

**ORACLE FINANCIAL SERVICES
SOFTWARE PTE. LTD.**
(Incorporated in the Republic of Singapore)
(Registration Number: 200107453K)
AND ITS SUBSIDIARY

**AUDITED FINANCIAL STATEMENTS
YEAR ENDED
31 MARCH 2018**



ROHAN • MAH & PARTNERS LLP
Chartered Accountants, Singapore

ORACLE FINANCIAL SERVICES SOFTWARE PTE. LTD.

(Incorporated in the Republic of Singapore)

AND ITS SUBSIDIARY

Directors

Venkatachalam Krishnakumar
Wong Gen Kown

Secretaries

Kong Yuh Ling Doreen
Nur Iman Binte Rohan

Registered Office

1 Fusionopolis Place
#12-10 Galaxis
Singapore 138522

Auditors

Rohan • Mah & Partners LLP

Bankers

Citibank, N. A., Singapore Branch, Singapore
Citibank, N. A., Tokyo Branch, Japan
Citigroup Pty Limited, Sydney, Australia
KEB Hana Bank, Chungmuro Branch, South Korea

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DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Oracle Financial Services Software Pte. Ltd. (the "Company") and its subsidiary (collectively the "Group") for the financial year ended 31 March 2018.

1 OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Group for the year then ended; and
- (b) at the date of this statements, there are reasonable grounds to believe that the Company will be able to pay its debt as and when they fall due.

2 DIRECTORS

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

Venkatachalam Krishnakumar
Wong Gen Kown

3 ARRANGEMENTS FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

4 DIRECTORS' INTEREST IN SHARES OR DEBENTURES

According to the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), the directors of the Company who held office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations except as stated below:

Ordinary shares Immediate Holding Company - Oracle Financial Services Software Limited Name of Director	Direct interest Shares of Rs 5 each	
	At beginning of year	At end of year
Venkatachalam Krishnakumar	5,500	538

DIRECTORS' STATEMENT

5 SHARE OPTIONS

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

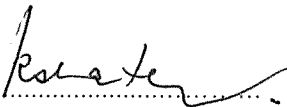
There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

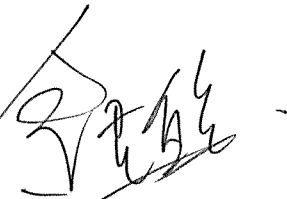
There were no unissued shares of the Company under option at the end of the financial year.

6 AUDITORS

The auditors, Messrs. Rohan • Mah & Partners LLP have expressed their willingness to accept re-appointment.

THE BOARD OF DIRECTORS


.....
Venkatachalam Krishnakumar
Director


.....
Wong Gen Kown
Director

Singapore,
14 September 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF

ORACLE FINANCIAL SERVICES SOFTWARE PTE. LTD.
(Incorporated in the Republic of Singapore)
AND ITS SUBSIDIARY

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Oracle Financial Services Software Pte. Ltd. (the "Company") and its subsidiary (collectively the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows of the Group for the year ended 31 March 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2.2 to the financial statements with respect to the subsidiary's ability to continue as a going concern. As of reporting date, the subsidiary's current liabilities exceeded its current assets and the accumulated losses exceeded the paid-up capital. This indicates the existence of a material uncertainty that may cast significant doubt about the subsidiary's ability to continue as a going concern. The validity of the going concern basis on which the financial statements are prepared depends on management's assessment of the subsidiary's ability to operate as a going concern as set forth in Note 2.2 to the financial statements. In the event that the subsidiary is unable to continue as a going concern, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the statements of financial position. In addition, the subsidiary may have to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities. Our opinion is not modified in respect of this matter.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF

ORACLE FINANCIAL SERVICES SOFTWARE PTE. LTD.

(Incorporated in the Republic of Singapore)

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Going Concern Basis of Accounting

The material uncertainty identified above does not indicate that the going concern basis of accounting is inappropriate. The subsidiary's financial statements have been prepared using the going concern basis of accounting. The use of the going concern basis of accounting is appropriate unless management either intends to liquidate the subsidiary or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the Group's financial statements is appropriate.

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF

ORACLE FINANCIAL SERVICES SOFTWARE PTE. LTD.

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF

ORACLE FINANCIAL SERVICES SOFTWARE PTE. LTD.

(Incorporated in the Republic of Singapore)

AND ITS SUBSIDIARY

Auditor's Responsibilities for the Audit of the Financial Statements - cont'd

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

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

Rohan. Mah & Partners LLP

ROHAN • MAH & PARTNERS LLP
Public Accountants and
Chartered Accountants

Singapore
14 September 2018
(RK/MA./SR//FM/HL/KS/CT/WQ/ccy)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2018

The Group	Note	31.03.2018 US\$	31.03.2017 US\$ Restated	01.04.2016 US\$
ASSETS LESS LIABILITIES				
Non-Current Assets				
Plant and equipment	3	7,590	42,057	75,777
Investment in subsidiary	4	-	-	-
Intangible assets	5	-	-	-
		<u>7,590</u>	<u>42,057</u>	<u>75,777</u>
Current Assets				
Trade receivables	6	50,866,002	24,633,772	23,868,328
Other receivables	7	10,345,556	6,201,106	26,376,011
Cash and cash equivalents	8	12,518,167	7,933,350	10,088,965
		<u>73,729,725</u>	<u>38,768,228</u>	<u>60,333,304</u>
Current Liabilities				
Trade and other payables	9	51,226,893	29,535,039	35,342,488
Current tax liabilities		1,091,565	154,873	279,514
		<u>52,318,458</u>	<u>29,689,912</u>	<u>35,622,002</u>
Net Current Assets		<u>21,411,267</u>	<u>9,078,316</u>	<u>24,711,302</u>
Non-Current Liabilities				
Deferred taxation	10	66,703	62,396	64,542
Net Assets		<u>21,352,154</u>	<u>9,057,977</u>	<u>24,722,537</u>
Capital and reserves attributable to equity holders of the Company				
Share capital	11	136,525	136,525	136,525
Retained profits		22,148,306	10,154,029	31,170,025
Translation reserve		(932,677)	(1,232,577)	(6,584,013)
Total Equity		<u>21,352,154</u>	<u>9,057,977</u>	<u>24,722,537</u>

