Financial instruments by category*

The carrying amount of financial assets and financial liabilities at amortised cost are as follows:

	2023
	\$
Financial assets at amortised cost	75,213,587
Financial liabilities at amortised cost	50,702,606
	2022
	\$
Financial assets at amortised cost	61,716,409
Financial liabilities at amortised cost	89,709,584

29 Immediate and ultimate holding corporation

The Company's immediate and ultimate holding corporation is Cargotec Oyj, which is incorporated in Finland.

30 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following significant transactions took place between the Company and related parties at terms agreed between the parties:

a. Sales and purchases of goods and services

	2023	2022
	\$	\$
Ultimate holding corporation:		
Technical fees	(1,807,633)	(1,891,826)
Management fees	(14,096,890)	(15,544,179)
Recharged income	29,102,831	16,176,793
Recharged expenses	(1,698,190)	(446,913)
Associated companies:		
Purchases	(4,685,330)	(6,406,783)

MACGREGOR PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***30 Related party transactions (continued)***a. Sales and purchases of goods and services (continued)*

	2023 \$	2022 \$
Subsidiaries:		
Sales	1,831,680	1,986,735
Purchases	(7,959,208)	(5,761,847)
Recharged expenses	(24,772,250)	(20,683,412)
Recharged income	49,368	168,343
Joint ventures:		
Sales	2,147,896	2,030,779
Purchases	(3,561,976)	(2,204,793)
Brand license income	1,691,327	—
Recharged expenses	(123,365)	—
Related corporations:		
Sales	24,801,893	16,862,077
Purchases	(14,075,764)	(27,300,072)
Brand license income	—	3,468,187
Recharged expenses	(36,014,625)	(33,486,367)
Recharged income	5,767,202	6,649,334
Royalty income	13,491,000	10,437,000

Balances with related parties at the balance sheet date are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 13, 22 and 23, respectively.

b. Key management personnel compensation

Key management personnel compensation is as follows:

	2023 \$	2022 \$
Salaries and other short-term employee benefits	1,111,043	911,532

31 Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of MacGregor Pte. Ltd. on 28 June 2024.