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

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2018

The Company	Note	31.03.2018 US\$	31.03.2017 US\$ Restated	01.04.2016 US\$
ASSETS LESS LIABILITIES				
Non-Current Assets				
Plant and equipment	3	7,590	42,057	75,777
Investment in subsidiary	4	-	-	-
Intangible assets	5	-	-	-
		<u>7,590</u>	<u>42,057</u>	<u>75,777</u>
Current Assets				
Trade receivables	6	50,866,002	24,633,772	23,868,328
Other receivables	7	10,345,556	6,201,106	26,366,602
Cash and cash equivalents	8	12,389,962	7,596,862	9,751,427
		<u>73,601,520</u>	<u>38,431,740</u>	<u>59,986,357</u>
Current Liabilities				
Trade and other payables	9	51,223,834	29,529,334	35,319,448
Current tax liabilities		1,091,565	154,873	279,514
		<u>52,315,399</u>	<u>29,684,207</u>	<u>35,598,962</u>
Net Current Assets		<u>21,286,121</u>	<u>8,747,533</u>	<u>24,387,395</u>
Non-Current Liabilities				
Deferred taxation	10	66,703	62,396	64,542
Net Assets		<u>21,227,008</u>	<u>8,727,194</u>	<u>24,398,630</u>
Capital and reserves attributable to equity holders of the Company				
Share capital	11	136,525	136,525	136,525
Retained profits	12	23,382,454	11,420,278	32,329,270
Translation reserve		<u>(2,291,971)</u>	<u>(2,829,609)</u>	<u>(8,067,165)</u>
Total Equity		<u>21,227,008</u>	<u>8,727,194</u>	<u>24,398,630</u>

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

Continuing operations	Note	01.04.2017 to 31.03.2018 US\$	01.04.2016 to 31.03.2017 US\$ Restated
Revenue	13	189,881,820	156,742,126
Cost of services performed		<u>(158,740,840)</u>	<u>(130,141,429)</u>
Gross profit		31,140,980	26,600,697
Other income	14	388,306	197,459
Administrative expenses	15	(13,539,909)	(14,941,234)
Other operating expenses	17	<u>(207,662)</u>	<u>(1,673,057)</u>
Profit before taxation		17,781,715	10,183,865
Taxation	19	<u>(5,787,438)</u>	<u>(7,150,313)</u>
Profit from continuing operations		<u>11,994,277</u>	<u>3,033,552</u>
Other comprehensive income			
Currency translation differences arising from consolidation		<u>299,900</u>	<u>301,888</u>
Other comprehensive income, net of tax		<u>299,900</u>	<u>301,888</u>
Total comprehensive income		<u>12,294,177</u>	<u>3,335,440</u>
Profit attributable to:			
Equity holders of the Company		<u>11,994,277</u>	<u>3,033,552</u>
Total comprehensive income attributable to:			
Equity holders of the Company		<u>12,294,177</u>	<u>3,335,440</u>

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

ORACLE FINANCIAL SERVICES SOFTWARE PTE. LTD.

(Incorporated in the Republic of Singapore)
AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

The Group	Attributable to equity holders of the Company			
	Share Capital US\$	Retained Profits US\$	Translation Reserve US\$	Total US\$
As at 1 April 2016	136,525	31,170,025	(6,584,013)	24,722,537
Total comprehensive income for the year	-	3,187,929	147,511	3,335,440
Prior year adjustment (Note 26)	-	(154,377)	154,377	-
Total comprehensive income for the year, as restated	-	3,033,552	301,888	3,335,440
Reclassification	-	(8,067,165)	8,067,165	-
Prior year adjustment (Note 26)	-	3,017,617	(3,017,617)	-
Reclassification, as restated	-	(5,049,548)	5,049,548	-
Dividends (Note 25)	-	(19,000,000)	-	(19,000,000)
As at 31 March 2017, restated	136,525	10,154,029	(1,232,577)	9,057,977
Total comprehensive income for the year	-	11,994,277	299,900	12,294,177
As at 31 March 2018	136,525	22,148,306	(932,677)	21,352,154

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	01.04.2017 to 31.03.2018 US\$	01.04.2016 to 31.03.2017 US\$ Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	17,781,715	10,183,865
Adjustments for:		
Allowance for doubtful debts	440,391	732,420
Foreign exchange difference in plant and equipment	4,863	(54,032)
Reversal for doubtful debts	(128,906)	(10,671)
Depreciation of plant and equipment	16,206	119,657
Fixed asset written off	13,398	249
Interest income	(68,115)	(107,870)
Operating profit before working capital changes	18,059,552	10,863,618
Working capital changes, excluding changes related to cash:		
Trade receivables	(26,543,715)	897,518
Other receivables	292,005	(826,968)
Trade and other payables	21,691,854	(5,807,449)
Cash generated from operations	13,499,696	5,126,719
Interest received	68,115	107,870
Income taxes paid (net)	(4,850,746)	(7,274,954)
Net cash generated from/(used in) operating activities	8,717,065	(2,040,365)
CASH FLOWS FROM INVESTING ACTIVITIES		
Amount due from immediate holding company - non-trade	(4,288,718)	16,340,220
Amount due from related companies - non-trade	(147,737)	2,276,942
Acquisition of plant and equipment	-	(32,154)
Net cash (used in)/generated from investing activities	(4,436,455)	18,585,008
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(19,000,000)
Net cash used in financing activities	-	(19,000,000)
Net increase/(decrease) in cash and cash equivalents	4,280,610	(2,455,357)
Effect of exchange rate fluctuation on cash and cash equivalent	304,207	299,742
Cash and cash equivalents at beginning of financial year	7,933,350	10,088,965
Cash and cash equivalents at the end of the financial year (Note 8)	12,518,167	7,933,350

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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

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

1 CORPORATE INFORMATION

Oracle Financial Services Software Pte. Ltd. is a limited liability company incorporated in Singapore with its registered office and its principal place of business at 1 Fusionopolis Place #12-10 Galaxis, Singapore 138522.

The financial statements of the Company for the year ended 31 March 2018 relate to the Company and its subsidiary (collectively referred to as the "Group").

The principal activities of the Company in the course of the financial year are those relating to providing information technology solutions, consulting services and development of software to the financial service industry. The principal activities of its subsidiary company are set out in Note 4 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The Company has 3 branches operating outside of Singapore as follows:

Branch	Location	Registered Address
Japan	Tokyo	Akasaka Center Building 13F, 1-3-13 Moto Akasaka, Minato-ku, Tokyo 107-0051, Japan.
Australia	Sydney	Level 8, 4 Julius Avenue, North Ryde, Sydney, NSW 2113, Australia
Korea	South Korea	Rm#1410, 14F, Soonhwa Building, 89 Seosomun-ro, Jung-gu, Seoul, South Korea

The principal activities of these branches are the same as the Company.

The Company is a wholly-owned subsidiary of Oracle Financial Services Software Limited, a company incorporated in India. The Company's ultimate holding company is Oracle Corporation, a company incorporated in the United States of America. Related corporations (companies) in these financial statements refer to members of ultimate holding company's group of companies.

The financial statements of the Company for the year ended 31 March 2018 were authorised for issue in accordance with a resolution of the Directors on 14 September 2018.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 Basis of Preparation**

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements, expressed in United States Dollar (USD or US\$) are prepared on the historical cost convention, except as disclosed in the accounting policies below.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.1 Basis of Preparation - cont'd

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group and the Company's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgement or complexity, are disclosed in Note 22.

In the current financial year, the Group and the Company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual years beginning on or before 1 April 2017. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

A number of new standards, amendments to standards and interpretations are issued but effective for annual periods beginning after 1 April 2017, and have not been applied in preparing these financial statements. The Group and the Company does not plan to early adopt these standards.

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

Description	Effective for annual periods beginning on or after
FRS 115 Revenue from Contracts with Customers	1 Jan 2018
Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined
FRS 109 Financial Instruments	1 Jan 2018
Amendments to FRS 115: Classifications to FRS 115 Revenue from Contracts with Customers	1 Jan 2018
FRS 116 Leases	1 Jan 2019
Amendments to FRS 40: Transfers of investment property	1 Jan 2018
Amendments to FRS 102: Classification and Measurement of Share Based Payment Transactions	1 Jan 2018
Amendments to FRS 109: Prepayment features with negative compensation	1 Jan 2019
Amendments to FRS 28: Long-term interests in Associates and Joint Ventures	1 Jan 2019
INT FRS 122: Foreign currency transactions and advance considerations	1 Jan 2018

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**2.1 Basis of Preparation - cont'd**

The Group has not adopted the following standards that have been issued but not yet effective: - cont'd

Description	Effective for annual periods beginning on or after
INT FRS 123: Uncertainty over Income Tax treatments	1 Jan 2019
Improvements to FRS (March 2018)	1 Jan 2019
FRS 117 Insurance Contracts	1 Jan 2021

The nature of the impending changes in accounting policy on adoption of FRS 109, 115 and 116 are described below.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 April 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

FRS 115 Revenue from Contracts with Customers

FRS 115 Revenue from Contracts with Customers will replace FRS 18 Revenue, FRS 11 Construction Contracts and related interpretations. The standard establishes the principle for companies to recognise revenue to depict the transfer of goods or services to customers in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed (e.g. service revenue and contract modifications) and improved guidance for multi-element arrangements. FRS 115 Revenue from Contracts with Customers is effective for annual periods beginning on or after 1 April 2018.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on statement of financial position to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemptions for lessees - leases of 'low value' assets and short-term leases. The new leases standard is effective for annual periods beginning on or after 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**2.2 Going Concern**

The subsidiary's current liabilities exceeded the current assets, and the accumulated losses exceeded the paid-up capital as at 31 March 2018. These factors indicate the existence of a material uncertainty that may cast significant doubt about the subsidiary's ability to continue as a going concern.

The financial statements have been prepared on the basis that the Company is a going concern as the immediate holding company has given written confirmation of its continuing financial support for the Company. The ability of the Company to continue as a going concern depends on the immediate holding company's undertaking to provide continued financial support.

The financial statements have been prepared on a going concern basis as the Directors are satisfied that:

- (i) the continuing financial support from the related party to procure the necessary finance and support for a period of not less than twelve months from the end of the reporting period;
- (ii) the Company is able to generate sufficient cash flows from its operations to meet its current and future obligations.

If the financial support is not forthcoming and as a result, the subsidiary is unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reflect the situation that the assets may need to be realised other than in the normal course of the business and at amounts which could differ significantly from the amounts stated in statement of financial position. In addition, the subsidiary may have to provide further liabilities which may arise, and to reclassify long term assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

2.3 Group Accounting**2.3.1 *Subsidiary*****(i) *Consolidation***

Subsidiary is entity (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.3 Group Accounting - cont'd

2.3.1 *Subsidiary* - cont'd(i) *Consolidation* - cont'd

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (ii) fair value of the net identifiable assets acquired is recorded as goodwill. Please refer to note 2.6.1 for the accounting policy on goodwill.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**2.3 Group Accounting - cont'd****2.3.1 Subsidiary - cont'd****(iii) Disposals**

When a change in the Group ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to note 2.5 for the accounting policy on investment in subsidiary.

2.3.2 Transactions with Non-Controlling Interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2.4 Plant and Equipment**2.4.1 Measurement**

All items of plant and equipment are initially recorded at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

2.4.2 Components of Costs

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**2.4 Plant and Equipment - cont'd****2.4.3 Depreciation**

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

	Years
Furniture and fittings	2 - 7
Computers	2 - 3
Office equipment	5 - 7
Lease hold improvement	5

The useful lives of plant and equipment are reviewed and adjusted as appropriate at each reporting date.

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

2.4.4 Subsequent Expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

2.4.5 Disposal

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the profit or loss. Any amount in revaluation reserve relating to that asset is transferred to retained earnings.

2.5 Investment in Subsidiary

Investment in subsidiary are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**2.6 Intangible Assets****2.6.1 Goodwill**

Goodwill on acquisitions of subsidiaries and businesses on or after 1 January 2012 represents the excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the net identifiable assets acquired.

Goodwill on acquisition of subsidiaries and businesses prior to 1 January 2012 and on acquisition of joint ventures and associated companies represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets acquired.

Goodwill on subsidiaries and joint ventures is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, joint ventures and associated companies include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

2.6.2 Customer Contracts

Customer contracts acquired as part of business combinations are initially recognised at their fair values at the acquisition date and are subsequently carried at cost (i.e. the fair values at initial recognition) less accumulated amortisation and accumulated impairment losses. These costs are amortised to the profit or loss using the straight-line method over 12 months, which is the shorter of their estimated useful lives and periods of contractual rights.

2.6.3 Customer Relationship

Customer relationship acquired as part of business combinations are initially recognised at their fair values at the acquisition date and are subsequently carried at cost (i.e. the fair values at initial recognition) less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 5 years, which is the shorter of their estimated useful lives and periods of contractual rights.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each reporting date. The effects of any revision of the amortisation period or amortisation method are included in profit or loss for the financial year in which the changes arise.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**2.7 Impairment of Non-Financial Assets****2.7.1 Goodwill**

Goodwill is tested annually for impairment, as well as when there is any indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units (CGU) expected to benefit from synergies of the business combination.

An impairment loss is recognised in profit or loss when the carrying amount of CGU, including the goodwill, exceeds the recoverable amount of the CGU. Recoverable amount of the CGU is the higher of the CGU's fair value less cost to sell and value in use.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

Impairment loss on goodwill is not reversed in a subsequent period.

**2.7.2 Intangible Assets
Plant and Equipment
Investment in Subsidiary**

Intangible assets, plant and equipment and investment in subsidiary are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount 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, recoverable amount is determined for the CGU to which the asset belongs to.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in profit or loss unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**2.7 Impairment of Non-Financial Assets - cont'd****2.7.2 Intangible Assets
Plant and Equipment
Investment in Subsidiary - cont'd**

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an 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 amortisation or 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, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

2.8 Financial Assets**2.8.1 Initial Recognition and Measurement**

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

When financial assets are recognised initially, they are measured as fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

2.8.2 Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**2.8 Financial Assets - cont'd****2.8.2 Subsequent Measurement - cont'd****(i) Financial assets at fair value through profit or loss - cont'd**

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

(iv) Available-for-sale financial assets

Available-for-sale financial assets include equity and debts securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**2.8 Financial Assets - cont'd****2.8.2 Subsequent Measurement - cont'd****(iv) Available-for-sale financial assets - cont'd**

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

2.8.3 Derecognition

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

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2.9 Impairment of Financial Assets

The Group and the Company assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

2.9.1 Financial Assets Carried at Amortised Cost

For financial assets carried at amortised cost, the Group and the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**2.9 Impairment of Financial Assets - cont'd****2.9.1 *Financial Assets Carried at Amortised Cost* - cont'd**

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Group and the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.9.2 *Financial Assets Carried at Cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**2.9 Impairment of Financial Assets - cont'd****2.9.3 Available-For-Sale Financial Assets**

In the case of equity investments classified as available-for-sale, objective evidence of impairment include

- (i) significant financial difficulty of the issuer or obligor;
- (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and
- (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**2.10 Financial Liabilities****2.10.1 Initial Recognition and Measurement**

Financial liabilities are recognised on the balance sheet when, and only when, the Group and 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 and in the case of other financial liabilities, plus directly attributable transaction costs.

2.10.2 Subsequent Measurement

The measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Group and the Company has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

(ii) Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortization process.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**2.10 Financial Liabilities - cont'd****2.10.3 Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.11 Fair Value Estimation

The fair values of financial instruments traded in active markets are based on quoted market prices at reporting date. The quoted market prices used for financial assets held by the Group and the Company are the current bid prices; the appropriate quoted market prices for financial liabilities are the current ask prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group and the Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used where appropriate. Other techniques, such as estimated discounted cash flows, are also used to determine the fair values of the financial instruments.

The carrying amounts of current receivables and payables are assumed to approximate their fair values. The fair values of non-current receivables for disclosure purposes are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group and the Company for similar financial instruments.

2.12 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and short-term, highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Group and the Company's cash management.

2.13 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**2.14 Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

2.14.1 Product Licenses and Related Revenue

License fees are recognised, on delivery and subsequent milestone schedule as per the terms of the contract with the end user.

Implementation services are recognised as services are provided, when arrangements are on a time and material basis. Revenue for fixed price contracts is recognised using the proportionate completion method. Balance revenue is recognised at the time of receipt of customer acceptance. Proportionate completion is measured based upon the efforts incurred to date in relation to the total estimated efforts to complete the contract. The Group and the Company monitors estimates of total contract revenue and cost on a routine basis throughout the delivery period.

The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss.

Customisation services are recognised based on the acceptance received from the customer for the milestone achieved.

Product maintenance revenue is recognised, over the period of the maintenance contract.

2.14.2 IT Solutions and Consulting Services

Revenue from IT solutions and consulting services are recognised as services are provided, when arrangements are on a time and material basis.

Revenue from fixed price contracts is recognised using the proportionate completion method. Balance revenue is recognised at the time of receipt of customer acceptance. Proportionate completion is measured based upon the efforts incurred to date in relation to the total estimated efforts to complete the contract. The Group and the Company monitors estimates of total contract revenue and cost on a routine basis throughout the delivery period. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**2.14 Revenue Recognition - cont'd****2.14.2 IT Solutions and Consulting Services - cont'd**

Cost and revenue in excess of billing is classified as unbilled revenue while billing in excess of revenue is classified as deferred revenue.

Reimbursable expenses for projects are invoiced separately to customers and although reflected as sundry debtors to the extent outstanding as at year end, are not included as revenue or expense.

2.14.3 Interest Income

Interest income is measured using the effective interest method.

2.15 Currency Translation**2.15.1 Functional and Presentation Currency**

Items included in the financial statements of the Company and the branches are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in United State Dollar ("US\$"), which is the Company's functional and presentation currency except for Australia and Japan branch which is in Australian Dollar ("AU\$") and Japanese Yen ("JPY") respectively.

2.15.2 Translation of Foreign Currency Transactions and Balances

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

2.15.3 Translation of Group Entities' Financial Statements

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

- (i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the reporting date;
- (ii) Income and expenses for each profit or loss are translated at average exchange rates (unless this average is not reasonable approximation of the cumulative effect of the rates prevailing on the translation dates, in which case income and expenses are translated at the dates of the transactions); and

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**2.15 Currency Translation - cont'd****2.15.3 Translation of Group Entities' Financial Statements - cont'd**

- (iii) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

2.16 Leases**2.16.1 Operating Leases**

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.16.2 Finance Leases

Leases of assets in which the Group assumes substantially the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is taken to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2.17 Related Parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**2.17 Related Parties - cont'd****(b) An entity is related to the Group and the Company if any of the following conditions applies:**

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

2.18 Provisions

Provisions are recognised when the Group and the Company has a present obligation (legal or constructive) as a result of a past event, it is more likely than not that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group and the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

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. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**2.19 Income Taxes**

Current income tax liabilities (and assets) for the current and prior periods are recognised at the amounts expected to be paid to (or recovered from) the tax authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted by the reporting date.

Deferred income tax assets/liabilities are recognised for all deductible taxable 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 assets/liabilities arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are measured at:

- (i) 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 substantially enacted by the reporting date; and
- (ii) the tax consequence that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expenses in profit or loss for the period, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax on temporary differences arising from the revaluation gains and losses on land and buildings, fair value gains and losses on available-for-sale financial assets and cash flow hedges, and the liability component of convertible debts are charged or credited directly to equity in the same period the temporary differences arise. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**2.20 Employee Benefits****2.20.1 Defined Contribution Pension Costs**

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Group's contribution to defined contribution plans are recognised in the financial year to which they relate.

2.20.2 Short Term Employee Benefits

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

2.21 Government Grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable 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 expenses are shown separately as other income.

Where the grant relates to an asset, the fair value is recognized as deferred government grant on the statement of financial position and is amortised as income on a systematic and rational basis over the useful life of the asset.

Alternatively, government grant relating to an asset may be presented in the balance sheet by deducting the grant at the carrying amount of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

Jobs credit grants, which are government grants given to match staff and business costs, are recognised in the month of payment only as certain conditions have to be fulfilled before payment.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

3 PLANT AND EQUIPMENT

The Group and The Company

2018	Furniture and fittings US\$	Computers US\$	Office equipment US\$	Leasehold improvement US\$	Total US\$
Cost					
At beginning of year	264,092	150,310	129,351	32,204	575,957
Written off	-	(40,395)	(112,517)	(33,232)	(186,144)
Translation difference	2	1,195	(3,437)	1,028	(1,212)
At end of year	<u>264,094</u>	<u>111,110</u>	<u>13,397</u>	<u>-</u>	<u>388,601</u>
Accumulated Depreciation					
At beginning of year	263,216	129,718	118,423	22,543	533,900
Depreciation	320	6,261	2,760	6,865	16,206
Written off	-	(36,293)	(106,544)	(29,909)	(172,746)
Translation difference	2	6,298	(3,150)	501	3,651
At end of year	<u>263,538</u>	<u>105,984</u>	<u>11,489</u>	<u>-</u>	<u>381,011</u>
Carrying Amount					
At end of year	<u>556</u>	<u>5,126</u>	<u>1,908</u>	<u>-</u>	<u>7,590</u>
2017					
Cost					
At beginning of year	264,126	529,579	143,583	-	937,288
Additions	-	-	-	32,154	32,154
Write-off	-	(249)	-	-	(249)
Disposal	-	(356,763)	(14,092)	-	(370,855)
Translation difference	(34)	(22,257)	(140)	50	(22,381)
At end of year	<u>264,092</u>	<u>150,310</u>	<u>129,351</u>	<u>32,204</u>	<u>575,957</u>
Accumulated Depreciation					
At beginning of year	263,170	469,581	128,760	-	861,511
Depreciation	86	93,185	3,843	22,543	119,657
Disposal	-	(356,763)	(14,092)	-	(370,855)
Translation difference	(40)	(76,285)	(88)	-	(76,413)
At end of year	<u>263,216</u>	<u>129,718</u>	<u>118,423</u>	<u>22,543</u>	<u>533,900</u>
Carrying Amount					
At end of year	<u>876</u>	<u>20,592</u>	<u>10,928</u>	<u>9,661</u>	<u>42,057</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

4 INVESTMENT IN SUBSIDIARY

	The Company	
	2018	2017
	US\$	US\$
Unquoted investment, at cost	1,150,184	1,150,184
Impairment loss	<u>(1,150,184)</u>	<u>(1,150,184)</u>
	<u>-</u>	<u>-</u>

In financial year 2013, the Management recognised an impairment loss of US\$1,150,184 as the subsidiary has been operating at a loss and was in a negative equity position as at reporting date.

Details of the subsidiary is as follows:

Name of company	Principal activities	Country of incorporation and business	Effective equity held by the Company		Cost of investment	
			2018 %	2017 %	2018 US\$	2017 US\$
Oracle Financial Services Consulting Pte. Ltd.*	Provision of computer software and technology services	Republic of Singapore	100	100	1,150,184	1,150,184

* Audited by Rohan • Mah & Partners LLP, Singapore.

5 INTANGIBLE ASSETS

	The Group	
	2018	2017
	US\$	US\$
Customer contracts	556,364	556,364
Customer relationships	<u>416,851</u>	<u>416,851</u>
	973,215	973,215
Less: Accumulated amortisation	<u>(973,215)</u>	<u>(973,215)</u>
	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

6 TRADE RECEIVABLES

	The Group and The Company	
	2018	2017
	US\$	US\$
		Restated
Outside parties	4,654,275	3,755,757
Related parties	29,897,448	10,982,357
	<u>34,551,723</u>	<u>14,738,114</u>
Less: Provision for impairment		
Balance at beginning of year	532,445	626,297
Allowance made during the year	440,391	732,420
Written off during the year	(343,515)	(815,601)
Written back during the year	(128,906)	(10,671)
Balance at end of year	<u>500,415</u>	<u>532,445</u>
	34,051,308	14,205,669
Unbilled revenue	16,814,694	10,428,103
	<u>50,866,002</u>	<u>24,633,772</u>

The Group and the Company do not have concentration of credit risk in respect of a customer or a group of customers.

The aging of trade receivables at the reporting date is:

The Group and the Company

The maximum exposure of credit risk for trade receivables at the reporting date is US\$34,051,308 (2017: US\$14,205,669).

	Gross	Impairment	Gross	Impairment
	2018	losses	2017	losses
	US\$	2018	US\$	2017
		US\$		US\$
Not past due	15,602,063	753	3,200,092	-
Past due 1 - 30 days	12,268,701	1,735	4,957,705	-
Past due 31 - 120 days	4,646,563	89,613	5,316,097	-
Past due 121 - 365 days	1,726,825	247,242	549,902	-
More than one year	307,571	161,072	714,318	532,445
	<u>34,551,723</u>	<u>500,415</u>	<u>14,738,114</u>	<u>532,445</u>

Based on historical default rates, the Group and the Company believe that no impairment allowance is necessary in respect of trade receivables past due up to 365 days. These receivables are mainly arising by customers that have good record with the Company.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

7 OTHER RECEIVABLES

	The Group and The Company	
	2018	2017
	US\$	US\$
		Restated
Amount due from immediate holding company - non-trade	9,076,372	4,787,654
Amount due from related companies - non-trade	204,973	57,236
Deposit	72,328	68,373
Prepayments	991,883	1,009,789
Other receivable	-	278,054
	<u>10,345,556</u>	<u>6,201,106</u>

The amount due from subsidiary - non-trade is as follows:

	The Group		The Company	
	2018	2017	2018	2017
	US\$	US\$	US\$	US\$
				Restated
Amount due from subsidiary - non-trade	-	-	3,805,464	3,782,242
Less: Impairment				
Balance at beginning of year	-	-	3,782,242	3,896,052
Exchange difference	-	-	250,805	(1,807)
Allowance made during the year	-	-	-	29,204
Written back during the year	-	-	(227,583)	(141,207)
Balance at end of year	-	-	<u>3,805,464</u>	<u>3,782,242</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The amounts due from immediate holding, related companies and subsidiary company are unsecured, interest free and repayable on demand.

8 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2018	2017	2018	2017
	US\$	US\$	US\$	US\$
Cash and bank balances	<u>12,518,167</u>	<u>7,933,350</u>	<u>12,389,962</u>	<u>7,596,862</u>

During the year, a guarantee was issued as security by the bank for the Company to participate in a bid package with the amount of US\$600,000 (2017: Nil). The bid was cancelled after the financial year end.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

9 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2018 US\$	2017 US\$	2018 US\$	2017 US\$
Accrued operating expenses*	2,345,161	2,575,113	2,342,102	2,569,408
Advance billings	22,013,426	13,721,315	22,013,426	13,721,315
Amount due to immediate holding company - trade	25,330,064	11,354,779	25,330,064	11,354,779
Amount due to related party - trade	822,908	-	822,908	-
GST payable	31,696	1,264,715	31,696	1,264,715
Other creditors	390,833	228,422	390,833	228,422
Withholding tax payable	292,805	390,695	292,805	390,695
	<u>51,226,893</u>	<u>29,535,039</u>	<u>51,223,834</u>	<u>29,529,334</u>

* Included in accrued operating expenses is a provision for leave encashment amounting to US\$900,195 (2017: US\$528,664) in which the employees are entitled to leave encashment an amount equivalent to a day's wages multiplied by the unused leaves. No other post-retirement benefits are provided to these employees.

10 DEFERRED TAXATION

	The Group and The Company	
	2018 US\$	2017 US\$
At beginning of year	62,396	64,542
Translation difference	4,307	(2,146)
Balance at end of year	<u>66,703</u>	<u>62,396</u>
Excess of net book value over tax written down value of plant and equipment	<u>392,371</u>	<u>367,035</u>

The deferred tax liability arose wholly from the temporary differences between the carrying amount and the tax base values of plant and equipment.

11 SHARE CAPITAL

	The Group and The Company			
	2018		2017	
	No. of shares	US\$	No. of shares	US\$
Ordinary shares issued and fully paid:				
At beginning and end of year	<u>250,000</u>	<u>136,525</u>	<u>250,000</u>	<u>136,525</u>

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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

12 RETAINED PROFITS

The movements in retained profits for the Company are as follows:

	2018 US\$	2017 US\$ Restated
At beginning of the year	11,420,278	32,329,270
Total of comprehensive income for the year	11,962,176	3,140,556
Reclassification	-	(5,049,548)
Dividends	-	(19,000,000)
At end of the year	<u>23,382,454</u>	<u>11,420,278</u>

The movements in retained profits for the Group are shown in the Consolidated Statement of Changes in Equity.

13 REVENUE

Revenue represents the license fees, product maintenance and consultancy services rendered. Significant category of revenue during the year is as follow:

	The Group	
	2018 US\$	2017 US\$
Consulting	117,368,739	101,156,135
Licenses	32,370,283	18,816,176
Support	40,142,798	36,769,815
	<u>189,881,820</u>	<u>156,742,126</u>

14 OTHER INCOME

	The Group	
	2018 US\$	2017 US\$
Interest income	68,115	107,870
Other income	262,906	89,589
Provision for doubtful debts - written back	57,285	-
	<u>388,306</u>	<u>197,459</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

15 ADMINISTRATIVE EXPENSES

Administrative expenses include the following:

	The Group	
	2018	2017
	US\$	US\$
Office rental	427,141	387,582
Professional fees	549,363	373,913
Staff costs (Note 16)	9,887,458	11,102,711
Travelling expenses	1,536,762	1,959,962
Telephone and fax	55,385	349,551
	<u>55,385</u>	<u>349,551</u>

16 STAFF COSTS

	The Group	
	2018	2017
	US\$	US\$
Wages, salaries and related costs	8,118,717	9,563,544
Defined contribution pension costs	1,768,741	1,539,167
	<u>9,887,458</u>	<u>11,102,711</u>

17 OTHER OPERATING EXPENSES

	The Group	
	2018	2017
	US\$	US\$
Depreciation	16,206	119,657
Doubtful debts expense	-	721,749
Exchange loss	191,456	831,651
	<u>207,662</u>	<u>1,673,057</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

18 SIGNIFICANT RELATED PARTIES TRANSACTIONS

Significant related party transactions on terms agreed between the Group, the Company and its related parties are as follows:

	The Group and The Company	
	2018	2017
	US\$	US\$
Holding Company		
Purchases (Cost of services rendered)	147,550,736	121,915,635
Staff cost to	(30,025,139)	(20,998,333)
Other operating expenses to	<u>(8,127,534)</u>	<u>(4,921,930)</u>
Subsidiary Company		
Fund transfer	<u>229,410</u>	<u>-</u>
Related Companies		
Purchases	4,296,362	2,997,840
Sales	(159,779,725)	(110,610,936)
Management fees from	120,095	145,389
Office rental (Facilities service agreement) from	<u>216,504</u>	<u>175,123</u>

Balances with related parties at the reporting date are set out in Note 6, 7 and 9.

Key management personnel compensation

Director's compensation and benefits is as follows:

	The Group and the Company	
	2018	2017
	US\$	US\$
Defined contribution pension cost	9,619	9,122
Director fee	133,077	129,655
Salaries and bonus	<u>95,291</u>	<u>88,665</u>
	<u>237,987</u>	<u>227,442</u>

Facilities Service Agreement

During the year, the Group and the Company rented facilities managed by companies within the Oracle Corporation group. Rental during the year is US\$216,504 (2017: US\$175,123).

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

19 TAXATION

Major components of income tax expense are as follows:

	The Group	
	2018	2017
	US\$	US\$
Current income tax:		
- Singapore	211,013	1,095,197
- Foreign	1,876,444	1,121,368
(Over)/Under provision of prior year foreign tax	(5,549)	596,029
Foreign withholding tax	3,705,530	4,337,719
	<u>5,787,438</u>	<u>7,150,313</u>

A reconciliation between the tax expense and the product of accounting profit and loss multiplied by the applicable tax rate are as follows:

	The Group	
	2018	2017
	US\$	US\$
Profit before taxation	<u>17,781,715</u>	<u>10,183,865</u>
Tax expense on profit before tax at 17%	3,022,891	1,731,257
Adjustments:		
Utilisation of capital allowance	(28)	(568)
Different tax rates of other countries	432,263	1,121,368
Foreign withholding tax	3,705,530	4,337,719
Tax exemption and relief	(2,071,781)	(117,227)
Non-deductible expenses	1,311,844	67,827
Non-taxable income	(579,706)	(58,395)
(Over)/Under provision of prior year taxation	(5,549)	596,029
Unutilised tax losses	391	-
Utilisation of tax losses	(43,550)	-
Others	15,133	(527,697)
Tax expense	<u>5,787,438</u>	<u>7,150,313</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

20 OPERATING LEASE COMMITMENT

Rental expenses (principally for office and staff accommodation) for the Group and Company were US\$427,141 (2017: US\$387,582). The leases have varying terms, escalation clauses and renewal rights. Future minimum rental under non-cancelable leases contracted for at reporting date but not recognised as liabilities are as follow as at 31 March 2018:

	The Group and The Company	
	2018	2017
	US\$	US\$
Payable within 1 year	489,436	116,363
Payable within 2 - 5 years	1,078,177	-
	<u>1,567,613</u>	<u>116,363</u>

21 FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and financial liabilities:

The Group	2018	2017
	US\$	US\$
Financial Assets		Restated
Loans and receivables:		
Trade receivables	50,866,002	24,633,772
Other receivables	9,353,673	5,191,317
Cash and cash equivalents	12,518,167	7,933,350
	<u>72,737,842</u>	<u>37,758,439</u>
Financial Liabilities		
Financial liabilities measured at amortised cost:		
Trade and other payables	28,888,966	14,158,314
	<u>28,888,966</u>	<u>14,158,314</u>
 The Company		
Financial Assets		
Loans and receivables:		
Trade receivables	50,866,002	24,633,772
Other receivables	9,353,673	5,191,317
Cash and cash equivalents	12,389,962	7,596,862
	<u>72,609,637</u>	<u>37,421,951</u>
Financial Liabilities		
Financial liabilities measured at amortised cost:		
Trade and other payables	28,885,907	14,152,609
	<u>28,885,907</u>	<u>14,152,609</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

21 FINANCIAL INSTRUMENTS - cont'd

Financial Risk Management Objectives and Policies

The main risks arising from the Group and the Company's financial instruments are credit, foreign exchange, interest rate and liquidity risks. The policies of managing each of these risks are summarised below:

Credit Risk

The credit risk refers to the risk that counter parties may default on their contractual obligations resulting in a financial loss to the Group and the Company. The Group and the Company's customer portfolio is diversified and there is no reliance on any customer. These exposures are monitored and provision for potential credit losses is adjusted when necessary. The aggregate amount of its trade and other receivables and bank balance represents the Group and the Company's maximum exposure to credit risk.

Cash and bank balances are placed with reputable local financial institutions. Therefore, credit risk arises mainly from the inability of the Group and the Company's customers to make payments when due. The amounts presented in the statement of financial position are net of allowances for impairment of trade receivables, estimated by management based on prior experience and the current economic environment.

Information regarding financial assets that are either past due or impaired is disclosed in Note 6 (Trade Receivables).

Foreign Currency Risk

Foreign currency risk arises from change in foreign exchange rates that may have an adverse effect on the Group and the Company in the current reporting period and in the future years. The Group and the Company rely on natural hedges of matching foreign currency denominated assets and liabilities. Consistent effort has also been employed by the Group and the Company to keep track of the exchange rate fluctuations such that the funds are converted at favourable exchange rates.

The Group's exposure to major foreign currencies are as follows:

	AUD US\$	SGD US\$	Others US\$
2018			
Trade receivables	17,723,293	1,188,227	13,379,418
Other receivables	5,398,069	1,753,192	2,732,257
Cash and cash equivalents	5,156,947	1,302,484	4,649,924
Trade and other payables	(14,864,694)	(4,609,458)	(11,863,437)
	<u>13,413,615</u>	<u>(365,555)</u>	<u>8,898,162</u>
2017			
Trade receivables	9,061,789	1,201,735	9,023,391
Other receivables	4,000,099	2,718,193	313,691
Cash and cash equivalents	2,107,681	3,006,837	1,842,217
Trade and other payables	(11,341,556)	(2,108,089)	(2,904,625)
	<u>3,828,013</u>	<u>4,818,676</u>	<u>8,274,674</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

21 FINANCIAL INSTRUMENTS - cont'd

Foreign Currency Risk - cont'd

The Company's exposure to major foreign currencies are as follows:

	AUD US\$	SGD US\$	Others US\$
2018			
Trade receivables	17,723,293	1,188,227	13,379,418
Other receivables	5,398,069	1,753,192	2,732,257
Cash and cash equivalents	5,156,947	1,205,353	4,649,924
Trade and other payables	<u>(14,864,694)</u>	<u>(1,229,548)</u>	<u>(11,863,437)</u>
	<u>13,413,615</u>	<u>2,917,224</u>	<u>8,898,162</u>
2017			
Trade receivables	9,061,789	1,201,735	9,023,391
Other receivables	4,000,099	2,718,193	313,691
Cash and cash equivalents	2,107,681	2,701,861	1,842,217
Trade and other payables	<u>(11,341,556)</u>	<u>(2,104,512)</u>	<u>(2,904,625)</u>
	<u>3,828,013</u>	<u>4,517,277</u>	<u>8,274,624</u>

Sensitivity analysis

A 5% strengthening of United States Dollar against the following currencies at the reporting date would increase/(decrease) equity and profit or loss (before tax) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

The Group	Profit or loss (before tax) US\$
2018	
Australian Dollar	(670,681)
Singapore Dollar	18,278
Others	<u>(444,908)</u>
	<u>(1,097,311)</u>
2017	
Australian Dollar	(191,401)
Singapore Dollar	(240,934)
Others	<u>(413,734)</u>
	<u>(846,072)</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

21 FINANCIAL INSTRUMENTS - cont'd

Foreign Currency Risk - cont'd

Sensitivity analysis - cont'd

The Company	Profit or loss (before tax) US\$
2018	
Australian Dollar	(670,681)
Singapore Dollar	(145,861)
Others	(444,908)
	<u>(1,261,450)</u>
2017	
Australian Dollar	(191,401)
Singapore Dollar	(225,864)
Others	(413,734)
	<u>(830,999)</u>

A 5% weakening of United States Dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group and the Company are not exposed to interest rate risk. As a result, the Group and the Company's income and operating cash flows are substantially independent of changes in market rates.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

To manage liquidity risk, the Company monitors its net operating cash flow and maintains an adequate level of cash and cash equivalent.

No maturity analysis is presented as all financial assets and liabilities are due within 12 months.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

22 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

Estimates and judgments 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.

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Depreciation of Plant and Equipment

The Group and the Company's management determines the estimated useful lives and related depreciation charges for its plant and equipment. This estimate is based on the historical experience of the actual useful lives of plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete assets that have been abandoned or sold.

Income Tax Liabilities

The Group and the Company have exposure to income taxes in various countries. Significant judgment is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group and the Company's tax refundable/payable and deferred tax as at 31 March 2018 were US\$1,091,565 (2017: US\$154,873) and US\$66,703 (2017: US\$62,396) respectively.

Impairment of Investment and Financial Assets

The Group and the Company follow the guidance of FRS 36 and FRS 39 in determining when an investment or financial asset is other-than-temporarily impaired. This assessment requires significant judgement. The Group and the Company evaluate, among other factors, the duration and extent to which the fair value of an investment or financial asset is less than its cost; and the financial health of and near-term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

22 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT - cont'd**Allowance for Bad and Doubtful Debts**

Allowance for bad and doubtful debts are based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The indication of bad and doubtful debts requires the use of judgment and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying value of trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

Warranty

The provision for warranty claims represents the value of the management's best estimate of the future outflow of economic benefits that will be required. In the opinion of the management, no provision for warranty shall be provided as there is no probable outflow of economic benefits required to settle the obligation based on the Group and the Company's experience.

Revenue Recognition

The Group and the Company's revenue from fixed price contracts is recognised using proportionate completion method. Balance revenue is recognised at the time of receipt of customer acceptance.

Proportionate completion is measured based upon the efforts incurred to date in relation to the total estimated efforts to complete the contract. The Group and the Company monitor estimates of total contract revenue and cost on routine basis throughout the delivery period. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss.

23 FAIR VALUE**Cash and Cash Equivalents, Other Receivables and Other Payables**

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

Trade Receivables and Trade Payables

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

Amount Due from Immediate Holding Company

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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

24 CAPITAL MANAGEMENT

The primary objective of the Group and the Company's capital management is to maximise shareholder's value.

The Group and the Company manage its capital structure and make adjustments to it, in light of changes in the working capital requirements, business performance and economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2018 and 31 March 2017.

The Group and the Company will continue to be guided by prudent financial policies of which gearing is an important aspects. 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 and cash equivalents. Total capital is calculated as equity plus net debt.

	The Group		The Company	
	2018 US\$	2017 US\$ Restated	2018 US\$	2017 US\$ Restated
Net debts	38,708,726	21,601,689	38,833,872	21,932,472
Total equity	<u>21,352,154</u>	<u>9,057,977</u>	<u>21,227,008</u>	<u>8,727,194</u>
Total capital	<u>60,060,880</u>	<u>30,659,666</u>	<u>60,060,880</u>	<u>30,659,666</u>
Gearing ratio	<u>0.65</u>	<u>0.70</u>	<u>0.65</u>	<u>0.72</u>

The Group and the Company do not have any externally imposed capital requirements for the financial years ended 31 March 2018 and 31 March 2017.

25 DIVIDENDS

	The Company	
	2018 US\$	2017 US\$
Declared and paid during the financial year:		
- Tax exempt (one-tier) interim dividend amounting to US\$14,000,000 for the financial year 31 March 2016	-	14,000,000
- Tax exempt (one-tier) interim dividend amounting to US\$5,000,000 for the financial year 31 March 2017	-	<u>5,000,000</u>
	<u>-</u>	<u>19,000,000</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

26 PRIOR YEAR ADJUSTMENT

In the financial year 2017, there was an error in the calculation of translation reserve in the Australia and Japan business unit. Upon review, the translation reserve have been amended.

In addition, advance cost was reclassified and renamed to unbilled receivables to better reflect the nature of the account.

The Group and Company has recognised the change and the effects of these adjustments are as follows:

	Balance as previously stated US\$	Prior year adjustment US\$	Balance restated US\$
The Group			
Statement of Financial Position as at 31 March 2017			
Current Assets			
Trade receivable	14,205,669	10,428,103	24,633,772
Other receivable	16,629,209	(10,428,103)	6,201,106
	<u>14,205,669</u>	<u>(10,428,103)</u>	<u>3,777,566</u>
Reserves			
Retained profits	7,290,789	2,863,240	10,154,029
Translation reserves	1,630,663	(2,863,240)	(1,232,577)
	<u>1,630,663</u>	<u>(2,863,240)</u>	<u>(1,232,577)</u>
Statement of Profit or Loss and Other Comprehensive Income as at 31 March 2017			
Exchange loss	(560,605)	(271,046)	(831,651)
Reversal of impairment	(116,669)	116,669	-
	<u>(560,605)</u>	<u>(271,046)</u>	<u>(831,651)</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

26 PRIOR YEAR ADJUSTMENT - cont'd

	Balance as previously stated US\$	Prior year adjustment US\$	Balance restated US\$
The Company			
Statement of Financial Position as at 31 March 2017			
Current Assets			
Trade receivable	14,205,669	10,428,103	24,633,772
Other receivable	<u>16,629,209</u>	<u>(10,428,103)</u>	<u>6,201,106</u>
Reserves			
Retained profits	8,561,925	2,858,353	11,420,278
Translation reserves	<u>28,744</u>	<u>(2,858,353)</u>	<u>(2,829,609)</u>
Statement of Profit or Loss and Other Comprehensive Income as at 31 March 2017			
Exchange loss	(547,330)	(274,127)	(821,457)
Doubtful debt expense	<u>(724,613)</u>	<u>114,863</u>	<u>(609,750)</u>

